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

#### INDEX TO FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors’ Review Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Inteim Consolidated Statements of Financial Position</td>
<td>3-5</td>
</tr>
<tr>
<td>Inteim Consolidated Statements of Profit or Loss</td>
<td>6</td>
</tr>
<tr>
<td>Inteim Consolidated Statements of Comprehensive Income</td>
<td>7</td>
</tr>
<tr>
<td>Inteim Consolidated Statements of Changes in Equity</td>
<td>8-11</td>
</tr>
<tr>
<td>Inteim Consolidated Statements of Cash Flows</td>
<td>12-13</td>
</tr>
<tr>
<td>Notes to the Inteim Consolidated Financial Statements</td>
<td>14</td>
</tr>
</tbody>
</table>
Independent Auditors’ Review Report

[English Translation of Independent Auditors’ Report Originally Issued in Korean on May 14, 2020]

To the Shareholders and the Board of Directors of
Samsung Electronics Co., Ltd.:  

Reviewed Financial Statements

We have reviewed the accompanying interim consolidated financial statements of Samsung Electronics Co., Ltd. and its subsidiaries (collectively referred to as the “Company”). The interim consolidated financial statements consist of the consolidated statement of financial position as of March 31, 2020, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2020 all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Korean International Financial Reporting Standards (“K-IFRS”) No. 1034 Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semi-annual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements referred to above are not prepared fairly, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

**Other Matters**

The accompanying interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2019 for comparative purpose, were reviewed by other auditors, whose report thereon dated May 14, 2019, expressed that nothing came to their attention that caused them to believe that those interim consolidated financial statements as of March 31, 2019 were not prepared fairly, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

The consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors, whose report thereon dated February 21, 2020, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2019, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

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**Notice to Readers**

This report is effective as of May 14, 2020, the auditors’ report date. Certain subsequent events or circumstances may have occurred between the auditors’ report date and the time the auditors’ report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditors’ report.
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(In millions of Korean won, in thousands of US dollars (Note 2.3))*

<table>
<thead>
<tr>
<th>Notes</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3, 25</td>
<td>27,916,683</td>
<td>26,885,999</td>
<td>23,417,661</td>
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<tr>
<td>Short-term financial instruments</td>
<td>3, 25</td>
<td>78,638,015</td>
<td>76,252,052</td>
<td>65,964,800</td>
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<tr>
<td>Short-term financial assets at amortized cost</td>
<td>3, 25</td>
<td>3,037,379</td>
<td>3,914,216</td>
<td>2,547,878</td>
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<tr>
<td>Short-term financial assets at fair value through profit or loss</td>
<td>3, 4, 25</td>
<td>1,238,759</td>
<td>1,727,436</td>
<td>1,039,122</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>3, 25</td>
<td>36,388,583</td>
<td>35,131,343</td>
<td>30,524,240</td>
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<tr>
<td>Non-trade receivables</td>
<td>3, 25</td>
<td>3,495,056</td>
<td>4,179,120</td>
<td>2,931,797</td>
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<td>Advance payments</td>
<td>1,465,731</td>
<td>1,426,833</td>
<td>1,229,515</td>
<td>1,196,886</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,961,759</td>
<td>2,406,220</td>
<td>2,484,445</td>
<td>2,018,436</td>
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<tr>
<td>Inventories</td>
<td>5</td>
<td>28,454,895</td>
<td>26,766,464</td>
<td>23,869,136</td>
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<tr>
<td>Other current assets</td>
<td>3, 25</td>
<td>3,142,888</td>
<td>2,695,577</td>
<td>2,636,384</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>186,739,748</td>
<td>181,385,260</td>
<td>156,644,978</td>
<td>152,153,414</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>3, 4, 25</td>
<td>7,513,961</td>
<td>8,920,712</td>
<td>6,303,019</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>3, 4, 25</td>
<td>1,065,102</td>
<td>1,049,004</td>
<td>893,451</td>
</tr>
<tr>
<td>Investment in associates and joint ventures</td>
<td>6</td>
<td>7,588,174</td>
<td>7,591,612</td>
<td>6,365,272</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7</td>
<td>121,677,972</td>
<td>119,825,474</td>
<td>102,068,486</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>8</td>
<td>20,912,394</td>
<td>20,703,504</td>
<td>17,542,176</td>
</tr>
<tr>
<td>Net defined benefit assets</td>
<td>11</td>
<td>434,417</td>
<td>589,832</td>
<td>364,407</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>4,690,045</td>
<td>4,505,049</td>
<td>3,934,203</td>
<td>3,779,020</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>3</td>
<td>6,835,722</td>
<td>7,994,050</td>
<td>5,734,085</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>357,457,535</td>
<td>352,564,497</td>
<td>299,850,077</td>
<td>295,745,596</td>
</tr>
</tbody>
</table>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.3))

<table>
<thead>
<tr>
<th>Notes</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
<th>March 31, 2020</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Liabilities and Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>3, 25</td>
<td>10,722,455</td>
<td>8,718,222</td>
<td>8,994,436</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>3, 9, 25</td>
<td>11,607,088</td>
<td>14,393,468</td>
<td>9,736,503</td>
</tr>
<tr>
<td>Other payables</td>
<td>3, 25</td>
<td>12,962,612</td>
<td>12,002,513</td>
<td>10,873,572</td>
</tr>
<tr>
<td>Advances received</td>
<td>14</td>
<td>959,903</td>
<td>1,072,062</td>
<td>805,206</td>
</tr>
<tr>
<td>Withholdings</td>
<td>3</td>
<td>865,785</td>
<td>897,355</td>
<td>726,256</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>3, 14</td>
<td>18,468,757</td>
<td>19,359,624</td>
<td>15,492,353</td>
</tr>
<tr>
<td>Current income tax liabilities</td>
<td>2, 608,414</td>
<td>1,387,773</td>
<td>2,188,045</td>
<td>1,164,121</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>3, 9, 10, 25</td>
<td>834,474</td>
<td>846,090</td>
<td>699,991</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>4,648,735</td>
<td>4,068,627</td>
<td>3,899,550</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>3, 14</td>
<td>1,085,067</td>
<td>1,037,030</td>
<td>910,199</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td><strong>64,763,290</strong></td>
<td><strong>63,782,764</strong></td>
<td><strong>54,326,111</strong></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debentures</td>
<td>3, 10, 25</td>
<td>1,020,729</td>
<td>975,298</td>
<td>856,229</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>3, 9, 25</td>
<td>2,202,901</td>
<td>2,197,181</td>
<td>1,847,884</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>3, 25</td>
<td>2,100,439</td>
<td>2,184,249</td>
<td>1,761,935</td>
</tr>
<tr>
<td>Net defined benefit liabilities</td>
<td>11</td>
<td>506,578</td>
<td>470,780</td>
<td>424,938</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td></td>
<td>17,398,010</td>
<td>17,053,808</td>
<td>14,594,166</td>
</tr>
<tr>
<td>Long-term provisions</td>
<td>12</td>
<td>641,753</td>
<td>611,100</td>
<td>538,329</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>3, 14</td>
<td>2,436,112</td>
<td>2,408,896</td>
<td>2,043,511</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td><strong>91,069,812</strong></td>
<td><strong>89,684,076</strong></td>
<td><strong>76,393,103</strong></td>
</tr>
</tbody>
</table>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.3))

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<tr>
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<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Equity attributable to owners of the parent company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preference shares</td>
<td>119,467</td>
<td>119,467</td>
<td>100,213</td>
<td>100,213</td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>778,047</td>
<td>778,047</td>
<td>652,658</td>
<td>652,658</td>
</tr>
<tr>
<td>Share premium</td>
<td>4,403,893</td>
<td>4,403,893</td>
<td>3,694,167</td>
<td>3,694,167</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>257,078,919</td>
<td>254,582,894</td>
<td>215,648,367</td>
<td>213,554,599</td>
</tr>
<tr>
<td></td>
<td>258,481,770</td>
<td>254,915,472</td>
<td>216,825,136</td>
<td>213,833,579</td>
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<tr>
<td>Non-controlling interests</td>
<td>7,905,953</td>
<td>7,964,949</td>
<td>6,631,838</td>
<td>6,681,327</td>
</tr>
<tr>
<td>Total equity</td>
<td>266,387,723</td>
<td>262,880,421</td>
<td>223,456,974</td>
<td>220,514,906</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>357,457,535</td>
<td>352,564,497</td>
<td>299,850,077</td>
<td>295,745,596</td>
</tr>
</tbody>
</table>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(In millions of Korean won, in thousands of US dollars (Note 2.3))

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Revenue</td>
<td>55,325,178</td>
<td>52,385,546</td>
<td>46,409,034</td>
<td>43,943,150</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>34,806,694</td>
<td>32,746,452</td>
<td>29,197,286</td>
<td>27,469,070</td>
</tr>
<tr>
<td>Gross profit</td>
<td>20,518,484</td>
<td>19,639,094</td>
<td>17,211,748</td>
<td>16,474,080</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>14,071,139</td>
<td>13,405,812</td>
<td>11,803,451</td>
<td>11,245,346</td>
</tr>
<tr>
<td>Operating profit</td>
<td>6,447,345</td>
<td>6,233,282</td>
<td>5,408,297</td>
<td>5,228,734</td>
</tr>
<tr>
<td>Other non-operating income</td>
<td>315,506</td>
<td>321,782</td>
<td>264,659</td>
<td>269,924</td>
</tr>
<tr>
<td>Other non-operating expense</td>
<td>364,055</td>
<td>257,131</td>
<td>305,384</td>
<td>215,692</td>
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<tr>
<td>Share of net profit of associates and joint ventures</td>
<td>60,644</td>
<td>77,681</td>
<td>50,871</td>
<td>65,162</td>
</tr>
<tr>
<td>Financial income</td>
<td>3,791,378</td>
<td>1,916,536</td>
<td>3,180,364</td>
<td>1,607,669</td>
</tr>
<tr>
<td>Financial expense</td>
<td>3,493,966</td>
<td>2,930,882</td>
<td>1,156,906</td>
<td></td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>6,756,852</td>
<td>6,912,978</td>
<td>5,667,925</td>
<td>5,798,891</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,871,926</td>
<td>1,869,393</td>
<td>1,570,248</td>
<td>1,568,124</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>4,884,926</td>
<td>5,043,585</td>
<td>4,097,677</td>
<td>4,230,767</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent company</td>
<td>4,889,599</td>
<td>5,107,490</td>
<td>4,101,597</td>
<td>4,284,373</td>
</tr>
<tr>
<td>Profit attributable to non-controlling interests</td>
<td>4,673</td>
<td>63,905</td>
<td>3,920</td>
<td>53,606</td>
</tr>
<tr>
<td>Earnings per share (in Korean won, in US dollars)</td>
<td>720</td>
<td>752</td>
<td>0.60</td>
<td>0.63</td>
</tr>
<tr>
<td>- Basic</td>
<td>720</td>
<td>752</td>
<td>0.60</td>
<td>0.63</td>
</tr>
</tbody>
</table>

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean won, in thousands of US dollars (Note 2.3))

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2020</th>
<th>2019</th>
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<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>4,884,926</td>
<td>5,043,585</td>
<td>4,097,677</td>
<td>4,230,767</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss subsequently:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>17</td>
<td>(1,109,611)</td>
<td>608,081</td>
<td>(930,787)</td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of associates and joint ventures, net of tax</td>
<td>17</td>
<td>(46,974)</td>
<td>(2,120)</td>
<td>(39,404)</td>
</tr>
<tr>
<td>Remeasurement of net defined benefit liabilities (assets), net of tax</td>
<td>17</td>
<td>(32,696)</td>
<td>(37,234)</td>
<td>(27,427)</td>
</tr>
<tr>
<td>Items that may be reclassified to profit or loss subsequently:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income of associates and joint ventures, net of tax</td>
<td>17</td>
<td>28,944</td>
<td>37,715</td>
<td>24,280</td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>17</td>
<td>2,228,543</td>
<td>2,209,376</td>
<td>1,869,393</td>
</tr>
<tr>
<td>Gain (loss) on valuation of cash flow hedge derivatives</td>
<td>17</td>
<td>(29,038)</td>
<td>9,542</td>
<td>(24,358)</td>
</tr>
<tr>
<td>Other comprehensive income (loss) for the period, net of tax</td>
<td>1,039,168</td>
<td>2,825,360</td>
<td>871,697</td>
<td>2,370,028</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>5,924,094</td>
<td>7,868,945</td>
<td>4,969,374</td>
<td>6,600,795</td>
</tr>
<tr>
<td>Comprehensive income attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent company</td>
<td>5,971,500</td>
<td>7,837,573</td>
<td>5,009,140</td>
<td>6,574,479</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(47,406)</td>
<td>31,372</td>
<td>(39,766)</td>
<td>26,316</td>
</tr>
</tbody>
</table>

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

<table>
<thead>
<tr>
<th>2019 KRW</th>
<th>Notes</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent company</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1, 2019</td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>242,698,956</td>
<td>(7,931,370)</td>
<td>240,068,993</td>
<td>7,684,184</td>
<td>247,753,177</td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,107,490</td>
<td>-</td>
<td>5,107,490</td>
<td>(63,905)</td>
<td>5,043,585</td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>568,521</td>
<td>568,521</td>
<td>39,560</td>
<td>608,081</td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of associates and joint ventures, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35,573</td>
<td>35,573</td>
<td>22</td>
<td>35,595</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,153,678</td>
<td>2,153,678</td>
<td>55,698</td>
<td>2,209,376</td>
<td></td>
</tr>
<tr>
<td>Remeasurement of net defined benefit liabilities (assets), net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(37,231)</td>
<td>(37,231)</td>
<td>(3)</td>
<td>(37,234)</td>
<td></td>
</tr>
<tr>
<td>Gain on valuation of cash flow hedge derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,542</td>
<td>9,542</td>
<td>-</td>
<td>9,542</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,107,490</td>
<td>2,730,083</td>
<td>7,837,573</td>
<td>31,372</td>
<td>7,868,945</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,405,428)</td>
<td>-</td>
<td>(2,405,428)</td>
<td>(1,034)</td>
<td>(2,406,462)</td>
<td></td>
</tr>
<tr>
<td>Capital transaction under common control</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>595</td>
<td>595</td>
<td></td>
</tr>
<tr>
<td>Changes in consolidated entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(27)</td>
<td>(27)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,329)</td>
<td>(1,329)</td>
<td>252</td>
<td>(1,077)</td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,405,428)</td>
<td>(1,329)</td>
<td>(2,406,757)</td>
<td>(214)</td>
<td>(2,406,971)</td>
<td></td>
</tr>
<tr>
<td>Balance as of March 31, 2019</td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>245,401,018</td>
<td>(5,202,616)</td>
<td>245,499,809</td>
<td>7,715,342</td>
<td>253,215,151</td>
<td></td>
</tr>
</tbody>
</table>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.3))

