

SAMSUNG ELECTRONICS CO., LTD.

Separate Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

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

Opinion

We have audited the separate financial statements of Samsung Electronics Co., Ltd. ("the Company"), expressed in Korean won, which comprise the separate statement of financial position as of December 31, 2023, and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2023 and its separate financial performance and cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("Korean IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements as of and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1) Valuation of memory semiconductor inventory at net realizable value

The memory semiconductor products manufactured and sold by the Company's Device Solutions (DS) division have been affected by price erosion in the current financial year due to weak demand caused by macroeconomic uncertainties. As disclosed in Note 2, *Material Accounting Policies*, and Note 3, *Material Accounting Estimates and Assumptions*, to the separate financial statements, the Company values its inventories at the lower of cost and net realizable value.

Due to the uncertainty associated with estimating future demand and selling prices and the complexity of the measurement process in estimating net realizable value of the inventories, we believe the potential for error is significant and thus identified the estimation of memory semiconductor inventories' net realizable value as a key audit matter.

The primary audit procedures we performed to address this key audit matter are as follows:

- Evaluating the reasonableness of the Company's accounting policies and understanding the processes and internal controls applied to the valuation of inventories at lower of cost or net realizable value;
- Evaluating the design and testing the operating effectiveness of the internal controls established for the lower of cost or net realizable value method of inventory valuation;
- Evaluating the appropriateness of the underlying data used to determine the net realizable value of inventory which includes the forecast sales price, on a sample basis;
- Evaluating the reasonableness of estimates by retrospectively comparing the estimated sales price and the actual sales price; and
- Evaluating the reasonableness of inventory valuation by assessing the reasonableness of the assumptions used to determine estimates including forecast sale price and costs associated with sale and checking the mathematical accuracy of inventory valuation by performing recalculations.



2) Sales deduction related to sales promotion activities

The Company's Device eXperience (DX) division performs sales promotion activities, which includes providing price or volume discounts and incentives to customers including retail and telecommunication companies, based on explicit or implicit agreements. As disclosed in Note 2, *Material Accounting Policies*, and Note 3, *Material Accounting Estimates and Assumptions*, of the separate financial statements, the Company estimates the expected expenditures and discounts resulting from sales promotion activities at the time of revenue recognition and deducts the amount from revenue.

We identified the amount of sales deductions from promotional activities as a key audit matter because the calculation of sales deductions involves significant estimates and judgements by management and is subject to possible bias and the amount is material to the separate financial statements.

The primary audit procedures we performed to address this key audit matter are as follow:

- Evaluating the Company's accounting policies and understanding the processes and internal controls relating to the applied to sales deductions;
- Evaluating the design and testing the operating effectiveness of internal controls over the approval of the sales deduction policy;
- Evaluating the design and testing the operating effectiveness of internal controls over the sales deduction estimates and the approval of post-settlement adjustments;
- Evaluating the accuracy of the estimates by inspecting, on a sample basis, the documentation supporting sales deductions estimates on a sampling basis; and
- Evaluating the accuracy and completeness of sales deductions by comparing on a sample basis, the period-end estimates to amounts settled subsequent to the period-end and by examining relevant documentation.

Other Matters

The separate financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 15, 2023.

The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries.

The accompanying separate financial statements as of and for the years ended December 31, 2023 and 2022 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the separate financial statements expressed in Korean won have been translated into dollars on the basis set forth in Note 2.18 to the separate financial statements.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,



individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs and KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Han, Sang Hyun.

KPMG Samjong Accounting Corp.

Seoul, Korea
February 19, 2024

This report is effective as of February 19, 2024. Certain subsequent events or circumstances which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.18))

	Notes	December 31, 2023 KRW	December 31, 2022 KRW	December 31, 2023 USD	December 31, 2022 USD
Assets					
Current assets					
Cash and cash equivalents	4, 28	6,061,451	3,921,593	4,640,807	3,002,475
Short-term financial instruments	4, 28	50,071	137	38,336	105
Trade receivables	4, 5, 7, 28	27,363,016	20,503,223	20,949,848	15,697,810
Non-trade receivables	4, 7, 28	1,910,054	2,925,006	1,462,388	2,239,462
Prepaid expenses		1,349,755	1,047,900	1,033,408	802,300
Inventories	8	29,338,151	27,990,007	22,462,064	21,429,889
Other current assets	4, 28	2,475,944	2,674,792	1,895,648	2,047,891
		68,548,442	59,062,658	52,482,499	45,219,932
Non-current assets					
Financial assets at fair value through other comprehensive income	4, 6, 28	1,854,503	1,364,325	1,419,857	1,044,563
Financial assets at fair value through profit or loss	4, 6, 28	1	283	1	217
Investments in subsidiaries, associates and joint ventures	9	57,392,438	57,397,249	43,941,168	43,944,851
Property, plant and equipment	10	140,579,161	123,266,986	107,631,122	94,376,463
Intangible assets	11	10,440,211	8,561,424	7,993,302	6,554,853
Net defined benefit assets	14	3,745,697	4,410,223	2,867,805	3,376,583
Deferred income tax assets	25	9,931,358	2,142,512	7,603,710	1,640,364
Other non-current assets	4, 7, 28	4,365,478	3,878,090	3,342,324	2,969,168
		228,308,847	201,021,092	174,799,289	153,907,062
Total assets		296,857,289	260,083,750	227,281,788	199,126,994