<table>
<thead>
<tr>
<th>2019 USD</th>
<th>Notes</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent company</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1, 2019</td>
<td>100,213</td>
<td>652,658</td>
<td>3,694,167</td>
<td>203,585,863</td>
<td>(6,653,159)</td>
<td>201,379,742</td>
<td>6,445,809</td>
<td>207,825,551</td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,284,373</td>
<td>-</td>
<td>4,284,373</td>
<td>(53,606)</td>
<td>4,230,767</td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>476,899</td>
<td>476,899</td>
<td>33,184</td>
<td>510,083</td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of associates and joint ventures, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,840</td>
<td>29,840</td>
<td>-</td>
<td>29,859</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,806,594</td>
<td>1,806,594</td>
<td>46,721</td>
<td>1,853,315</td>
<td></td>
</tr>
<tr>
<td>Remeasurement of net defined benefit liabilities (assets), net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(31,231)</td>
<td>(31,231)</td>
<td>(2)</td>
<td>(31,233)</td>
<td></td>
</tr>
<tr>
<td>Gain on valuation of cash flow hedge derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,004</td>
<td>8,004</td>
<td>-</td>
<td>8,004</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,284,373</td>
<td>2,290,106</td>
<td>6,574,479</td>
<td>26,316</td>
<td>6,600,795</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,017,772)</td>
<td>-</td>
<td>(2,017,772)</td>
<td>(867)</td>
<td>(2,018,639)</td>
<td></td>
</tr>
<tr>
<td>Capital transaction under common control</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>499</td>
<td>499</td>
<td></td>
</tr>
<tr>
<td>Changes in consolidated entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23)</td>
<td>(23)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,115)</td>
<td>(1,115)</td>
<td>211</td>
<td>(904)</td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,017,772)</td>
<td>(1,115)</td>
<td>(2,018,887)</td>
<td>(180)</td>
<td>(2,019,067)</td>
<td></td>
</tr>
</tbody>
</table>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
### INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(In millions of Korean won)*

<table>
<thead>
<tr>
<th>2020 KRW</th>
<th>Notes</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent company</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of January 1, 2020</strong></td>
<td></td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>254,582,894</td>
<td>(4,968,829)</td>
<td>254,915,472</td>
<td>7,964,949</td>
<td>262,880,421</td>
</tr>
<tr>
<td>Profit for the period</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,889,599</td>
<td>-</td>
<td>4,889,599</td>
<td>(4,673)</td>
<td>4,884,926</td>
</tr>
<tr>
<td>Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,854</td>
<td>(1,011,548)</td>
<td>(999,694)</td>
<td>(109,917)</td>
<td>(1,109,611)</td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of associates and joint ventures, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(18,090)</td>
<td>(18,090)</td>
<td>60</td>
<td>(18,030)</td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,161,419</td>
<td>2,161,419</td>
<td>67,124</td>
<td>2,228,543</td>
</tr>
<tr>
<td>Remeasurement of net defined benefit liabilities (assets), net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(32,696)</td>
<td>(32,696)</td>
<td>-</td>
<td>(32,696)</td>
</tr>
<tr>
<td>Loss on valuation of cash flow hedge derivatives</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(29,038)</td>
<td>(29,038)</td>
<td>-</td>
<td>(29,038)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,901,453</td>
<td>1,070,047</td>
<td>5,971,500</td>
<td>(47,406)</td>
<td>5,924,094</td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,405,428)</td>
<td>-</td>
<td>(2,405,428)</td>
<td>(7,074)</td>
<td>(2,412,502)</td>
</tr>
<tr>
<td>Capital transaction under common control</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,126)</td>
<td>(1,126)</td>
<td>(568)</td>
<td>(1,694)</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,352</td>
<td>1,352</td>
<td>(3,948)</td>
<td>(2,596)</td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,405,428)</td>
<td>226</td>
<td>(2,405,202)</td>
<td>(11,590)</td>
<td>(2,416,792)</td>
</tr>
<tr>
<td><strong>Balance as of March 31, 2020</strong></td>
<td></td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>257,078,919</td>
<td>(3,898,556)</td>
<td>258,481,770</td>
<td>7,905,953</td>
<td>266,387,723</td>
</tr>
</tbody>
</table>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(In thousands of US dollars (Note 2.3))*

<table>
<thead>
<tr>
<th>2020 USD</th>
<th>Notes</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent company</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,101,597</td>
<td>-</td>
<td>4,101,597</td>
<td>(3,920)</td>
<td>4,097,677</td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>9,944</td>
<td>(848,528)</td>
<td>(838,584)</td>
<td>(92,203)</td>
<td>(930,787)</td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of associates and joint ventures, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(15,175)</td>
<td>(15,175)</td>
<td>51</td>
<td>(15,124)</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,813,087</td>
<td>1,813,087</td>
<td>56,306</td>
<td>1,869,393</td>
<td></td>
</tr>
<tr>
<td>Remeasurement of net defined benefit liabilities (assets), net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(27,427)</td>
<td>(27,427)</td>
<td>-</td>
<td>(27,427)</td>
<td></td>
</tr>
<tr>
<td>Loss on valuation of cash flow hedge derivatives</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(24,358)</td>
<td>(24,358)</td>
<td>-</td>
<td>(24,358)</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,111,541</td>
<td>897,599</td>
<td>5,009,140</td>
<td>(39,766)</td>
<td>4,969,374</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,017,773)</td>
<td>-</td>
<td>(2,017,773)</td>
<td>(5,933)</td>
<td>(2,023,706)</td>
<td></td>
</tr>
<tr>
<td>Capital transaction under common control</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(945)</td>
<td>(945)</td>
<td>(476)</td>
<td>(1,421)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,135</td>
<td>1,135</td>
<td>(3,314)</td>
<td>(2,179)</td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,017,773)</td>
<td>190</td>
<td>(2,017,583)</td>
<td>(9,723)</td>
<td>(2,027,306)</td>
<td></td>
</tr>
</tbody>
</table>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
# Samsung Electronics Co., Ltd. and its subsidiaries

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.3))

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>4,884,926</td>
<td>5,043,585</td>
<td>4,097,677</td>
<td>4,230,767</td>
</tr>
<tr>
<td>Adjustments</td>
<td>24</td>
<td>9,475,166</td>
<td>9,244,062</td>
<td>7,948,159</td>
</tr>
<tr>
<td>Changes in assets and liabilities arising from operating activities</td>
<td>24</td>
<td>(2,352,885)</td>
<td>(8,744,115)</td>
<td>(1,973,697)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>497,163</td>
<td>411,815</td>
<td>417,041</td>
<td>345,447</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(110,968)</td>
<td>(130,960)</td>
<td>(93,085)</td>
<td>(109,855)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>29,033</td>
<td>23,807</td>
<td>24,354</td>
<td>19,970</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(592,556)</td>
<td>(603,883)</td>
<td>(497,060)</td>
<td>(506,562)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>11,829,879</td>
<td>5,244,311</td>
<td>9,923,389</td>
<td>4,399,143</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net decrease (increase) in short-term financial instruments</td>
<td>(590,616)</td>
<td>2,941,570</td>
<td>(495,433)</td>
<td>2,467,510</td>
</tr>
<tr>
<td>Net decrease (increase) in short-term financial assets at amortized cost</td>
<td>991,685</td>
<td>(405,403)</td>
<td>831,866</td>
<td>(340,069)</td>
</tr>
<tr>
<td>Net decrease (increase) in short-term financial assets at fair value through profit or loss</td>
<td>549,031</td>
<td>337,711</td>
<td>460,550</td>
<td>283,286</td>
</tr>
<tr>
<td>Disposal of long-term financial instruments</td>
<td>2,140,624</td>
<td>225,764</td>
<td>1,795,643</td>
<td>189,380</td>
</tr>
<tr>
<td>Acquisition of long-term financial instruments</td>
<td>(2,180,111)</td>
<td>(3,464,066)</td>
<td>(1,828,767)</td>
<td>(2,905,801)</td>
</tr>
<tr>
<td>Acquisition of financial assets at amortized cost</td>
<td>-</td>
<td>(314,048)</td>
<td>-</td>
<td>(263,436)</td>
</tr>
<tr>
<td>Disposal of financial assets at fair value through other comprehensive income</td>
<td>18,478</td>
<td>22</td>
<td>15,500</td>
<td>18</td>
</tr>
<tr>
<td>Acquisition of financial assets at fair value through other comprehensive income</td>
<td>(3,514)</td>
<td>(18,738)</td>
<td>(2,948)</td>
<td>(15,718)</td>
</tr>
<tr>
<td>Disposal of financial assets at fair value through profit or loss</td>
<td>5,858</td>
<td>23,910</td>
<td>4,914</td>
<td>20,057</td>
</tr>
<tr>
<td>Acquisition of financial assets at fair value through profit or loss</td>
<td>(41,884)</td>
<td>(57,060)</td>
<td>(35,134)</td>
<td>(47,864)</td>
</tr>
<tr>
<td>Acquisition of investment in associates and joint ventures</td>
<td>(12,924)</td>
<td>(3,500)</td>
<td>(10,841)</td>
<td>(2,936)</td>
</tr>
<tr>
<td>Disposal of property, plant and equipment</td>
<td>69,837</td>
<td>119,296</td>
<td>58,582</td>
<td>100,070</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(8,564,279)</td>
<td>(4,197,261)</td>
<td>(7,184,069)</td>
<td>(3,520,835)</td>
</tr>
<tr>
<td>Disposal of intangible assets</td>
<td>588</td>
<td>1,591</td>
<td>493</td>
<td>1,335</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(969,194)</td>
<td>(267,507)</td>
<td>(813,000)</td>
<td>(224,396)</td>
</tr>
<tr>
<td>Cash outflow from business combinations</td>
<td>(27,412)</td>
<td>(165,793)</td>
<td>(22,994)</td>
<td>(139,074)</td>
</tr>
<tr>
<td>Cash inflow (outflow) from other investing activities</td>
<td>84,631</td>
<td>(1,058)</td>
<td>70,993</td>
<td>(888)</td>
</tr>
<tr>
<td><strong>Net cash outflow from investing activities</strong></td>
<td>(8,529,202)</td>
<td>(5,244,570)</td>
<td>(7,154,645)</td>
<td>(4,399,361)</td>
</tr>
</tbody>
</table>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.
# Samsung Electronics Co., Ltd. and its subsidiaries

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.3))

<table>
<thead>
<tr>
<th>Notes</th>
<th>For three month period ended March 31,</th>
<th>2020</th>
<th>2019</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>Net increase (decrease) in short-term borrowings</td>
<td>(2,761,970)</td>
<td>(3,946,226)</td>
<td>(2,316,854)</td>
<td>(3,310,257)</td>
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<tr>
<td></td>
<td>Repayment of debentures and long-term borrowings</td>
<td>(203,582)</td>
<td>(151,435)</td>
<td>(170,773)</td>
<td>(127,030)</td>
</tr>
<tr>
<td></td>
<td>Dividends paid</td>
<td>(6,367)</td>
<td>(469)</td>
<td>(5,341)</td>
<td>(393)</td>
</tr>
<tr>
<td></td>
<td>Net increase (decrease) in non-controlling interests</td>
<td>(1,694)</td>
<td>595</td>
<td>(1,421)</td>
<td>499</td>
</tr>
<tr>
<td></td>
<td>Net cash outflow from financing activities</td>
<td>(2,973,613)</td>
<td>(4,097,535)</td>
<td>(2,494,389)</td>
<td>(3,437,181)</td>
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<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>703,620</td>
<td>433,334</td>
<td>590,225</td>
<td>363,499</td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>1,030,684</td>
<td>(3,664,460)</td>
<td>864,580</td>
<td>(3,073,900)</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the period</td>
<td>26,885,999</td>
<td>30,340,505</td>
<td>22,553,081</td>
<td>25,450,863</td>
<td></td>
</tr>
<tr>
<td>End of the period</td>
<td>27,916,683</td>
<td>26,676,045</td>
<td>23,417,661</td>
<td>22,376,963</td>
<td></td>
</tr>
</tbody>
</table>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

1.1 Company Overview

Samsung Electronics Co., Ltd. (“SEC”) was incorporated under the laws of the Republic of Korea in 1969 and listed its shares on the Korea Stock Exchange in 1975. SEC and its subsidiaries (collectively referred to as the “Company”) operate four business divisions: Consumer Electronics (“CE”), Information technology & Mobile communications (“IM”), Device Solutions (“DS”) and Harman. CE division includes digital TVs, monitors, air conditioners and refrigerators and IM division includes mobile phones, communication systems, and computers. DS division includes products such as memory, foundry and system LSI in the semiconductor business (“Semiconductor”), and LCD and OLED panels in the display business (“DP”). Harman division includes connected car systems, audio and visual products, enterprise automation solutions and connected services. The Company is domiciled in the Republic of Korea and the address of its registered office is Suwon, the Republic of Korea.

These interim consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“Korean IFRS”) 1110, Consolidated Financial Statements. SEC, as the controlling Company, consolidates its 244 subsidiaries, including Samsung Display and Samsung Electronics America. The Company also applies the equity method of accounting for its 41 associates and joint ventures, including Samsung Electro-Mechanics Co., Ltd.

1.2 Consolidated Subsidiaries

(A) The consolidated subsidiaries as of March 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>Samsung Electronics America, Inc. (SEA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>NeuroLogica Corp.</td>
<td>Manufacture and sale of medical equipment</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Dacor Holdings, Inc.</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Dacor, Inc.</td>
<td>Manufacture and sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Dacor Canada Co.</td>
<td>Sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>EverythingDacor.com, Inc.</td>
<td>Sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Distinctive Appliances of California, Inc.</td>
<td>Sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung HVAC America, LLC</td>
<td>Sale of air conditioning products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>SmartThings, Inc.</td>
<td>Sale of smart home electronics</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Oak Holdings, Inc. (SHI)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Stellus Technologies, Inc.</td>
<td>Manufacture and sale of semiconductor system</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Joyent, Inc.</td>
<td>Cloud services</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>TeleWorld Solutions, Inc. (TWS)</td>
<td>Installation of network devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>TWS LATAM B, LLC</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>TWS LATAM S, LLC</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>SNB Technologies, Inc. Mexico, S.A. de C.V</td>
<td>Installation of network devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Prismview, LLC</td>
<td>Manufacture and sale of LED displays</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Research America, Inc. (SRA)</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Next LLC (SNX)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Next Fund LLC (SNXF)</td>
<td>Technology business, venture capital investments</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Viv Labs, Inc.</td>
<td>AI technology services</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Semiconductor, Inc. (SSI)</td>
<td>Sale of semiconductor and display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Austin Semiconductor LLC. (SAS)</td>
<td>Manufacture of semiconductors</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung International, Inc. (SII)</td>
<td>Manufacture of CTV and monitors</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Mexicana S.A. de C.V (SAMEX)</td>
<td>Manufacture of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Home Appliances America, LLC (SEHA)</td>
<td>Manufacture of home appliances</td>
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</tr>
<tr>
<td></td>
<td>SEMES America, Inc.</td>
<td>Semiconductor equipment</td>
<td>100.0</td>
</tr>
</tbody>
</table>

¹ Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
## Samsung Electronics Co., Ltd. and its subsidiaries