The above separate statements of financial position should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.18))

	Notes	December 31, 2023 KRW	December 31, 2022 KRW	December 31, 2023 USD	December 31, 2022 USD
Liabilities and Equity					
Current liabilities					
Trade payables	4, 28	7,943,834	8,729,315	6,082,009	6,683,394
Short-term borrowings	4, 5, 12, 28	5,625,163	2,381,512	4,306,773	1,823,349
Other payables	4, 28	15,256,046	18,554,543	11,680,432	14,205,849
Advances received	17	302,589	320,689	231,670	245,527
Withholdings	4, 28	445,470	523,354	341,064	400,694
Accrued expenses	4, 17, 28	6,931,991	8,359,296	5,307,316	6,400,098
Current income tax liabilities		-	2,533,481	-	1,939,700
Current portion of long-term liabilities	4, 12, 13, 28	228,491	135,753	174,939	103,936
Provisions	15	4,540,702	4,059,491	3,476,481	3,108,054
Other current liabilities	17	500,815	488,613	383,438	374,095
		41,775,101	46,086,047	31,984,122	35,284,696
Non-current liabilities					
Debentures	4, 13, 28	19,064	24,912	14,596	19,073
Long-term borrowings	4, 12, 28	22,902,035	654,979	17,534,403	501,469
Long-term other payables	4, 28	4,942,826	2,439,232	3,784,358	1,867,541
Long-term provisions	15	2,413,133	1,423,165	1,847,558	1,089,613
Other non-current liabilities		17,356	39,224	13,289	30,030
		30,294,414	4,581,512	23,194,204	3,507,726
Total liabilities		72,069,515	50,667,559	55,178,326	38,792,422

The above separate statements of financial position should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.18))

	Notes	December 31, 2023 KRW	December 31, 2022 KRW	December 31, 2023 USD	December 31, 2022 USD
Equity					
Preference shares	18	119,467	119,467	91,467	91,467
Ordinary shares	18	778,047	778,047	595,693	595,693
Share premium		4,403,893	4,403,893	3,371,737	3,371,737
Retained earnings	19	219,963,351	204,388,016	168,409,756	156,484,868
Other components of equity	20	(476,984)	(273,232)	(365,191)	(209,193)
Total equity		224,787,774	209,416,191	172,103,462	160,334,572
Total liabilities and equity		296,857,289	260,083,750	227,281,788	199,126,994

The above separate statements of financial position should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF PROFIT OR LOSS

(In millions of Korean won, in thousands of US dollars (Note 2.18))

	Notes	For the years ended December 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Revenue	29	170,374,090	211,867,483	130,442,907	162,211,346
Cost of sales	21	144,023,552	152,589,393	110,268,239	116,826,473
Gross profit		26,350,538	59,278,090	20,174,668	45,384,873
Selling and administrative expenses	21, 22	37,876,835	33,958,761	28,999,506	25,999,725
Operating profit (loss)	29	(11,526,297)	25,319,329	(8,824,838)	19,385,148
Other non-operating income	23	29,643,315	4,576,378	22,695,706	3,503,796
Other non-operating expense	23	375,723	296,344	287,663	226,889
Financial income	24	7,388,664	9,734,299	5,656,956	7,452,837
Financial expense	24	7,598,459	9,641,742	5,817,581	7,381,973
Profit before income tax		17,531,500	29,691,920	13,422,580	22,732,919
Income tax expense (benefit)	25	(7,865,599)	4,273,142	(6,022,110)	3,271,631
Profit for the year		25,397,099	25,418,778	19,444,690	19,461,288
Earnings per share	26				
(in Korean won, in US dollars)					
- Basic		3,739	3,742	2.86	2.86
- Diluted		3,739	3,742	2.86	2.86

The above separate statements of profit or loss should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean won, in thousands of US dollars (Note 2.18))

	Notes	For the years ended December 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Profit for the year		25,397,099	25,418,778	19,444,690	19,461,288
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	356,472	(208,883)	272,924	(159,926)
Remeasurement of net defined benefit liabilities (assets), net of tax	14, 20	(572,551)	822,001	(438,360)	629,346
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Other comprehensive income (loss) for the year, net of tax		(216,079)	613,118	(165,436)	469,420
Total comprehensive income for the year		25,181,020	26,031,896	19,279,254	19,930,708