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>Zhilabs Inc.</td>
<td>Sale of network solutions</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Canada, Inc. (SECA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>AdGear Technologies Inc.</td>
<td>Digital advertising platforms</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>SigMast Communications Inc.</td>
<td>Development of mobile communications software</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Mexico S.A. De C.V. (SEM)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Digital Appliance Mexico, S.A.de. (SEAM)</td>
<td>Manufacture of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Latinoamerica Miami, Inc. (SEMI)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Latinoamerica (Zona Libre), S. A. (SELA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electronics Venezuela, C.A. (SEVEN)</td>
<td>Marketing and services</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electrónica Colombia S.A. (SAMCOL)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electronics Panama, S.A. (SEPA)</td>
<td>Consulting</td>
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<td></td>
<td>Samsung Electrónica da Amazonia Ltda. (SEDA)</td>
<td>Manufacture and sale of electronic devices</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electronics Argentina S.A. (SEASA)</td>
<td>Marketing and services</td>
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</tr>
<tr>
<td></td>
<td>Samsung Electronics Chile Limitada (SECH)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electronics Peru S.A.C. (SEPR)</td>
<td>Sale of electronic devices</td>
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<td></td>
<td>Harman International Industries, Inc.</td>
<td>Holding company</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Harman Becker Automotive Systems, Inc.</td>
<td>Manufacture and sale of audio products, R&amp;D</td>
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<tr>
<td></td>
<td>Harman Connected Services, Inc.</td>
<td>Connected service provider</td>
<td>100.0</td>
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<td></td>
<td>Harman Connected Services Engineering Corp.</td>
<td>Connected service provider</td>
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<td></td>
<td>Harman Connected Services South America S.R.L.</td>
<td>Connected service provider</td>
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<td>Harman da Amazonia Industria Eletronica e Participacoes Ltd.</td>
<td>Manufacture and sale of audio products</td>
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<td></td>
<td>Harman de Mexico, S. de R.L. de C.V.</td>
<td>Manufacture of audio products</td>
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<td>Harman do Brasil Industria Eletronica e Participacoes Ltda.</td>
<td>Sale of audio products, R&amp;D</td>
<td>100.0</td>
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<td>Harman Financial Group LLC</td>
<td>Management company</td>
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<td>Harman International Industries Canada Ltd.</td>
<td>Sale of audio products</td>
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<tr>
<td></td>
<td>Harman International Mexico, S. de R.L. de C.V.</td>
<td>Sale of audio products</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Harman KG Holding, LLC</td>
<td>Holding company</td>
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<td></td>
<td>Harman Professional, Inc.</td>
<td>Sale of audio products, R&amp;D</td>
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<td>RT SV CO-INVEST, LP</td>
<td>Venture capital investments</td>
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<tr>
<td></td>
<td>Beijing Integrated Circuit Industry International Fund, LP</td>
<td>Venture capital investments</td>
<td>61.4</td>
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<tr>
<td></td>
<td>China Materialia New Materials 2016 Limited Partnership</td>
<td>Venture capital investments</td>
<td>99.0</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
### Area

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe/CIS</td>
<td>Samsung Electronics (UK) Ltd. (SEUK)</td>
<td>Sale of electronic devices</td>
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<tr>
<td></td>
<td>Samsung Electronics Ltd. (SEL)</td>
<td>Holding company</td>
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</tr>
<tr>
<td></td>
<td>Samsung Electronics Holding GmbH (SEHG)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Semiconductor Europe GmbH (SSEG)</td>
<td>Sale of semiconductor and display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics GmbH (SEG)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Iberia, S.A. (SESA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics France S.A.S. (SEF)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Hungarian Private Co., Ltd. (SEH)</td>
<td>Manufacture and sale of electronic devices</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electronics Czech and Slovak s.r.o. (SECZ)</td>
<td>Sale of electronic devices</td>
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<tr>
<td></td>
<td>Samsung Electronics Italia S.P.A. (SEI)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Europe Logistics B.V. (SELS)</td>
<td>Logistics</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electronics Benelux B.V. (SEBN)</td>
<td>Sale of electronic devices</td>
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<tr>
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<td>Samsung Display Slovakia s.r.o. (SDSK)</td>
<td>Toll processing of display panels</td>
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<td>Samsung Electronics Romania LLC (SEROM)</td>
<td>Sale of electronic devices</td>
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<td>Samsung Electronics Polska, SP.Zo.o (SEPOL)</td>
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<td></td>
<td>Samsung Electronics Portuguesa S.A. (SEP)</td>
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</tr>
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<td></td>
<td>Samsung Electronics Nordic Aktiebolag (SENA)</td>
<td>Sale of electronic devices</td>
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</tr>
<tr>
<td></td>
<td>Samsung Semiconductor Europe Limited (SSEL)</td>
<td>Sale of semiconductor and display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Austria GmbH (SEAG)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Switzerland GmbH (SES)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Slovakia s.r.o (SESK)</td>
<td>Manufacture of CTV and monitors</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Baltics SIA (SEB)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Europe Holding Cooperative U.A. (SEEH)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Poland Manufacturing SP.Zo.o (SEPM)</td>
<td>Manufacture of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Greece S.M.A.S. (SEGR)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Air Conditioner Europe B.V. (SEACE)</td>
<td>Sale of air conditioning products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Nanoradio Design Center (SNDC)</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Denmark Research Center ApS (SDRC)</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Cambridge Solution Centre Limited (SCSC)</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Zhilabs, S.L.</td>
<td>Development and sale of network solutions</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Foodient Ltd</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Overseas B.V. (SEO)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
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¹ Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
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<thead>
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<th>Area</th>
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<th>Percentage of ownership</th>
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1 Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
## Samsung Electronics Co., Ltd. and its subsidiaries

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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<thead>
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<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership¹</th>
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</table>

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<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership¹</th>
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## Samsung Electronics Co., Ltd. and its subsidiaries

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<tr>
<th>Area</th>
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<th>Percentage of ownership¹</th>
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<td></td>
<td>Samsung Venture Capital Union #28</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #29</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #32</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #33</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #37</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #40</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #42</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #43</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #45</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #48</td>
<td>Technology business, Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td>Growth type private equity trust specialized in semiconductors</td>
<td></td>
<td>Investment on semiconductor industry</td>
<td>66.7</td>
</tr>
</tbody>
</table>

¹ Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.

² Classified as a subsidiary although the ownership is less than 50%, as the Company is considered to have a de facto control over the investee.
## Samsung Electronics Co., Ltd. and its subsidiaries

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(B) Summary of financial data of major consolidated subsidiaries is as follows:

1. **2020**

   **(In millions of Korean won)**

<table>
<thead>
<tr>
<th>Major subsidiaries</th>
<th>As of March 31, 2020</th>
<th>For the three month period ended March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------</td>
<td>-------------</td>
</tr>
<tr>
<td>Samsung Display</td>
<td>₩44,299,770</td>
<td>₩5,288,609</td>
</tr>
<tr>
<td>Samsung Electronics America (SEA)</td>
<td>39,343,316</td>
<td>16,747,660</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam THAINGUYEN (SEVT)</td>
<td>16,515,929</td>
<td>3,325,033</td>
</tr>
<tr>
<td>Harman and its subsidiaries</td>
<td>15,719,145</td>
<td>5,761,495</td>
</tr>
<tr>
<td>Samsung (China) Investment (SCIC)</td>
<td>14,274,561</td>
<td>11,167,654</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam (SEV)</td>
<td>13,983,079</td>
<td>1,983,819</td>
</tr>
<tr>
<td>Samsung (China) Semiconductor (SCS)</td>
<td>13,710,784</td>
<td>3,517,904</td>
</tr>
<tr>
<td>Samsung Electronics Europe Holding (SEEH)</td>
<td>10,018,307</td>
<td>7,008,523</td>
</tr>
<tr>
<td>Samsung Asia Private (SAPL)</td>
<td>9,796,144</td>
<td>702,622</td>
</tr>
<tr>
<td>Samsung Semiconductor (SSI)</td>
<td>9,438,214</td>
<td>3,670,575</td>
</tr>
<tr>
<td>Samsung Display Vietnam (SDV)</td>
<td>7,479,342</td>
<td>4,518,975</td>
</tr>
<tr>
<td>Samsung India Electronics (SIEL)</td>
<td>7,217,775</td>
<td>3,603,106</td>
</tr>
<tr>
<td>Samsung Austin Semiconductor (SAS)</td>
<td>7,045,012</td>
<td>518,902</td>
</tr>
<tr>
<td>Shanghai Samsung Semiconductor (SSS)</td>
<td>6,360,499</td>
<td>4,713,066</td>
</tr>
<tr>
<td>Samsung Electrónica da Amazonia (SEDA)</td>
<td>5,945,265</td>
<td>1,282,039</td>
</tr>
<tr>
<td>Thai Samsung Electronics (TSE)</td>
<td>2,940,877</td>
<td>538,395</td>
</tr>
<tr>
<td>Samsung Electronics (UK) (SEUK)</td>
<td>2,735,380</td>
<td>2,005,840</td>
</tr>
<tr>
<td>Samsung Electronics HCMC CE Complex (SEHC)</td>
<td>2,437,539</td>
<td>957,229</td>
</tr>
<tr>
<td>Samsung Electronics GmbH (SEG)</td>
<td>2,184,721</td>
<td>2,081,862</td>
</tr>
<tr>
<td>Samsung Electronics Hungarian (SEH)</td>
<td>2,108,666</td>
<td>441,001</td>
</tr>
<tr>
<td>Samsung Electronics Benelux (SEBN)</td>
<td>2,065,196</td>
<td>759,747</td>
</tr>
<tr>
<td>Samsung Electronics Europe Logistics (SELS)</td>
<td>2,050,648</td>
<td>1,631,169</td>
</tr>
<tr>
<td>Samsung Suzhou LCD (SSL)</td>
<td>1,855,975</td>
<td>632,477</td>
</tr>
<tr>
<td>Samsung Display Dongguan Co., Ltd. (SDD)</td>
<td>1,758,455</td>
<td>325,617</td>
</tr>
<tr>
<td>Samsung International, Inc. (SII)</td>
<td>1,663,057</td>
<td>572,231</td>
</tr>
</tbody>
</table>

---

1. Above summary of condensed financial information is based on separate financial statements of each subsidiary.

2. Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.
Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) 2019

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Major subsidiaries</th>
<th>As of December 31, 2019</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Samsung Display</td>
<td>₩ 46,543,974</td>
<td>₩ 6,421,516</td>
</tr>
<tr>
<td>Samsung Electronics America (SEA)</td>
<td>₩ 34,704,039</td>
<td>₩ 13,992,397</td>
</tr>
<tr>
<td>Harman and its subsidiaries*</td>
<td>₩ 15,609,084</td>
<td>₩ 5,791,272</td>
</tr>
<tr>
<td>Samsung (China) Investment (SCIC)</td>
<td>₩ 14,637,222</td>
<td>₩ 11,701,871</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam THAINGUYEN (SEVT)</td>
<td>₩ 13,847,934</td>
<td>₩ 2,075,180</td>
</tr>
<tr>
<td>Samsung (China) Semiconductor (SCS)</td>
<td>₩ 12,370,070</td>
<td>₩ 2,678,742</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam (SEV)</td>
<td>₩ 12,367,857</td>
<td>₩ 1,418,876</td>
</tr>
<tr>
<td>Samsung Electronics Europe Holding (SEEH)</td>
<td>₩ 10,682,847</td>
<td>₩ 7,662,042</td>
</tr>
<tr>
<td>Samsung Semiconductor (SSI)</td>
<td>₩ 9,194,190</td>
<td>₩ 3,795,273</td>
</tr>
<tr>
<td>Samsung Asia Private (SAPL)</td>
<td>₩ 9,137,262</td>
<td>₩ 579,618</td>
</tr>
<tr>
<td>Samsung Display Vietnam (SDV)</td>
<td>₩ 7,267,124</td>
<td>₩ 4,587,477</td>
</tr>
<tr>
<td>Samsung Electronica da Amazonia (SEDA)</td>
<td>₩ 7,058,719</td>
<td>₩ 1,594,907</td>
</tr>
<tr>
<td>Samsung India Electronics (SIEL)</td>
<td>₩ 7,042,872</td>
<td>₩ 3,587,241</td>
</tr>
<tr>
<td>Samsung Austin Semiconductor (SAS)</td>
<td>₩ 6,437,865</td>
<td>₩ 556,765</td>
</tr>
<tr>
<td>Shanghai Samsung Semiconductor (SSS)</td>
<td>₩ 5,880,616</td>
<td>₩ 4,446,885</td>
</tr>
<tr>
<td>Thai Samsung Electronics (TSE)</td>
<td>₩ 2,912,731</td>
<td>₩ 450,833</td>
</tr>
<tr>
<td>Samsung Electronics (UK) (SEUK)</td>
<td>₩ 2,644,358</td>
<td>₩ 1,877,903</td>
</tr>
<tr>
<td>Samsung Electronics HCMC CE Complex (SEHC)</td>
<td>₩ 2,305,587</td>
<td>₩ 1,035,533</td>
</tr>
<tr>
<td>Samsung Electronics GmbH (SEG)</td>
<td>₩ 2,258,269</td>
<td>₩ 2,199,561</td>
</tr>
<tr>
<td>Samsung Electronics Hungarian (SEH)</td>
<td>₩ 2,109,654</td>
<td>₩ 416,160</td>
</tr>
<tr>
<td>Samsung SemiConductor Xian Co., Ltd. (SSCX)</td>
<td>₩ 2,091,092</td>
<td>₩ 1,954,875</td>
</tr>
<tr>
<td>Samsung Electronics Europe Logistics (SELS)</td>
<td>₩ 2,027,213</td>
<td>₩ 1,891,221</td>
</tr>
<tr>
<td>Samsung Electronics Benelux (SEBN)</td>
<td>₩ 1,914,864</td>
<td>₩ 673,887</td>
</tr>
<tr>
<td>Samsung Suzhou LCD (SSL)</td>
<td>₩ 1,808,262</td>
<td>₩ 625,541</td>
</tr>
<tr>
<td>Samsung Display Dongguan Co., Ltd. (SDD)</td>
<td>₩ 1,795,077</td>
<td>₩ 444,552</td>
</tr>
</tbody>
</table>

1 Above summary of condensed financial information is based on separate financial statements of each subsidiary.
2 Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.

(C) Changes in the scope of consolidation

Subsidiaries newly included in the consolidation during the three month period ended March 31, 2020:

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiary</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>TeleWorld Solutions, Inc. (TWS)</td>
<td>Acquisition</td>
</tr>
<tr>
<td></td>
<td>TWS LATAM B, LLC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TWS LATAM S, LLC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SNB Technologies, Inc. Mexico, S.A. de C.V</td>
<td></td>
</tr>
</tbody>
</table>
2. Significant Accounting Policies

2.1 Basis of Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“Korean IFRS”). The accompanying interim consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The interim consolidated financial statements for the three month period ended March 31, 2020, have been prepared in accordance with Korean IFRS 1034, Interim Financial Reporting. These interim consolidated financial statements have been prepared in accordance with the Korean IFRS which is effective as of March 31, 2020.

(A) New and amended standards adopted by the Company

The Company applied the following amended and enacted standards for the first time for their annual reporting period commencing January 1, 2020:

Amendments to Korean IFRS 1103, Business Combination

To consider the integration of the required activities and assets as a business, the amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and excludes economic benefits from the lower costs. An entity can apply a concentration test, ‘optional test’, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business. This amendment does not have a significant impact on the consolidated financial statements.

(B) New and amended standards not yet adopted by the Company

There are no major new accounting standards or amendments issued that are effective for the annual reporting period commencing January 1, 2020.

2.2 Accounting Policies

Significant accounting policies and method of computation used in the preparation of the interim consolidated financial statements are consistent with those of the annual financial statements for the year ended December 31, 2019, except for the changes due to the application of amendments and enactments of standards described in Note 2.1 and as described below.

(A) Income tax expense

Income tax expense for the interim period is recognized based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective income tax rate is applied to the pre-tax income of the interim period.

2.3 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 dollars at the rate of ₩ 1,192.1 to $1, the average exchange rate for the three month period ended March 31, 2020. 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 dollars at this or at any other rate.
2.4 Critical Accounting Estimates and Assumptions

In preparing the interim consolidated financial statements, the management of the Company makes judgments, estimates and assumptions on matters which affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, seldom equal the related actual results. Recent spread of COVID-19 may result in changes to the Company’s assumptions and estimates, but its potential financial impact cannot be reasonably estimated as of the reporting date.