The above separate statements of comprehensive income should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2022 KRW	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Total
Balance as of January 1, 2022		119,467	778,047	4,403,893	188,774,335	(882,010)	193,193,732
Profit for the year		-	-	-	25,418,778	-	25,418,778
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	4,340	(213,223)	(208,883)
Remeasurement of net defined benefit liabilities, net of tax	14, 20	-	-	-	-	822,001	822,001
Total comprehensive income for the year		-	-	-	25,423,118	608,778	26,031,896
Dividends declared	19	-	-	-	(9,809,437)	-	(9,809,437)
Total transactions with owners		-	-	-	(9,809,437)	-	(9,809,437)
Balance as of December 31, 2022		119,467	778,047	4,403,893	204,388,016	(273,232)	209,416,191

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.18))

2022 USD	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Total
Balance as of January 1, 2022		91,467	595,693	3,371,737	144,530,621	(675,290)	147,914,228
Profit for the year		-	-	-	19,461,288	-	19,461,288
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	3,323	(163,249)	(159,926)
Remeasurement of net defined benefit liabilities, net of tax	14, 20	-	-	-	-	629,346	629,346
Total comprehensive income for the year		-	-	-	19,464,611	466,097	19,930,708
Dividends declared	19	-	-	-	(7,510,364)	-	(7,510,364)
Total transactions with owners		-	-	-	(7,510,364)	-	(7,510,364)
Balance as of December 31, 2022		91,467	595,693	3,371,737	156,484,868	(209,193)	160,334,572

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2023 KRW	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Total
Balance as of January 1, 2023		119,467	778,047	4,403,893	204,388,016	(273,232)	209,416,191
Profit for the year		-	-	-	25,397,099	-	25,397,099
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	(12,327)	368,799	356,472
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(572,551)	(572,551)
Total comprehensive income (loss) for the year		-	-	-	25,384,772	(203,752)	25,181,020
Dividends declared	19	-	-	-	(9,809,437)	-	(9,809,437)
Total transactions with owners		-	-	-	(9,809,437)	-	(9,809,437)
Balance as of December 31, 2023		119,467	778,047	4,403,893	219,963,351	(476,984)	224,787,774

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.18))

2023 USD	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Total
Balance as of January 1, 2023		91,467	595,693	3,371,737	156,484,868	(209,193)	160,334,572
Profit for the year		-	-	-	19,444,690	-	19,444,690
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	(9,438)	282,362	272,924
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(438,360)	(438,360)
Total comprehensive income (loss) for the year		-	-	-	19,435,252	(155,998)	19,279,254
Dividends declared	19	-	-	-	(7,510,364)	-	(7,510,364)
Total transactions with owners		-	-	-	(7,510,364)	-	(7,510,364)
Balance as of December 31, 2023		91,467	595,693	3,371,737	168,409,756	(365,191)	172,103,462

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.18))

	Notes	For the years ended December 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Operating activities					
Profit for the year		25,397,099	25,418,778	19,444,690	19,461,288
Adjustments	27	(4,092,924)	31,039,388	(3,133,651)	23,764,576
Changes in assets and liabilities arising from operating activities	27	(13,215,547)	(6,868,269)	(10,118,172)	(5,258,528)
Cash generated from operations		8,088,628	49,589,897	6,192,867	37,967,336
Interest received		332,111	339,560	254,273	259,976
Interest paid		(798,649)	(287,488)	(611,467)	(220,108)
Dividends received		29,497,803	3,551,435	22,584,298	2,719,073
Income tax paid		(2,664,809)	(8,404,655)	(2,040,248)	(6,434,826)
Net cash from operating activities		34,455,084	44,788,749	26,379,723	34,291,451
Investing activities					
Net decrease (increase) in short-term financial instruments		(49,934)	15,000,439	(38,231)	11,484,733
Disposal of financial assets at fair value through other comprehensive income		15,538	10,976	11,896	8,404
Acquisition of financial assets at fair value through other comprehensive income		(15,515)	-	(11,879)	-
Disposal of financial assets at fair value through profit or loss		243	1,744	186	1,335
Disposal of investments in subsidiaries, associates and joint ventures		144,292	165,089	110,474	126,397
Acquisition of investments in subsidiaries, associates and joint ventures		(108,300)	(1,001,723)	(82,917)	(766,946)
Disposal of property, plant and equipment		164,415	288,684	125,880	221,024
Acquisition of property, plant and equipment		(45,026,206)	(39,160,176)	(34,473,254)	(29,982,066)
Disposal of intangible assets		12,002	6,242	9,189	4,779
Acquisition of intangible assets		(2,639,614)	(3,298,378)	(2,020,958)	(2,525,325)
Cash outflow from other investing activities		(68,458)	(136,783)	(52,413)	(104,725)
Net cash used in investing activities		(47,571,537)	(28,123,886)	(36,422,027)	(21,532,390)