Critical accounting estimates and assumptions made in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2019, except for the estimates used to determine the income tax expense.
### 3. Financial Instruments by Category

Categorizations of financial assets and liabilities as of March 31, 2020 and December 31, 2019 are as follows:

(A) As of March 31, 2020

#### (In millions of Korean won)

<table>
<thead>
<tr>
<th>Category</th>
<th>Financial assets measured at amortized cost</th>
<th>Financial assets measured at fair value through other comprehensive income</th>
<th>Financial assets measured at fair value through profit or loss</th>
<th>Other financial assets¹</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>₩27,916,683</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩27,916,683</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>₩78,638,015</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩78,638,015</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>₩36,388,583</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩36,388,583</td>
</tr>
<tr>
<td>Financial assets at amortized cost</td>
<td>₩3,037,379</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩3,037,379</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>-</td>
<td>₩7,513,961</td>
<td>-</td>
<td>-</td>
<td>₩7,513,961</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>₩2,303,861</td>
<td>-</td>
<td>₩2,303,861</td>
</tr>
<tr>
<td>Other</td>
<td>₩8,914,933</td>
<td>-</td>
<td>₩298,678</td>
<td>₩30,729</td>
<td>₩9,244,340</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩154,895,593</td>
<td>₩7,513,961</td>
<td>₩2,602,539</td>
<td>₩30,729</td>
<td>₩165,042,822</td>
</tr>
</tbody>
</table>

¹Other financial assets include derivatives designated as hedging instruments, which are not subject to categorizations.

#### (In millions of Korean won)

<table>
<thead>
<tr>
<th>Category</th>
<th>Financial liabilities measured at amortized cost</th>
<th>Financial liabilities measured at fair value through profit or loss</th>
<th>Other financial liabilities¹</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>₩10,722,455</td>
<td>-</td>
<td>-</td>
<td>₩10,722,455</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>₩2,604,030</td>
<td>-</td>
<td>₩9,003,058</td>
<td>₩11,607,088</td>
</tr>
<tr>
<td>Other payables</td>
<td>₩11,828,629</td>
<td>-</td>
<td>-</td>
<td>₩11,828,629</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>₩41,230</td>
<td>-</td>
<td>₩793,244</td>
<td>₩834,474</td>
</tr>
<tr>
<td>Debentures</td>
<td>₩1,020,729</td>
<td>-</td>
<td>-</td>
<td>₩1,020,729</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>-</td>
<td>-</td>
<td>₩2,202,901</td>
<td>₩2,202,901</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>₩1,740,673</td>
<td>₩2,445</td>
<td>-</td>
<td>₩1,743,118</td>
</tr>
<tr>
<td>Other</td>
<td>₩8,841,406</td>
<td>254,767</td>
<td>₩56,141</td>
<td>₩9,152,314</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩36,799,152</td>
<td>₩257,212</td>
<td>₩12,055,344</td>
<td>₩49,111,708</td>
</tr>
</tbody>
</table>

¹Other financial liabilities include collateralized borrowings, lease liabilities and derivatives designated as hedging instruments, which are not subject to categorizations.
## Samsung Electronics Co., Ltd. and its subsidiaries

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(B) As of December 31, 2019

### Financial assets

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Financial assets measured at amortized cost</th>
<th>Financial assets measured at fair value through other comprehensive income</th>
<th>Financial assets measured at fair value through profit or loss</th>
<th>Other financial assets(^1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>₩26,885,999</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩26,885,999</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>76,252,052</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>76,252,052</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>35,131,343</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35,131,343</td>
</tr>
<tr>
<td>Financial assets at amortized cost</td>
<td>3,914,216</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,914,216</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>-</td>
<td>8,920,712</td>
<td>-</td>
<td>-</td>
<td>8,920,712</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>2,776,440</td>
<td>-</td>
<td>2,776,440</td>
</tr>
<tr>
<td>Other</td>
<td>9,656,415</td>
<td>-</td>
<td>181,682</td>
<td>26,444</td>
<td>9,864,541</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩151,840,025</td>
<td>₩8,920,712</td>
<td>₩2,958,122</td>
<td>₩26,444</td>
<td>₩163,745,303</td>
</tr>
</tbody>
</table>

\(^1\) Other financial assets include derivatives designated as hedging instruments, which are not subject to categorizations.

### Financial liabilities

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Financial liabilities measured at amortized cost</th>
<th>Financial liabilities measured at fair value through profit or loss</th>
<th>Other financial liabilities(^1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>₩8,718,222</td>
<td>-</td>
<td>-</td>
<td>₩8,718,222</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>2,659,107</td>
<td>-</td>
<td>11,734,361</td>
<td>14,393,468</td>
</tr>
<tr>
<td>Other payables</td>
<td>11,034,253</td>
<td>-</td>
<td>-</td>
<td>11,034,253</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>41,022</td>
<td>-</td>
<td>805,068</td>
<td>846,090</td>
</tr>
<tr>
<td>Debentures</td>
<td>975,298</td>
<td>-</td>
<td>-</td>
<td>975,298</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>-</td>
<td>-</td>
<td>2,197,181</td>
<td>2,197,181</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>1,820,611</td>
<td>2,316</td>
<td>-</td>
<td>1,822,927</td>
</tr>
<tr>
<td>Others</td>
<td>8,158,935</td>
<td>204,671</td>
<td>10,540</td>
<td>8,374,146</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩33,407,448</td>
<td>₩206,987</td>
<td>₩14,747,150</td>
<td>₩48,361,585</td>
</tr>
</tbody>
</table>

\(^1\) Other financial liabilities include collateralized borrowings and derivatives designated as hedging instruments, which are not subject to categorizations.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Assets at Fair Value

(A) Details of financial assets at fair value as of March 31, 2020 and December 31, 2019 are as follows:

(1) Financial assets at fair value through other comprehensive income

(\textit{In millions of Korean won})

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current portion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments</td>
<td>₩7,513,961</td>
<td>₩8,920,712</td>
</tr>
</tbody>
</table>

(2) Financial assets at fair value through profit or loss

(\textit{In millions of Korean won})

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current portion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt instruments</td>
<td>₩1,238,759</td>
<td>₩1,727,436</td>
</tr>
<tr>
<td><strong>Non-current portion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments</td>
<td>₩680,328</td>
<td>₩704,155</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>₩384,774</td>
<td>₩344,849</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>₩1,065,102</td>
<td>₩1,049,004</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩2,303,861</td>
<td>₩2,776,440</td>
</tr>
</tbody>
</table>

(B) Details of listed equity securities of financial assets at fair value as of March 31, 2020 and December 31, 2019 are as follows:

(\textit{In millions of Korean won, number of shares and percentage})

<table>
<thead>
<tr>
<th></th>
<th>Number of shares owned</th>
<th>Percentage of ownership(^1) (%)</th>
<th>Acquisition cost</th>
<th>Carrying amount (Market value)</th>
<th>Carrying amount (Market value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Heavy Industries</td>
<td>100,693,398</td>
<td>16.0</td>
<td>₩735,488</td>
<td>₩392,704</td>
<td>₩732,041</td>
</tr>
<tr>
<td>Hotel Shilla</td>
<td>2,004,717</td>
<td>5.1</td>
<td>₩13,957</td>
<td>₩141,333</td>
<td>₩182,028</td>
</tr>
<tr>
<td>iMarket Korea</td>
<td>647,320</td>
<td>1.8</td>
<td>₩324</td>
<td>₩5,858</td>
<td>₩6,732</td>
</tr>
<tr>
<td>Wonik Holdings</td>
<td>3,518,342</td>
<td>4.6</td>
<td>₩30,821</td>
<td>₩11,874</td>
<td>₩19,210</td>
</tr>
<tr>
<td>Wonik IPS</td>
<td>3,701,872</td>
<td>7.5</td>
<td>₩32,428</td>
<td>₩92,362</td>
<td>₩132,712</td>
</tr>
<tr>
<td>SFA</td>
<td>3,644,000</td>
<td>10.2</td>
<td>₩38,262</td>
<td>₩113,875</td>
<td>₩168,535</td>
</tr>
<tr>
<td>ASML</td>
<td>6,297,787</td>
<td>1.5</td>
<td>₩363,012</td>
<td>₩2,059,252</td>
<td>₩2,154,676</td>
</tr>
<tr>
<td>Wacom</td>
<td>8,398,400</td>
<td>5.0</td>
<td>₩62,013</td>
<td>₩30,203</td>
<td>₩39,765</td>
</tr>
<tr>
<td>BYD</td>
<td>52,264,808</td>
<td>1.9</td>
<td>₩528,665</td>
<td>₩540,451</td>
<td>₩412,935</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>296,744</td>
<td>1.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩2,101,714</td>
<td></td>
<td>₩3,778,084</td>
<td>₩4,268,502</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Ownership represents the Company’s ownership of ordinary shares issued in each entity.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. Inventories

Inventories as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross amount</td>
<td>Valuation allowance</td>
</tr>
<tr>
<td>Finished goods</td>
<td>₩7,514,978</td>
<td>₩(307,260)</td>
</tr>
<tr>
<td>Work in process</td>
<td>₩10,798,274</td>
<td>₩(649,981)</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>₩9,341,047</td>
<td>₩(522,615)</td>
</tr>
<tr>
<td>Materials in transit</td>
<td>₩2,280,452</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>₩29,934,751</td>
<td>₩(1,479,856)</td>
</tr>
</tbody>
</table>

6. Investments in Associates and Joint Ventures

(A) Changes in investments in associates and joint ventures for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩7,591,612</td>
<td>₩7,313,206</td>
</tr>
<tr>
<td>Acquisition</td>
<td>12,924</td>
<td>3,544</td>
</tr>
<tr>
<td>Disposal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of profit</td>
<td>60,644</td>
<td>77,681</td>
</tr>
<tr>
<td>Other¹</td>
<td>(77,006)</td>
<td>(78,483)</td>
</tr>
<tr>
<td><strong>Balance as of March 31</strong></td>
<td>₩7,588,174</td>
<td>₩7,315,948</td>
</tr>
</tbody>
</table>

¹ Other consists of dividends, impairment, reclassification and the cumulative effect of changes in accounting principles.
(B) Major investments in associates and joint ventures as of March 31, 2020 are as follows:

(1) Investments in associates

<table>
<thead>
<tr>
<th>Investee</th>
<th>Nature of relationship with associate</th>
<th>Percentage of ownership (%)</th>
<th>Principal business location</th>
<th>The end of the reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>Manufacture and supply electronic components including passive components, circuit boards, and modules</td>
<td>23.7</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>Provide IT services including computer programming, system integration and management and logistical services</td>
<td>22.6</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>New business investment</td>
<td>31.5</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Samsung SDI²</td>
<td>Manufacture and supply electronics including secondary cell batteries</td>
<td>19.6</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>Advertising agency</td>
<td>25.2</td>
<td>Korea</td>
<td>December</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of ordinary shares issued in each entity.
2 The Company’s ownership of ordinary shares outstanding is 20.6%.

(2) Investments in joint ventures

<table>
<thead>
<tr>
<th>Investee</th>
<th>Nature of relationship with joint venture</th>
<th>Percentage of ownership (%)</th>
<th>Principal business location</th>
<th>The end of the reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>Manufacture and supply industrial glass devices</td>
<td>50.0</td>
<td>Korea</td>
<td>December</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of ordinary shares issued in each entity.
Details of investments in associates and joint ventures as of March 31, 2020 and December 31, 2019 are as follows:

### Investments in associates

#### (In millions of Korean won)

<table>
<thead>
<tr>
<th>Investee</th>
<th>Acquisition cost</th>
<th>Net asset value of equity shares</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩359,237</td>
<td>₩1,256,187</td>
<td>₩1,174,802</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>₩147,963</td>
<td>₩1,435,642</td>
<td>₩1,461,220</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>₩443,193</td>
<td>₩1,383,775</td>
<td>₩1,388,555</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>₩1,242,605</td>
<td>₩2,437,878</td>
<td>₩2,202,125</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>₩506,162</td>
<td>₩255,645</td>
<td>₩555,396</td>
</tr>
<tr>
<td>Other</td>
<td>₩549,877</td>
<td>₩388,620</td>
<td>₩565,227</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩3,249,037</td>
<td>₩7,157,747</td>
<td>₩7,347,325</td>
</tr>
</tbody>
</table>

1 The Company’s portion of net asset value of associates is based on the Company’s ownership percentage.

#### (In millions of Korean won)

<table>
<thead>
<tr>
<th>Investee</th>
<th>Acquisition cost</th>
<th>Net asset value of equity shares</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩359,237</td>
<td>₩1,237,753</td>
<td>₩1,152,734</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>₩147,963</td>
<td>₩1,478,586</td>
<td>₩1,499,571</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>₩443,193</td>
<td>₩1,371,315</td>
<td>₩1,377,043</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>₩1,242,605</td>
<td>₩2,481,233</td>
<td>₩2,233,516</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>₩506,162</td>
<td>₩271,409</td>
<td>₩570,215</td>
</tr>
<tr>
<td>Other</td>
<td>₩550,404</td>
<td>₩373,606</td>
<td>₩523,794</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩3,249,564</td>
<td>₩7,213,902</td>
<td>₩7,356,873</td>
</tr>
</tbody>
</table>

1 The Company’s portion of net asset value of associates is based on the Company’s ownership percentage.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) Investments in joint ventures

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Investee</th>
<th>Acquisition cost</th>
<th>March 31, 2020</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>W</td>
<td>W</td>
<td>W</td>
</tr>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>215,000</td>
<td>174,219</td>
<td>174,215</td>
</tr>
<tr>
<td>Other</td>
<td>259,994</td>
<td>69,640</td>
<td>66,634</td>
</tr>
<tr>
<td>Total</td>
<td>474,994</td>
<td>243,859</td>
<td>240,849</td>
</tr>
</tbody>
</table>

1 The Company’s portion of net asset value of joint ventures is based on the Company’s ownership percentage.

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Investee</th>
<th>Acquisition cost</th>
<th>December 31, 2019</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>W</td>
<td>W</td>
<td>W</td>
</tr>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>215,000</td>
<td>173,746</td>
<td>173,742</td>
</tr>
<tr>
<td>Other</td>
<td>259,994</td>
<td>66,848</td>
<td>60,997</td>
</tr>
<tr>
<td>Total</td>
<td>474,994</td>
<td>240,594</td>
<td>234,739</td>
</tr>
</tbody>
</table>

1 The Company’s portion of net asset value of joint ventures is based on the Company’s ownership percentage.

(D) Details of the valuation of investments in associates and joint ventures using the equity method are as follows:

(1) For the three month period ended March 31, 2020

(In millions of Korean won)

<table>
<thead>
<tr>
<th></th>
<th>Balance as of January 1</th>
<th>Share of profit (loss)</th>
<th>Share of other comprehensive income</th>
<th>Other1</th>
<th>Balance as of March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>W 1,152,734</td>
<td>W 33,157</td>
<td>W 8,373</td>
<td>W (19,462)</td>
<td>W 1,174,802</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>1,499,571</td>
<td>(6,722)</td>
<td>10,304</td>
<td>(41,933)</td>
<td>1,461,220</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>1,377,043</td>
<td>11,115</td>
<td>397</td>
<td>-</td>
<td>1,388,555</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>2,233,516</td>
<td>5,696</td>
<td>(23,624)</td>
<td>(13,463)</td>
<td>2,202,125</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>570,215</td>
<td>6,885</td>
<td>2,107</td>
<td>(23,811)</td>
<td>555,396</td>
</tr>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>173,742</td>
<td>473</td>
<td>-</td>
<td>-</td>
<td>174,215</td>
</tr>
<tr>
<td>Other</td>
<td>584,791</td>
<td>10,040</td>
<td>197</td>
<td>36,833</td>
<td>571,861</td>
</tr>
<tr>
<td>Total</td>
<td>W 7,591,612</td>
<td>W 60,644</td>
<td>W (2,246)</td>
<td>W (61,836)</td>
<td>W 7,588,174</td>
</tr>
</tbody>
</table>

1 Other consists of acquisitions, disposals, dividends, impairment and reclassification.

(2) For the three month period ended March 31, 2019

(In millions of Korean won)

<table>
<thead>
<tr>
<th></th>
<th>Balance as of January 1</th>
<th>Share of profit (loss)</th>
<th>Share of other comprehensive income</th>
<th>Other1</th>
<th>Balance as of March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>W 1,126,043</td>
<td>W 18,827</td>
<td>W 11,422</td>
<td>W (17,693)</td>
<td>W 1,138,599</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>1,376,321</td>
<td>31,642</td>
<td>6,345</td>
<td>(34,944)</td>
<td>1,379,364</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>1,308,546</td>
<td>(12,742)</td>
<td>4,205</td>
<td>-</td>
<td>1,300,009</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>2,197,335</td>
<td>23,004</td>
<td>5,945</td>
<td>(13,463)</td>
<td>2,212,821</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>549,165</td>
<td>9,562</td>
<td>3,549</td>
<td>(22,360)</td>
<td>539,916</td>
</tr>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>173,499</td>
<td>217</td>
<td>-</td>
<td>-</td>
<td>173,716</td>
</tr>
<tr>
<td>Other</td>
<td>582,297</td>
<td>7,171</td>
<td>4,248</td>
<td>(22,193)</td>
<td>571,523</td>
</tr>
<tr>
<td>Total</td>
<td>W 7,313,206</td>
<td>W 77,681</td>
<td>W 35,714</td>
<td>W (110,653)</td>
<td>W 7,315,948</td>
</tr>
</tbody>
</table>

1 Other consists of acquisitions, disposals, dividends, impairment, reclassification and the cumulative effect of changes in accounting principles.
### 1. Condensed financial information

#### Condensed statements of financial position:

<table>
<thead>
<tr>
<th></th>
<th>2020 (In millions of Korean won)</th>
<th>2019 (In millions of Korean won)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>W 4,255,031</td>
<td>W 3,507,525</td>
</tr>
<tr>
<td></td>
<td>W 6,363,583</td>
<td>W 6,383,847</td>
</tr>
<tr>
<td></td>
<td>W 1,428,491</td>
<td>W 1,356,262</td>
</tr>
<tr>
<td></td>
<td>W 5,387,839</td>
<td>W 5,181,415</td>
</tr>
<tr>
<td></td>
<td>W 1,782,905</td>
<td>W 1,787,299</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>5,229,462</td>
<td>5,166,724</td>
</tr>
<tr>
<td></td>
<td>2,615,341</td>
<td>2,637,389</td>
</tr>
<tr>
<td></td>
<td>4,516,481</td>
<td>4,555,365</td>
</tr>
<tr>
<td></td>
<td>14,499,070</td>
<td>14,670,682</td>
</tr>
<tr>
<td></td>
<td>476,144</td>
<td>504,347</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>2,483,767</td>
<td>1,850,405</td>
</tr>
<tr>
<td></td>
<td>1,834,154</td>
<td>1,698,187</td>
</tr>
<tr>
<td></td>
<td>674,183</td>
<td>690,505</td>
</tr>
<tr>
<td></td>
<td>3,816,072</td>
<td>3,450,229</td>
</tr>
<tr>
<td></td>
<td>1,163,055</td>
<td>219,178</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>1,488,760</td>
<td>1,393,746</td>
</tr>
<tr>
<td></td>
<td>613,232</td>
<td>597,891</td>
</tr>
<tr>
<td></td>
<td>879,191</td>
<td>866,668</td>
</tr>
<tr>
<td></td>
<td>3,606,569</td>
<td>3,450,229</td>
</tr>
<tr>
<td></td>
<td>195,736</td>
<td>219,178</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>148,205</td>
<td>145,050</td>
</tr>
<tr>
<td></td>
<td>175,855</td>
<td>179,362</td>
</tr>
<tr>
<td></td>
<td>354,687</td>
<td>354,687</td>
</tr>
<tr>
<td></td>
<td>8,622</td>
<td>8,622</td>
</tr>
</tbody>
</table>

#### Condensed statements of comprehensive income:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>W 2,224,466</td>
<td>W 2,062,291</td>
</tr>
<tr>
<td><strong>Profit or loss from continuing operations</strong></td>
<td>124,114 (29,826)</td>
<td>176,135 (29,826)</td>
</tr>
<tr>
<td></td>
<td>14,499,070</td>
<td>14,670,682</td>
</tr>
<tr>
<td><strong>Profit or loss from discontinued operation</strong></td>
<td>36,653 (9,587)</td>
<td>36,653 (9,587)</td>
</tr>
<tr>
<td></td>
<td>1,163,055</td>
<td>1,163,055</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>161,960 (4,308)</td>
<td>161,960 (4,308)</td>
</tr>
<tr>
<td></td>
<td>26,018</td>
<td>26,018</td>
</tr>
</tbody>
</table>

#### 2. Dividends from associates

|                     | W 19,462 | W 17,693 | W 41,933 | W 34,944 | W - | W 13,463 | W 23,811 |

### Profit (loss) attributable to owners of the parent company.
(2) Summary of condensed financial information of major joint ventures and dividends received from joint ventures as of March 31, 2020 and December 31, 2019, and for the three month period ended March 31, 2020 and 2019, is as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Samsung Corning Advanced Glass</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
</tbody>
</table>

**1. Condensed financial information**

**Condensed statements of financial position:**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>158,928</td>
<td>164,870</td>
</tr>
<tr>
<td>- Cash and cash equivalent</td>
<td>22,702</td>
<td>35,553</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>225,610</td>
<td>225,334</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>33,768</td>
<td>40,567</td>
</tr>
<tr>
<td>- Financial liabilities</td>
<td>19,010</td>
<td>21,108</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>2,332</td>
<td>2,146</td>
</tr>
</tbody>
</table>

**Condensed statements of comprehensive income:**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>56,484</td>
<td>57,924</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>240</td>
<td>7,253</td>
</tr>
<tr>
<td>Interest income</td>
<td>212</td>
<td>122</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>134</td>
<td>103</td>
</tr>
<tr>
<td>Profit from continuing operations</td>
<td>946</td>
<td>434</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>946</td>
<td>434</td>
</tr>
</tbody>
</table>

**2. Dividends from joint ventures**

<table>
<thead>
<tr>
<th>Dividends</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>W</td>
<td>W</td>
</tr>
</tbody>
</table>

1 Trade payables, other payables and provisions are excluded.

2 Amounts relate to the three months ended March 31, 2020 and 2019.

(3) Profit (loss) attributable to owners of the parent company from associates and joint ventures which are not individually material for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from continuing operations</td>
<td>W 9,912</td>
<td>W 128</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(1,294)</td>
<td>1,491</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>W 8,618</td>
<td>W 1,619</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associates</td>
<td>W 6,930</td>
<td>W 241</td>
</tr>
<tr>
<td>Joint ventures</td>
<td>W 1,491</td>
<td>W 585</td>
</tr>
<tr>
<td>Associates</td>
<td>W 10,593</td>
<td>W 826</td>
</tr>
<tr>
<td>Joint ventures</td>
<td>W 3,177,191</td>
<td>W 3,177,191</td>
</tr>
</tbody>
</table>

(F) Details of marketable investments in associates as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won and number of shares)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares held</td>
<td>W 17,693,084</td>
<td>W 17,472,110</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>W 2.612,080</td>
<td>W 2.612,080</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>W 10,043,353</td>
<td>W 9,022,348</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>W 3.237,773</td>
<td>W 3.177,191</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>W 460,253</td>
<td>W 698,366</td>
</tr>
</tbody>
</table>

33
Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(G) Other Matters

On July 12, 2018, the Korea Securities and Futures Commission determined a first measure following an investigation relating to Samsung Biologics Co., Ltd., an associate of the Company, and its accounting for its investment in Samsung Bioepis Co., Ltd, a joint venture between Biogen Therapeutics Inc. and Samsung Biologics Co., Ltd. The first measure included a recommendation to dismiss the director in charge, prosecution charges, and external auditor designation by the regulator, on the basis that the Joint Venture Agreement was not disclosed in the notes to the financial statements. On November 14, 2018, the Korea Securities and Futures Commission determined a second measure, which included a penalty of ₩8,000 million, a recommendation to dismiss the CEO, a requirement to restate its financial statements, and further prosecution charges.

Consequently, Samsung Biologics Co., Ltd. filed a suit for cancellation of the aforementioned measures to the Seoul Administrative Court to suspend the execution of these measures, and the respective court has pronounced a decision to suspend these measures until the final rulings on January 22, 2019 and February 19, 2019, relating to the second and first measures, respectively. The Korea Securities and Futures Commission immediately appealed against the decision to suspend execution but on May 13, 2019 and May 24, 2019, relating to the second and first measures, respectively, the Court dismissed the Korea Securities and Futures Commission’s appeal. The Korea Securities and Futures Commission has re-appealed on May 23, 2019 and June 10, 2019, relating to the second and first measures, respectively. On September 6, 2019 and October 11, 2019, the Court dismissed the Korea Securities and Futures Commission’s re-appeal, relating to the second and first measures, respectively.

Although the future outcome of the administrative litigation cannot be estimated, should Samsung Biologics Co., Ltd. be required to restate its financial statements to amend its historical accounting treatment relating to its investment in Samsung Bioepis Co., Ltd., the Company’s share of profit or loss relating to its equity method investment, the amount of investment in associates, and retained earnings, for the years ended from December 31, 2015 and onwards, and the profit on disposal of investment for the year ended December 31, 2016, may be impacted. Given the timing of completion and the final result of the administrative litigation between Samsung Biologics Co., Ltd. and the Korea Securities and Futures Commission is uncertain and cannot currently be estimated, it is not possible for the Company to recognize the effects of these proceedings in the current period consolidated financial statements.
7. Property, Plant and Equipment

(A) Changes in property, plant and equipment for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩119,825,474</td>
<td>₩115,416,724</td>
</tr>
<tr>
<td>Acquisition and capital expenditures</td>
<td>₩7,528,089</td>
<td>₩4,709,517</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(₩6,591,167)</td>
<td>(₩6,840,816)</td>
</tr>
<tr>
<td>Disposals/scrap/impairment</td>
<td>(₩120,028)</td>
<td>(₩216,973)</td>
</tr>
<tr>
<td>Other1</td>
<td>₩1,035,604</td>
<td>₩3,323,904</td>
</tr>
<tr>
<td><strong>Balance as of March 31</strong></td>
<td>₩121,677,972</td>
<td>₩116,392,356</td>
</tr>
</tbody>
</table>

1 Other includes the cumulative effect of changes in accounting principles, effects of changes in foreign currency exchange rates and effects of the offset related to government grants.

(B) Details of depreciation of property, plant and equipment for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>₩5,781,344</td>
<td>₩6,112,146</td>
</tr>
<tr>
<td>Selling and administrative expenses and other</td>
<td>₩809,823</td>
<td>₩728,670</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩6,591,167</td>
<td>₩6,840,816</td>
</tr>
</tbody>
</table>

8. Intangible Assets

(A) Changes in intangible assets for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩20,703,504</td>
<td>₩14,891,598</td>
</tr>
<tr>
<td>External acquisitions</td>
<td>₩371,836</td>
<td>₩139,543</td>
</tr>
<tr>
<td>Internally generated (development costs)</td>
<td>-</td>
<td>₩127,964</td>
</tr>
<tr>
<td>Amortization</td>
<td>(₩814,438)</td>
<td>(₩254,728)</td>
</tr>
<tr>
<td>Disposals/scrap/impairment</td>
<td>(₩12,923)</td>
<td>(₩11,489)</td>
</tr>
<tr>
<td>Other1</td>
<td>₩664,415</td>
<td>(₩24,856)</td>
</tr>
<tr>
<td><strong>Balance as of March 31</strong></td>
<td>₩20,912,394</td>
<td>₩14,868,032</td>
</tr>
</tbody>
</table>

1 Other includes the cumulative effect of changes in foreign currency exchange rates and business combinations.

(B) Details of amortization of intangible assets for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>₩575,855</td>
<td>₩88,155</td>
</tr>
<tr>
<td>Selling and administrative expenses and other</td>
<td>₩238,583</td>
<td>₩166,573</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩814,438</td>
<td>₩254,728</td>
</tr>
</tbody>
</table>
9. Borrowings

Details of the carrying amounts of borrowings as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Financial institutions</th>
<th>Annual interest rates (%)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term borrowings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collateralized borrowings¹</td>
<td>Woori Bank and others</td>
<td>0.0~21.0</td>
<td>₩9,003,058</td>
<td>₩11,734,361</td>
</tr>
<tr>
<td>Non-collateralized borrowings</td>
<td>Citibank and others</td>
<td>0.0~12.6</td>
<td>₩2,604,030</td>
<td>₩2,659,107</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>₩11,607,088</td>
<td>₩14,393,468</td>
</tr>
<tr>
<td>Current portion of long-term borrowings</td>
<td>KEB Hana Bank And others</td>
<td>3.5~4.5</td>
<td>₩35,261</td>
<td>₩35,376</td>
</tr>
<tr>
<td>Lease liabilities²</td>
<td>CSSD and others</td>
<td>3.8</td>
<td>₩793,244</td>
<td>₩805,068</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>₩28,505</td>
<td>₩840,444</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liabilities²</td>
<td>CSSD and others</td>
<td>3.8</td>
<td>₩2,202,901</td>
<td>₩2,197,181</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>₩2,202,901</td>
<td>₩2,197,181</td>
</tr>
</tbody>
</table>

¹ Collateralized borrowings are secured by trade receivables.
² Interest expenses arising from the lease liabilities during the three months ended March 31, 2020 and 2019 amounts to ₩28,609 million, and ₩23,626 million respectively, which were determined using the weighted average incremental borrowing rate. The right-of-use assets are pledged as collateral to the lessor in the event of default.

10. Debentures

Details of the carrying amounts of debentures as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Issue date</th>
<th>Due date</th>
<th>Annual interest rates (%)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar denominated straight bonds¹</td>
<td>1997.10.2</td>
<td>2027.10.1</td>
<td>7.7</td>
<td>₩48,904 (USD 40 million)</td>
<td>₩46,312 (USD 40 million)</td>
</tr>
<tr>
<td>US dollar denominated debenture bonds²</td>
<td>2015.5.6</td>
<td>2025.5.15</td>
<td>4.2</td>
<td>₩489,040 (USD 400 million)</td>
<td>₩463,120 (USD 400 million)</td>
</tr>
<tr>
<td>EURO denominated debenture bonds³</td>
<td>2015.5.20</td>
<td>2022.5.27</td>
<td>2</td>
<td>₩472,026 (EUR 350 million)</td>
<td>₩454,100 (EUR 350 million)</td>
</tr>
<tr>
<td>Less: Discounts</td>
<td></td>
<td></td>
<td></td>
<td>(1,149) (1149)</td>
<td>(1,146) (1146)</td>
</tr>
<tr>
<td>Add: Premium</td>
<td></td>
<td></td>
<td></td>
<td>₩17,877</td>
<td>₩18,558</td>
</tr>
<tr>
<td>Less: Current portion</td>
<td></td>
<td></td>
<td></td>
<td>(5,969) (5969)</td>
<td>(5,646) (5646)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>₩1,020,729</td>
<td>₩975,298</td>
</tr>
</tbody>
</table>

¹ US dollar denominated straight bonds are repaid annually for twenty years after a ten-year grace period from the date of issuance. Interest is paid semi-annually.
² Harman International Industries issued US dollar denominated debenture bonds. Repayment of these debentures is due on the date of maturity and interest is paid semi-annually.
³ Harman Finance International SCA issued Euro denominated debenture bonds. Repayment of these debentures is due on the date of maturity and interest is paid annually.
11. Net Defined Benefit Liabilities (Assets)

Details of net defined benefit liabilities (assets) recognized in the statements of financial position as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of funded defined benefit obligations</td>
<td>₩10,999,378</td>
<td>₩10,864,675</td>
</tr>
<tr>
<td>Present value of unfunded defined benefit obligations</td>
<td>302,427</td>
<td>283,394</td>
</tr>
<tr>
<td>Subtotal</td>
<td>11,301,805</td>
<td>11,148,069</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>(11,229,644)</td>
<td>(11,267,121)</td>
</tr>
<tr>
<td>Total</td>
<td>₩72,161</td>
<td>(₩119,052)</td>
</tr>
</tbody>
</table>

(A) The amounts recognized in the statements of profit or loss for the three month period ended March 31, 2020 and 2019 relating to defined benefit plans are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>₩287,089</td>
<td>₩231,925</td>
</tr>
<tr>
<td>Net interest income</td>
<td>(958)</td>
<td>(780)</td>
</tr>
<tr>
<td>Past service cost</td>
<td>90</td>
<td>861</td>
</tr>
<tr>
<td>Other</td>
<td>(8,563)</td>
<td>2,216</td>
</tr>
<tr>
<td>Total</td>
<td>₩277,658</td>
<td>₩234,222</td>
</tr>
</tbody>
</table>

(B) The expenses related to defined benefit plans recognized in the statements of profit or loss for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>₩126,269</td>
<td>₩105,409</td>
</tr>
<tr>
<td>Selling and administrative expenses and other</td>
<td>151,389</td>
<td>128,813</td>
</tr>
<tr>
<td>Total</td>
<td>₩277,658</td>
<td>₩234,222</td>
</tr>
</tbody>
</table>

Changes in the provisions for the three month period ended March 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Warranty (A)</th>
<th>Royalty expenses (B)</th>
<th>Long-term incentives (C)</th>
<th>Other (D, E)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩ 1,791,007</td>
<td>₩ 1,053,448</td>
<td>₩ 793,270</td>
<td>₩ 1,042,002</td>
<td>₩ 4,679,727</td>
</tr>
<tr>
<td>Charged to the statement of profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment</td>
<td>₩ 316,764</td>
<td>₩ 71,604</td>
<td>₩ 71,345</td>
<td>₩ 814,790</td>
<td>₩ 1,274,503</td>
</tr>
<tr>
<td>Other 1</td>
<td>(₩ 285,059)</td>
<td>(₩ 26,803)</td>
<td>(₩ 146,418)</td>
<td>(₩ 219,703)</td>
<td>(₩ 677,983)</td>
</tr>
<tr>
<td>Balance as of March 31</td>
<td>₩ 1,775,726</td>
<td>₩ 1,152,891</td>
<td>₩ 718,761</td>
<td>₩ 1,643,110</td>
<td>₩ 5,290,488</td>
</tr>
</tbody>
</table>

1 Other includes effects of changes in foreign currency exchange rates.

(A) The Company accrues warranty reserves for estimated costs of future service, repairs and recalls, based on historical experience and terms of warranty programs.

(B) The Company recognizes provisions for the estimated royalty expenses that are under negotiation with counterparties. The timing and amount of payment depend on the settlement of the negotiation.

(C) The Company has a long-term incentive plan for its executives based on a three-year management performance criteria and recognizes a provision for the estimated incentive cost for the accrued period.

(D) The Company records provisions for the estimated expenses occurring from discontinuing production, sale of products and other activities.

(E) The Company makes provisions for the carrying amounts of emission rights held by the Company and the emission in excess of the emission rights for the applicable years. Details of emission rights and liabilities as of March 31, 2020 are as follows:

(1) Allocated amount of emission permits and the estimated amount of emission as of March 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>(In ten thousand metric tons)</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated emission permits</td>
<td>1,496</td>
</tr>
<tr>
<td>Estimated volume of emission</td>
<td>1,850</td>
</tr>
</tbody>
</table>

(2) Changes in the emission permits rights for the three month period ended March 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩ 38,787</td>
</tr>
<tr>
<td>Acquisition</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as of March 31</strong></td>
<td>₩ 38,787</td>
</tr>
</tbody>
</table>

(3) Changes in the provisions for emissions liabilities for the three month period ended March 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩ 18,414</td>
</tr>
<tr>
<td>Charged to the statement of profit or loss</td>
<td>₩ 33,169</td>
</tr>
<tr>
<td>Submission</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as of March 31</strong></td>
<td>₩ 51,583</td>
</tr>
</tbody>
</table>
13. Commitments and Contingencies

(A) Litigation

The Company is involved in various claims, disputes, and investigations conducted by regulatory bodies, which arose during the normal course of business with numerous entities. Although the outflow of resources and timing of these matters are uncertain, as of the reporting date, the Company believes the outcome will not have a material impact on the financial position of the Company.

14. Contract Liabilities

The Company has recognized the following contract liabilities related to contracts with customers as follow:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract liabilities¹</td>
<td>₩9,056,817</td>
<td>₩9,240,401</td>
</tr>
</tbody>
</table>

¹ Contract liabilities include advances received, accrued expenses, other current liabilities and others.

15. Share Capital

As of March 31, 2020, the Company’s total number of authorized shares is 25,000,000,000 shares (₩100 per share). The Company has issued 5,969,782,550 shares of ordinary shares and 822,886,700 shares of preference shares as of March 31, 2020, excluding retired shares. Due to the retirement of shares, the total par value of the shares issued is ₩679,267 million (ordinary shares of ₩596,978 million and preference shares of ₩82,289 million), which does not agree with paid-in capital of ₩897,514 million.

16. Retained Earnings

(A) Retained earnings as of March 31, 2020 and December 31, 2019 consist of the following:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discretionary reserve, etc.</td>
<td>₩174,074,817</td>
<td>₩168,322,868</td>
</tr>
<tr>
<td>Unappropriated</td>
<td>₩83,004,102</td>
<td>₩86,260,026</td>
</tr>
<tr>
<td>Total</td>
<td>₩257,078,919</td>
<td>₩254,582,894</td>
</tr>
</tbody>
</table>

(B) Details of interim dividends for the three month period ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares eligible for dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>5,969,782,550</td>
<td>5,969,782,550</td>
</tr>
<tr>
<td>Preference share</td>
<td>822,886,700</td>
<td>822,886,700</td>
</tr>
<tr>
<td>Dividend rate (based on par value)</td>
<td>354%</td>
<td>354%</td>
</tr>
<tr>
<td>Dividend amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>₩2,113,303</td>
<td>₩2,113,303</td>
</tr>
<tr>
<td>Preference share</td>
<td>₩291,302</td>
<td>₩291,302</td>
</tr>
<tr>
<td>Total</td>
<td>₩2,404,605</td>
<td>₩2,404,605</td>
</tr>
</tbody>
</table>
17. Other Components of Equity

Other components of equity as of March 31, 2020 and December 31, 2019 are as follows:

\[
\begin{array}{lcc}
\text{(In millions of Korean won)} & \text{March 31, 2020} & \text{December 31, 2019} \\
\hline
\text{Gain (loss) on valuation of financial assets at fair value through other comprehensive income} & ₩1,561,982 & ₩2,573,530 \\
\text{Share of other comprehensive income of associates and joint ventures} & (30,825) & (12,735) \\
\text{Foreign currency translation} & (3,484,350) & (5,645,769) \\
\text{Remeasurement of net defined benefit liabilities (assets)} & (1,976,980) & (1,944,284) \\
\text{Other} & 31,617 & 60,429 \\
\hline
\text{Total} & (₩3,898,556) & (₩4,968,829) \\
\end{array}
\]

18. Expenses by Nature

Expenses by nature for the three month period ended March 31, 2020 and 2019 consist of the following:

\[
\begin{array}{lcc}
\text{(In millions of Korean won)} & \text{2020} & \text{2019} \\
\hline
\text{Changes in finished goods and work in process} & ₩645,739 & ₩(1,760,479) \\
\text{Raw materials used and merchandise purchased} & 18,411,092 & 19,329,539 \\
\text{Wages and salaries} & 6,087,291 & 5,925,979 \\
\text{Post-employment benefit} & 305,463 & 280,234 \\
\text{Depreciation} & 6,591,167 & 6,840,816 \\
\text{Amortization} & 814,438 & 254,728 \\
\text{Welfare} & 1,141,558 & 1,161,852 \\
\text{Utilities} & 1,154,703 & 1,102,031 \\
\text{Outsourcing} & 1,349,170 & 1,186,687 \\
\text{Advertising} & 959,628 & 965,523 \\
\text{Sales promotion expenses} & 1,612,091 & 1,732,965 \\
\text{Other} & 9,805,493 & 9,132,389 \\
\hline
\text{Total}\textsuperscript{1} & ₩48,877,833 & ₩46,152,264 \\
\end{array}
\]

\textsuperscript{1} Equal to the sum of cost of sales and selling and administrative expenses in the interim consolidated statements of profit or loss.
19. Selling and Administrative Expenses

Selling and administrative expenses for the three month period ended March 31, 2020 and 2019 are as follows:

(\text{In millions of Korean won})

\begin{tabular}{lcc}

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Selling and administrative expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>₩1,633,653</td>
<td>₩1,576,131</td>
</tr>
<tr>
<td>Post-employment benefit</td>
<td>₩57,324</td>
<td>₩73,713</td>
</tr>
<tr>
<td>Commissions and service charges</td>
<td>₩1,380,275</td>
<td>₩1,324,015</td>
</tr>
<tr>
<td>Depreciation</td>
<td>₩409,564</td>
<td>₩383,984</td>
</tr>
<tr>
<td>Amortization</td>
<td>₩144,711</td>
<td>₩104,477</td>
</tr>
<tr>
<td>Advertising</td>
<td>₩959,628</td>
<td>₩965,523</td>
</tr>
<tr>
<td>Sales promotion expenses</td>
<td>₩1,612,091</td>
<td>₩1,732,965</td>
</tr>
<tr>
<td>Transportation</td>
<td>₩452,241</td>
<td>₩504,235</td>
</tr>
<tr>
<td>Warranty</td>
<td>₩732,528</td>
<td>₩701,878</td>
</tr>
<tr>
<td>Other</td>
<td>₩1,329,130</td>
<td>₩1,136,309</td>
</tr>
<tr>
<td>2) Research and development expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>₩5,359,994</td>
<td>₩5,030,546</td>
</tr>
<tr>
<td>Capitalized expenses</td>
<td>₩-</td>
<td>₩(127,964)</td>
</tr>
<tr>
<td>Total</td>
<td>₩14,071,139</td>
<td>₩13,405,812</td>
</tr>
</tbody>
</table>
\end{tabular}
20. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three month period ended March 31, 2020 and 2019 are as follows:

(In millions of Korean won) | 2020  | 2019  |
---|---|---|
**Non-operating income** | | |
Dividend income | ₩36,029 | ₩34,711 |
Rental income | ₩36,285 | ₩39,170 |
Gain on disposal of investments | ₩24,005 | ₩11,363 |
Gain on disposal of property, plant and equipment | ₩35,385 | ₩89,679 |
Other | ₩183,802 | ₩146,859 |
**Total** | ₩315,506 | ₩321,782 |

(In millions of Korean won) | 2020  | 2019  |
---|---|---|
**Non-operating expenses** | | |
Loss on disposal of property, plant and equipment | ₩9,166 | ₩43,948 |
Donations | ₩77,444 | ₩45,606 |
Other | ₩277,445 | ₩167,577 |
**Total** | ₩364,055 | ₩257,131 |

21. Financial Income and Expenses

(A) Details of financial income and expenses for the three month period ended March 31, 2020 and 2019 are as follows:

(In millions of Korean won) | 2020  | 2019  |
---|---|---|
**Financial income** | | |
Interest income: | | |
Interest income from financial assets measured at amortized cost | ₩586,750 | ₩661,897 |
Interest income from financial assets measured at fair value through profit or loss | ₩83 | ₩113 |
Foreign exchange differences | ₩2,762,502 | ₩1,039,362 |
Gains from derivatives | ₩442,043 | ₩215,164 |
**Total** | ₩3,791,378 | ₩1,916,536 |

(In millions of Korean won) | 2020  | 2019  |
---|---|---|
**Financial expenses** | | |
Interest expenses: | | |
Interest expense from financial liabilities measured at amortized cost | ₩47,120 | ₩71,373 |
Other financial liabilities | ₩93,053 | ₩102,688 |
Foreign exchange differences | ₩3,069,171 | ₩1,007,044 |
Losses from derivatives | ₩284,622 | ₩198,067 |
**Total** | ₩3,493,966 | ₩1,379,172 |

(B) The Company recognizes foreign exchange gains and losses arising from foreign currency transactions and translation as financial income and expenses.
22. Income Tax Expense

Income tax expense is recognized based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The average annual tax rate expected as of March 31, 2020 to be effective for the year ended December 31, 2020 is 27.7%.

23. Earnings per Share

(A) Basic earnings per share

Basic earnings per share for the three month period ended March 31, 2020 and 2019 are calculated as follows:

(1) Ordinary Shares

<table>
<thead>
<tr>
<th>(In millions of Korean won, thousands of number of shares)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period attributable to owners of the parent company</td>
<td>₩4,889,599</td>
<td>₩5,107,490</td>
</tr>
<tr>
<td>Profit for the period available for ordinary shares</td>
<td>4,297,257</td>
<td>4,488,752</td>
</tr>
<tr>
<td>Weighted-average number of ordinary shares outstanding</td>
<td>5,969,783</td>
<td>5,969,783</td>
</tr>
<tr>
<td><strong>Basic earnings per ordinary share (in Korean won)</strong></td>
<td>₩720</td>
<td>₩752</td>
</tr>
</tbody>
</table>

(2) Preference Shares

<table>
<thead>
<tr>
<th>(In millions of Korean won, thousands of number of shares)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period attributable to owners of the parent company</td>
<td>₩4,889,599</td>
<td>₩5,107,490</td>
</tr>
<tr>
<td>Profit for the period available for preference shares</td>
<td>592,342</td>
<td>618,738</td>
</tr>
<tr>
<td>Weighted-average number of preference shares outstanding</td>
<td>822,887</td>
<td>822,887</td>
</tr>
<tr>
<td><strong>Basic earnings per preference share (in Korean won)</strong></td>
<td>₩720</td>
<td>₩752</td>
</tr>
</tbody>
</table>

(B) Diluted earnings per share

The Company does not have dilutive potential ordinary shares and as a result, basic earnings per share and diluted earnings per share are the same for the three month period ended March 31, 2020 and 2019.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

24. Cash Flows

Adjustments and changes in assets and liabilities arising from operating activities for the three month period ended March 31, 2020 and 2019 are as follows:

- Adjustments

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>₩1,871,926</td>
<td>₩1,869,393</td>
</tr>
<tr>
<td>Financial income</td>
<td>(₩2,117,124)</td>
<td>(₩1,284,064)</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>₩1,725,650</td>
<td>₩753,498</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>₩305,463</td>
<td>₩280,234</td>
</tr>
<tr>
<td>Depreciation</td>
<td>₩6,591,167</td>
<td>₩6,840,816</td>
</tr>
<tr>
<td>Amortization</td>
<td>₩814,438</td>
<td>₩254,728</td>
</tr>
<tr>
<td>Bad debt expenses (reversal)</td>
<td>₩26,524</td>
<td>₩15,518</td>
</tr>
<tr>
<td>Dividend income</td>
<td>(₩36,029)</td>
<td>(₩34,711)</td>
</tr>
<tr>
<td>Share of profit of associates and joint ventures</td>
<td>(₩60,644)</td>
<td>(₩77,681)</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>(₩35,385)</td>
<td>(₩89,679)</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>₩9,166</td>
<td>₩43,948</td>
</tr>
<tr>
<td>Loss on valuation of inventories</td>
<td>₩338,707</td>
<td>₩684,245</td>
</tr>
<tr>
<td>Gain on disposal of investments</td>
<td>(₩24,005)</td>
<td>(₩11,363)</td>
</tr>
<tr>
<td>Others</td>
<td>₩65,312</td>
<td>(₩820)</td>
</tr>
<tr>
<td>Total</td>
<td>₩9,475,166</td>
<td>₩9,244,062</td>
</tr>
</tbody>
</table>

- Changes in assets and liabilities arising from operating activities

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in assets and liabilities :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in trade receivables</td>
<td>₩(415,809)</td>
<td>₩(1,603,834)</td>
</tr>
<tr>
<td>Decrease (increase) in other receivables</td>
<td>₩852,573</td>
<td>₩237,431</td>
</tr>
<tr>
<td>Increase in advance payments</td>
<td>(₩14,922)</td>
<td>(₩134,806)</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses</td>
<td>(₩394,549)</td>
<td>₩119,105</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>(₩1,763,793)</td>
<td>(₩2,786,782)</td>
</tr>
<tr>
<td>Increase in trade payables</td>
<td>₩1,062,153</td>
<td>₩822,177</td>
</tr>
<tr>
<td>Increase (decrease) in other payables</td>
<td>₩110,517</td>
<td>(₩948,085)</td>
</tr>
<tr>
<td>Increase (decrease) in advances received</td>
<td>(₩127,657)</td>
<td>₩65,936</td>
</tr>
<tr>
<td>Decrease in withholdings</td>
<td>(₩51,497)</td>
<td>(₩178,942)</td>
</tr>
<tr>
<td>Decrease in accrued expenses</td>
<td>(₩1,036,733)</td>
<td>(₩4,509,347)</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>₩596,520</td>
<td>₩841,609</td>
</tr>
<tr>
<td>Payment of post-employment benefits</td>
<td>(₩254,411)</td>
<td>(₩97,553)</td>
</tr>
<tr>
<td>Others</td>
<td>(₩915,277)</td>
<td>(₩96,162)</td>
</tr>
<tr>
<td>Total</td>
<td>₩(2,352,885)</td>
<td>₩(8,744,115)</td>
</tr>
</tbody>
</table>

For the three month period ended March 31, 2020 and 2019, cash outflows from repayment of the principal (financial activities) were ₩203,467 million and ₩149,229 million, while cash outflows due to interest expenses (operating activities) in relation to the lease liabilities amount to ₩28,609 million and ₩23,636 million, respectively.
25. Financial Risk Management

The Company’s financial risk management focuses on minimizing market risk, credit risk, and liquidity risk arising from operating activities. To mitigate these risks, the Company implements and operates a financial risk policy and program that closely monitors and manages such risks. In addition, the Company uses derivatives to hedge certain risk exposure.

The finance team mainly carries out the Company’s financial risk management. With the cooperation of the Company’s divisions, domestic and foreign subsidiaries, the finance team periodically measures, evaluates and hedges financial risk and also establishes and implements the global financial risk management policy.

The Company also operates local finance centers in accordance with global financial risk management across major regions, including the United States, United Kingdom, Singapore, China, Brazil and Russia.

The Company’s financial assets that are under financial risk management are comprised of cash and cash equivalents, short-term financial instruments, financial assets at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, trade receivables and other receivables. The Company’s financial liabilities under financial risk management are comprised of trade payables, borrowings, debentures, and other liabilities.

(A) Market risk

(1) Foreign exchange risk

Revenues and expenses arise from foreign currency transactions and exchange positions, and the most widely used currencies are the US dollar, EU’s Euro, and Indian Rupee.

To minimize foreign exchange risk arising from operating activities, the Company’s foreign exchange management policy requires normal business transactions to be in local currency or for the cash-in currency to be matched up with the cash-out currency. In addition, the Company makes use of derivatives to minimize the uncertainty of cash flows and fluctuation of profit or loss occurring from foreign exchange risk. The Company’s foreign exchange risk management policy also defines foreign exchange risk, measuring period, controlling responsibilities, management procedures, hedging period and hedge ratio.

The Company limits all speculative foreign exchange transactions and operates a system to manage receivables and payables denominated in foreign currency. It evaluates, manages and reports foreign currency exposures to receivables and payables.

(2) Interest rate risk

Risk of changes in interest rates for floating interest rate financial instruments is defined as the risk that the fair value of components of the statement of financial position, and future cash flows of interest income (expenses) of a financial instrument, will fluctuate because of changes in market interest rates. The Company’s position with regard to interest rate risk exposure is mainly driven by its floating interest rate debt obligations and interest-bearing deposits. The Company implemented policies and operates to minimize uncertainty arising from changes in interest rates and financial expenses.

In order to minimize interest rate risk, the Company maintains minimum external borrowings by facilitating cash pooling systems on a regional and global basis. The Company manages exposed interest rate risk via periodic monitoring and handling risk factors on a timely basis.
NOTE TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(3) Price risk

The Company’s investment portfolio consists of direct and indirect investments in equity instruments classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which is in line with the Company’s strategy.

As of March 31, 2020 and December 31, 2019, price fluctuation of marketable equity securities by 1% would result in changes in other comprehensive income (before income tax) of ₩36,038 million and ₩33,499 million, respectively, and changes in profit before tax of ₩1,743 million and ₩250 million, respectively.

(B) Credit risk

Credit risk arises during the normal course of transactions and investing activities where clients or other parties fail to discharge an obligation. The Company monitors and sets the client’s and counterparty’s credit limit on a periodic basis based on the client’s and counterparty’s financial conditions, default history and other important factors. Adequate insurance coverage is maintained for trade receivables related to trading partners situated in higher risk countries.

Credit risk can arise from transactions with financial institutions which include financial instrument transactions such as cash and cash equivalents, deposits, and derivative instruments. To minimize such risk, the Company transacts only with banks which have a strong international credit rating (S&P A and above), and all new transactions with financial institutions with no prior transaction history are approved, managed and monitored by the Company’s finance team and the local finance center. The Company generally enters into a financial agreement with no restrictions, such as debt ratio covenants, provision of collateral and/or repayment of loans/ borrowings. The Company requires separate approvals for contracts with restrictions.

As of March 31, 2020 and December 31, 2019, the Company estimates that its maximum exposure to credit risk is the carrying amount of its financial assets, net of impairment losses.

(C) Liquidity risk

Due to large investments made by the Company, maintaining adequate levels of liquidity risk is critical. The Company strives to achieve this goal by periodically forecasting its capital balance, estimating required cash levels, and managing income and expenses.

The Company manages its liquidity risk by periodically forecasting projected cash flows. If abnormal signs are identified, the Company works with the local finance center and provides liquidity support by utilizing a globally integrated finance structure, such as Cash Pooling. In addition, the Company maintains a liquidity management process which provides additional financial support from the local finance center and the Company. The Cash Pooling program allows the sharing of surplus funds among entities and contributes to minimizing liquidity risk and strengthening the Company’s competitive position by reducing capital operation expenses and financial expenses.

In addition, the Company mitigates liquidity risk by contracting with financial institutions with respect to bank overdrafts and foreign trade finance, and by providing payment guarantees to subsidiaries to secure the required credit limit. For large scale facility investments, liquidity risk is minimized by utilizing internal reserves and long term borrowings according to the capital injection schedule.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(D) Capital risk management

The purpose of capital management is to maintain a sound capital structure. The Company monitors capital on the basis of the ratio of total liabilities to total equity. This ratio is calculated by dividing total liabilities by total equity in the financial statements.

The Company’s capital risk management policy has not changed since the prior reporting periods. The Company has maintained an AA- and Aa3 credit rating from S&P and Moody’s, respectively.

The total liabilities to equity ratios as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities</td>
<td>₩ 91,069,812</td>
<td>₩ 89,684,076</td>
</tr>
<tr>
<td>Total equity</td>
<td>266,387,723</td>
<td>262,880,421</td>
</tr>
<tr>
<td>Total liabilities to equity ratio</td>
<td>34.20%</td>
<td>34.10%</td>
</tr>
</tbody>
</table>

(E) Fair value estimation

(1) Carrying amounts and fair values of financial instruments by category as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>March 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>₩ 27,916,683</td>
<td>₩ 26,885,999</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>₩ 78,638,015</td>
<td>₩ 76,252,052</td>
</tr>
<tr>
<td>Short-term financial assets at amortized cost</td>
<td>₩ 3,037,379</td>
<td>₩ 3,914,216</td>
</tr>
<tr>
<td>Short-term financial assets at fair value through profit or loss</td>
<td>₩ 1,238,759</td>
<td>₩ 1,727,436</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>₩ 36,388,583</td>
<td>₩ 35,131,343</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>₩ 7,513,961</td>
<td>₩ 8,920,712</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>₩ 1,065,102</td>
<td>₩ 1,049,004</td>
</tr>
<tr>
<td>Other2</td>
<td>₩ 9,244,340</td>
<td>₩ 9,864,541</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>₩ 165,042,822</td>
<td>₩ 163,745,303</td>
</tr>
</tbody>
</table>

| Financial liabilities       |               |                  |
| Trade payables              | ₩ 10,722,455  | ₩ 8,718,222     |
| Short-term borrowings       | ₩ 11,607,088  | ₩ 14,393,468    |
| Other payables              | ₩ 11,828,629  | ₩ 11,034,253    |
| Current portion of long-term liabilities3 | ₩ 834,474  | ₩ 846,090      |
| Debentures                  | ₩ 1,020,729   | ₩ 975,298       |
| Long-term borrowings3       | ₩ 2,202,901   | ₩ 2,197,181     |
| Long-term other payables2   | ₩ 1,743,118   | ₩ 1,822,927     |
| Other2                      | ₩ 9,152,314   | ₩ 8,374,146     |
| Total financial liabilities | ₩ 49,111,708  | ₩ 48,361,585    |

1 Assets and liabilities whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.
2 Assets measured at the cost of ₩ 8,914,933 million (December 31, 2019: ₩ 9,656,415 million) and liabilities measured at the cost of ₩ 10,582,079 million (December 31, 2019: ₩ 9,979,546 million) are excluded as the carrying amount is a reasonable approximation of fair value.
3 Lease liabilities, classified under the current portion of long-term liabilities and long-term borrowings, are excluded from the fair value disclosures in accordance with Korean IFRS 1107.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as of March 31, 2020 and December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2020</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total balance</td>
</tr>
<tr>
<td><strong>1) Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>W 3,603,828</td>
<td>W</td>
<td>-</td>
<td>W 3,910,133</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>174,256</td>
<td>20,966</td>
<td>2,108,639</td>
<td>2,303,861</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>329,407</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>2) Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debentures</td>
<td>W -</td>
<td>W 1,032,234</td>
<td>W -</td>
<td>- W 1,032,234</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>-</td>
<td>-</td>
<td>2,445</td>
<td>2,445</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>310,908</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total balance</td>
</tr>
<tr>
<td><strong>1) Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>W 4,105,456</td>
<td>W</td>
<td>-</td>
<td>W 4,815,256</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>163,046</td>
<td>20,966</td>
<td>2,592,428</td>
<td>2,776,440</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>208,126</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>2) Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debentures</td>
<td>W -</td>
<td>W 1,013,245</td>
<td>W -</td>
<td>- W 1,013,245</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>-</td>
<td>-</td>
<td>2,316</td>
<td>2,316</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>215,211</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The levels of the fair value hierarchy and its application to financial assets and liabilities are described below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The instruments included in Level 1 are listed equity investments, most of which are classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

The Company performs the fair value measurements required for financial reporting purposes, including Level 3 fair values and discusses valuation processes and results at least once every quarter in line with the Company’s quarterly reporting dates.
The Company’s policy is to recognize transfers between levels at the end of the reporting period, if corresponding events or changes in circumstances have occurred.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. For trade and other receivables that are classified as current assets, the book value approximates a reasonable estimate of fair value.

(3) Valuation technique and the inputs

The Company utilizes a present value technique to discount future cash flows using a proper interest rate for corporate bonds, government and public bonds, and bank debentures that are classified as Level 2 in the fair value hierarchy.

The following table presents the valuation technique and the inputs used for major financial instruments classified as Level 3.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Fair value</th>
<th>Valuation technique</th>
<th>Level 3 inputs</th>
<th>Input range (Weighted average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td></td>
<td></td>
<td>Permanent growth rate</td>
<td>-1.0%~1.0%(0%)</td>
</tr>
<tr>
<td>Maltani</td>
<td>₩9,551</td>
<td>Discounted cash flow</td>
<td>Weighted average cost of capital</td>
<td>9.8%~11.8%(10.8%)</td>
</tr>
<tr>
<td>Samsung Venture Investment</td>
<td>12,754</td>
<td>Discounted cash flow</td>
<td>Permanent growth rate</td>
<td>-1.0%~1.0%(0%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Weighted average cost of capital</td>
<td>16.6%~18.6%(17.6%)</td>
</tr>
<tr>
<td>Corning Incorporated convertible preference shares</td>
<td>3,060,936</td>
<td>Trinomial model</td>
<td>Risk-adjusted discount rate</td>
<td>5.6%~7.6%(6.6%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Price volatility</td>
<td>21.4%~27.4%(24.4%)</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td></td>
<td>Probability-weighted discounted cash flow</td>
<td>Applicable probability rate</td>
<td>50%</td>
</tr>
<tr>
<td>Contingent financial liability</td>
<td>2,445</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(4) Changes in Level 3 instruments:

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩7,407,684</td>
<td>₩7,165,466</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>₩556,615</td>
<td>₩1,060,277</td>
</tr>
<tr>
<td>Disposals</td>
<td>(₺1,134,528)</td>
<td>(₺1,330,213)</td>
</tr>
<tr>
<td>Amount recognized in profit or loss</td>
<td>(₺22,955)</td>
<td>2,877</td>
</tr>
<tr>
<td>Amount recognized in other comprehensive income</td>
<td>(₺910,116)</td>
<td>341,144</td>
</tr>
<tr>
<td>Others</td>
<td>₩122,072</td>
<td>72,050</td>
</tr>
<tr>
<td>Balance as of March 31</td>
<td>₩6,018,772</td>
<td>₩7,311,601</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Liabilities</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩2,316</td>
<td>₩14,502</td>
</tr>
<tr>
<td>Repayment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount recognized in profit or loss</td>
<td>-</td>
<td>(₺11,244)</td>
</tr>
<tr>
<td>Others</td>
<td>₩129</td>
<td>122</td>
</tr>
<tr>
<td>Balance as of March 31</td>
<td>₩2,445</td>
<td>₩3,380</td>
</tr>
</tbody>
</table>

(5) Sensitivity analysis for recurring fair value measurements categorized within Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or unfavorable.

The results of the sensitivity analysis for effect on profit or loss (before tax amount for other comprehensive income or loss) from changes in inputs for major financial instruments which are categorized within Level 3 and subject to sensitivity analysis are as follows:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Favorable changes</th>
<th>Unfavorable changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value through other comprehensive income¹</td>
<td>₩240,850</td>
<td>₩(134,452)</td>
</tr>
</tbody>
</table>

¹ For equity securities, changes in fair value are calculated with the correlation between growth rate (-1%~1%), volatility (21.4%~27.4%) and discount rate, which are significant unobservable inputs.
26. Segment Information

(A) Operating segment information

The chief operating decision-maker has been identified as the Management Committee. The Company determines operating segments based on the units reported to the Management Committee. The Management Committee reviews the operating profits of each operating segment in order to assess performance and to make strategic decisions regarding the allocation of resources to the segment.

The operating segments are product-based and are identified based on the internal organization and revenue streams. As of the reporting date, the operating segments are comprised of CE, IM, Semiconductor, DP, Harman, and others.

The segment information for each reporting period such as depreciation, amortization of intangible assets, and operating profit is prepared after the allocation of internal transaction adjustments. Total assets and liabilities of each operating segment are excluded from the disclosure as these have not been provided regularly to the Management Committee.

(1) For the three month period ended March 31, 2020

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>CE</th>
<th>IM</th>
<th>DS Total</th>
<th>Semiconductor</th>
<th>DP</th>
<th>Harman</th>
<th>Total</th>
<th>Intercompany elimination</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total segment revenue</td>
<td>₩22,412,580</td>
<td>₩55,636,152</td>
<td>₩48,240,701</td>
<td>₩33,482,032</td>
<td>₩14,131,280</td>
<td>₩2,379,844</td>
<td>₩129,133,117</td>
<td>₩(73,807,939)</td>
<td>₩55,325,178</td>
</tr>
<tr>
<td>Intercompany revenue</td>
<td>₩(12,257,561)</td>
<td>₩(29,632,070)</td>
<td>₩(24,108,856)</td>
<td>₩(15,837,754)</td>
<td>₩(7,543,148)</td>
<td>₩(278,561)</td>
<td>₩73,807,939</td>
<td>₩-</td>
<td>₩-</td>
</tr>
<tr>
<td>Net revenue(^1)</td>
<td>₩10,155,019</td>
<td>₩26,004,082</td>
<td>₩24,131,845</td>
<td>₩17,644,278</td>
<td>₩6,588,132</td>
<td>₩2,101,283</td>
<td>₩55,325,178</td>
<td>₩-</td>
<td>₩55,325,178</td>
</tr>
<tr>
<td>Depreciation</td>
<td>₩136,686</td>
<td>₩266,736</td>
<td>₩5,831,896</td>
<td>₩4,232,637</td>
<td>₩1,593,050</td>
<td>₩90,433</td>
<td>₩6,591,167</td>
<td>₩-</td>
<td>₩6,591,167</td>
</tr>
<tr>
<td>Amortization</td>
<td>₩14,121</td>
<td>₩352,839</td>
<td>₩381,082</td>
<td>₩268,475</td>
<td>₩110,134</td>
<td>₩58,890</td>
<td>₩814,438</td>
<td>₩-</td>
<td>₩814,438</td>
</tr>
<tr>
<td>Operating profit</td>
<td>₩465,298</td>
<td>₩2,649,561</td>
<td>₩3,719,818</td>
<td>₩3,992,686</td>
<td>₩(286,866)</td>
<td>₩(187,615)</td>
<td>₩6,447,345</td>
<td>₩-</td>
<td>₩6,447,345</td>
</tr>
</tbody>
</table>

\(^1\) Other operating segments are not separately disclosed.

\(^2\) Segment net revenue includes intersegment revenues.

(2) For the three month period ended March 31, 2019

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>CE(^1)</th>
<th>IM(^1)</th>
<th>DS Total</th>
<th>Semiconductor</th>
<th>DP</th>
<th>Harman</th>
<th>Total(^2)</th>
<th>Intercompany elimination</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total segment revenue</td>
<td>₩23,186,018</td>
<td>₩58,772,191</td>
<td>₩39,490,740</td>
<td>₩26,122,067</td>
<td>₩12,666,239</td>
<td>₩2,610,769</td>
<td>₩124,429,243</td>
<td>₩(72,043,697)</td>
<td>₩52,385,546</td>
</tr>
<tr>
<td>Intercompany revenue</td>
<td>₩(13,018,260)</td>
<td>(31,571,920)</td>
<td>₩(18,875,370)</td>
<td>(11,649,659)</td>
<td>(6,541,836)</td>
<td>(416,033)</td>
<td>(72,043,697)</td>
<td>(72,043,697)</td>
<td>-</td>
</tr>
<tr>
<td>Net revenue(^1)</td>
<td>₩10,167,758</td>
<td>₩27,200,271</td>
<td>₩20,615,370</td>
<td>₩14,472,408</td>
<td>₩6,124,403</td>
<td>₩2,194,736</td>
<td>₩52,385,546</td>
<td>₩-</td>
<td>₩52,385,546</td>
</tr>
<tr>
<td>Depreciation</td>
<td>₩140,954</td>
<td>₩312,732</td>
<td>₩6,124,908</td>
<td>₩4,457,826</td>
<td>₩1,657,730</td>
<td>₩76,212</td>
<td>₩6,840,816</td>
<td>₩-</td>
<td>₩6,840,816</td>
</tr>
<tr>
<td>Amortization</td>
<td>₩12,331</td>
<td>₩25,139</td>
<td>₩116,865</td>
<td>₩88,215</td>
<td>₩26,873</td>
<td>₩54,830</td>
<td>₩254,728</td>
<td>₩-</td>
<td>₩254,728</td>
</tr>
<tr>
<td>Operating profit</td>
<td>₩510,212</td>
<td>₩2,274,288</td>
<td>₩3,536,143</td>
<td>₩4,122,391</td>
<td>₩(560,742)</td>
<td>₩7,997</td>
<td>₩6,233,282</td>
<td>₩-</td>
<td>₩6,233,282</td>
</tr>
</tbody>
</table>

\(^1\) Segment information has been restated due to the reclassification of Healthcare and Medical Equipment business to CE segment.

\(^2\) Other operating segments are not separately disclosed.

\(^3\) Segment net revenue includes intersegment revenues.
Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(B) Regional information

The regional segment information provided to the Management Committee for the reportable segments as of and for the three month period ended March 31, 2020 and 2019 is as follows:

(1) As of and for the three month period ended March 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Korea</th>
<th>America</th>
<th>Europe</th>
<th>Asia and Africa</th>
<th>China</th>
<th>Intercompany elimination</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net segment revenue</td>
<td>₩ 7,887,604</td>
<td>₩ 18,260,472</td>
<td>₩ 10,938,825</td>
<td>₩ 9,031,899</td>
<td>₩ 9,206,378</td>
<td>₩</td>
<td>₩ 55,325,178</td>
</tr>
<tr>
<td>Non-current assets¹</td>
<td>100,080,351</td>
<td>10,619,235</td>
<td>6,777,345</td>
<td>11,220,041</td>
<td>14,355,275</td>
<td>(461,880)</td>
<td>142,590,367</td>
</tr>
</tbody>
</table>

¹ Total of non-current assets other than financial instruments, deferred tax assets, and investments in associates and joint ventures.

(2) As of and for the three month period ended March 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Korea</th>
<th>America</th>
<th>Europe</th>
<th>Asia and Africa</th>
<th>China</th>
<th>Intercompany elimination</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets¹</td>
<td>93,176,763</td>
<td>10,502,443</td>
<td>6,441,171</td>
<td>11,997,509</td>
<td>9,520,207</td>
<td>(377,705)</td>
<td>131,260,388</td>
</tr>
</tbody>
</table>

¹ Total of non-current assets other than financial instruments, deferred tax assets, and investments in associates and joint ventures.
### 27. Related Party Transactions

(A) Sale and purchase transactions

Sale and purchase transactions with related parties for the three month period ended March 31, 2020 and 2019, are as follows:

#### 2020

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales (In millions of Korean won)</th>
<th>Disposal of non-current assets</th>
<th>Purchases (In millions of Korean won)</th>
<th>Purchase of non-current assets (In millions of Korean won)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Associates and Joint Ventures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>₩52,378</td>
<td>₩ -</td>
<td>₩416,559</td>
<td>₩111,142</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>23,990</td>
<td>-</td>
<td>534,751</td>
<td>-</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>25,575</td>
<td>272</td>
<td>144,517</td>
<td>19,468</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>24,556</td>
<td>-</td>
<td>189,356</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>367,398</td>
<td>29</td>
<td>2,447,147</td>
<td>31,394</td>
</tr>
<tr>
<td><strong>Total (Associates and Joint ventures)</strong></td>
<td>₩493,897</td>
<td>₩301</td>
<td>₩3,732,330</td>
<td>₩162,004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales (In millions of Korean won)</th>
<th>Disposal of non-current assets</th>
<th>Purchases (In millions of Korean won)</th>
<th>Purchase of non-current assets (In millions of Korean won)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other related parties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>₩13,774</td>
<td>₩417</td>
<td>₩83,843</td>
<td>₩257,236</td>
</tr>
<tr>
<td>Other</td>
<td>74,517</td>
<td>-</td>
<td>269,682</td>
<td>58,052</td>
</tr>
<tr>
<td><strong>Total (Other related parties)</strong></td>
<td>₩88,291</td>
<td>₩417</td>
<td>₩353,525</td>
<td>₩315,288</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales (In millions of Korean won)</th>
<th>Disposal of non-current assets</th>
<th>Purchases (In millions of Korean won)</th>
<th>Purchase of non-current assets (In millions of Korean won)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>2,343</td>
<td>-</td>
<td>76</td>
<td>69,182</td>
</tr>
<tr>
<td>S-1</td>
<td>4,655</td>
<td>-</td>
<td>102,334</td>
<td>4,428</td>
</tr>
<tr>
<td>Other</td>
<td>26,734</td>
<td>-</td>
<td>51,298</td>
<td>4,655</td>
</tr>
<tr>
<td><strong>Total (Other)</strong></td>
<td>₩33,732</td>
<td>-</td>
<td>₩153,708</td>
<td>₩78,265</td>
</tr>
</tbody>
</table>

#### 2019

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales (In millions of Korean won)</th>
<th>Disposal of non-current assets</th>
<th>Purchases (In millions of Korean won)</th>
<th>Purchase of non-current assets (In millions of Korean won)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Associates and Joint Ventures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>₩43,102</td>
<td>₩ -</td>
<td>₩526,607</td>
<td>₩81,606</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>28,107</td>
<td>-</td>
<td>633,508</td>
<td>-</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>40,913</td>
<td>16,061</td>
<td>158,504</td>
<td>1,624</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>23,240</td>
<td>-</td>
<td>207,185</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>265,001</td>
<td>-</td>
<td>2,162,483</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total (Associates and Joint ventures)</strong></td>
<td>₩400,363</td>
<td>₩16,061</td>
<td>₩4,157,287</td>
<td>₩135,998</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales (In millions of Korean won)</th>
<th>Disposal of non-current assets</th>
<th>Purchases (In millions of Korean won)</th>
<th>Purchase of non-current assets (In millions of Korean won)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other related parties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>28,455</td>
<td>-</td>
<td>73,908</td>
<td>1,007,056</td>
</tr>
<tr>
<td>Other</td>
<td>44,752</td>
<td>-</td>
<td>276,973</td>
<td>44,210</td>
</tr>
<tr>
<td><strong>Total (Other related parties)</strong></td>
<td>₩73,207</td>
<td>-</td>
<td>₩350,881</td>
<td>₩1,051,266</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales (In millions of Korean won)</th>
<th>Disposal of non-current assets</th>
<th>Purchases (In millions of Korean won)</th>
<th>Purchase of non-current assets (In millions of Korean won)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>1,083</td>
<td>-</td>
<td>2,162</td>
<td>473,918</td>
</tr>
<tr>
<td>S-1</td>
<td>6,852</td>
<td>-</td>
<td>97,022</td>
<td>823</td>
</tr>
<tr>
<td>Other</td>
<td>38,062</td>
<td>-</td>
<td>42,005</td>
<td>27,870</td>
</tr>
<tr>
<td><strong>Total (Other)</strong></td>
<td>₩45,997</td>
<td>-</td>
<td>₩141,189</td>
<td>₩502,611</td>
</tr>
</tbody>
</table>

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1. Transactions with separate entities that are related parties of the Company.
2. Although these entities are not related parties of the Company in accordance with Korean IFRS 1024, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.
Balances of receivables and payables arising from sales and purchases of goods and services as of March 31, 2020 and December 31, 2019 are as follows:

### March 31, 2020

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Receivables</th>
<th>Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung SDS</td>
<td>₩ 48,565</td>
<td>₩ 564,362</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩ 20,176</td>
<td>₩ 279,518</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>₩ 116,877</td>
<td>₩ 107,432</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>₩ 23,954</td>
<td>₩ 361,221</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 334,131</td>
<td>₩ 1,016,868</td>
</tr>
<tr>
<td><strong>Total (Associates and Joint ventures)</strong></td>
<td>₩ 543,703</td>
<td>₩ 2,329,401</td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>₩ 223,113</td>
<td>₩ 1,099,350</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 32,521</td>
<td>₩ 168,077</td>
</tr>
<tr>
<td><strong>Total (Other related parties)</strong></td>
<td>₩ 255,634</td>
<td>₩ 267,427</td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>₩ 2,368</td>
<td>₩ 170,223</td>
</tr>
<tr>
<td>S-1</td>
<td>₩ 2,927</td>
<td>₩ 37,235</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 9,100</td>
<td>₩ 49,903</td>
</tr>
<tr>
<td><strong>Total (Other)</strong></td>
<td>₩ 14,395</td>
<td>₩ 257,361</td>
</tr>
</tbody>
</table>

1 Balances due from and to separate entities that are related parties of the Company.
2 Payables and others include lease liabilities.
3 Although these entities are not related parties of the Company in accordance with *Korean IFRS 1024*, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

### December 31, 2019

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Receivables</th>
<th>Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung SDS</td>
<td>₩ 19,723</td>
<td>₩ 636,169</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩ 2,457</td>
<td>₩ 207,339</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>₩ 103,809</td>
<td>₩ 135,048</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>₩ 423</td>
<td>₩ 415,785</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 177,491</td>
<td>₩ 997,632</td>
</tr>
<tr>
<td><strong>Total (Associates and Joint ventures)</strong></td>
<td>₩ 303,903</td>
<td>₩ 2,391,973</td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>₩ 30,535</td>
<td>₩ 215,575</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 18,884</td>
<td>₩ 170,130</td>
</tr>
<tr>
<td><strong>Total (Other related parties)</strong></td>
<td>₩ 49,419</td>
<td>₩ 1,385,705</td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>₩ 2,734</td>
<td>₩ 629,584</td>
</tr>
<tr>
<td>S-1</td>
<td>₩ 1,464</td>
<td>₩ 50,498</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 12,211</td>
<td>₩ 115,072</td>
</tr>
<tr>
<td><strong>Total (Other)</strong></td>
<td>₩ 6,409</td>
<td>₩ 795,154</td>
</tr>
</tbody>
</table>

1 Balances due from and to separate entities that are related parties of the Company.
2 Payables and others include lease liabilities.
3 Although these entities are not related parties of the Company in accordance with *Korean IFRS 1024*, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.
(C) For the three month period ended March 31, 2020, the Company invested ₩12,924 million in associates and joint ventures (for the three month period ended March 31, 2019: ₩3,544 million). For the three month period ended March 31, 2020 and 2019, there were no recovered amount, from associates and joint ventures.

(D) For the three month period ended March 31, 2020, the Company declared ₩415,286 million of dividends (for the three month period ended March 31, 2019: ₩415,512 million) to related parties. As of March 31, 2020, ₩415,286 million of dividends remain unpaid. In addition, for the three month period ended March 31, 2020 and 2019, the Company declared ₩31,436 million of dividends to the entities that are not related parties of the Company in accordance with Korean IFRS 1024, but belong to the same conglomerate according to the Monopoly Regulation and Fair Trade Act. As of March 31, 2020, ₩31,436 million of dividends remain unpaid.

(E) For the three month period ended March 31, 2020 and 2019, the Company has not entered into any lease agreement with its related parties, and lease payments to the related parties amounted to ₩13,449 million and ₩4,297 million.

(F) Key management compensation

The compensation paid or payable to key management (executive directors) for their services for the three month period ended March 31, 2020 and 2019 consists of:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>₩2,147</td>
<td>₩1,673</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>229</td>
<td>351</td>
</tr>
<tr>
<td>Other long-term employee benefits</td>
<td>1,716</td>
<td>1,612</td>
</tr>
</tbody>
</table>