The above separate statements of cash flows should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.18))

	Notes	For the years ended December 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Financing activities					
Net increase (decrease) in short-term borrowings	27	3,274,337	(6,700,826)	2,506,919	(5,130,330)
Increase in debentures and long-term borrowings	27	21,990,000	-	16,836,125	-
Repayment of debentures and long-term borrowings	27	(185,316)	(155,264)	(141,883)	(118,874)
Dividends paid		(9,810,119)	(9,808,974)	(7,510,886)	(7,510,010)
Net cash from (used in) financing activities		15,268,902	(16,665,064)	11,690,275	(12,759,214)
Effect of foreign exchange rate changes		(12,591)	2,922	(9,639)	2,236
Net increase in cash and cash equivalents		2,139,858	2,721	1,638,332	2,083
Cash and cash equivalents					
Beginning of the year		3,921,593	3,918,872	3,002,475	3,000,392
End of the year		6,061,451	3,921,593	4,640,807	3,002,475

The above separate statements of cash flows should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of December 31, 2023 and 2022, and
For the years ended December 31, 2023 and 2022

1. General Information

Samsung Electronics Co., Ltd. (the “Company”) was incorporated under the laws of the Republic of Korea in 1969 and listed its shares on the Korea Stock Exchange in 1975. The Company operates two business divisions: Device eXperience (“DX”) and Device Solutions (“DS”). DX division comprises businesses for digital televisions, refrigerators, smartphones, and communication systems. DS division comprises businesses for semiconductor products such as memory, foundry and system Large Scale Integration (LSI). The Company is domiciled in the Republic of Korea and is located in Suwon, the Republic of Korea.

These financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“Korean IFRS”) 1027, *Separate Financial Statements*.

2. Material Accounting Policies

The followings are material accounting policies applied on financial statements. Unless mentioned otherwise, these policies are consistent throughout the accounting periods denoted.

2.1 Basis of Presentation

The Company’s financial statements have been written in accordance with the Korean International Financial Reporting Standards (“Korean IFRS”). The Korean IFRS refers to standards selected by the Republic of Korea among accounting standards and interpretations published by International Accounting Standards Board (IASB).

The Korean IFRS permits application of material accounting estimates on the financial statements and requires management’s judgements in applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 3.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2.2 Changes in Accounting Policies and Disclosures

(A) New and amended standards adopted by the Company

The Company applied the following amended standards for the first time for the annual reporting period commencing on January 1, 2023:

Amendments to Korean IFRS 1001, *Presentation of Financial Statements*

The amendments replace the term ‘significant’ accounting policy information with ‘material’ accounting policy and clarify its meaning. These amendments do not result in a change in accounting policy but affects the accounting policy information disclosed in the separate financial statements. In addition, IFRS Practice Statement 2, *Making Materiality Judgments* has been amended to provide guidance on the application of the concept of materiality. The Company has adopted the amendments to the standard and discloses the Company’s material accounting policies in Note 2.

Amendments to Korean IFRS 1008, *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments clarify how accounting estimates are defined and distinguished from changes in accounting policies. The adoption of the amendments does not have a significant impact on the Company’s separate financial statements.

Amendments to Korean IFRS 1012, *Income Tax*

The amendments add to a condition to the initial recognition exemption that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The adoption of the amendments does not have a significant impact on the Company’s separate financial statements.

Amendments to Korean IFRS 1012, *Income Tax*

The amendments clarify that Korean IFRS 1012, *Income Taxes*, applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules issued by the Organization for Economic Co-operation and Development (OECD).

However, a temporary exemption from the requirements of Korean IFRS 1012, *Income Taxes*, has been adopted to allow the Company to neither recognize nor disclose deferred tax assets and liabilities relating to Pillar Two income taxes.

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

The amended accounting standards that have been issued but not yet effective for the annual reporting period commencing on January 1, 2023 which have not been early adopted by the Company are as follows:

Amendments to Korean IFRS 1001, *Presentation of Financial Statements*

The amendments to Korean IFRS 1001 clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period, and that the classification is unaffected by management’s intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also introduce a definition of settlement to make clear that settlement includes the transfer to the counterparty of the entity’s own equity instruments, however, it would be excluded if an option to settle the liability by the transfer of the entity’s own equity instruments is recognized separately from the liability as an equity component of a compound financial instrument. The amendments are applied for annual periods beginning on or after January 1, 2024, with early application permitted.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Amendments to Korean IFRS 1116, *Leases*

The amendments add requirements for the subsequent measurement of sale-and-leaseback transactions that are accounted for as sales in accordance with Korean IFRS 1115, *Revenue from Contracts with Customers*. The amendments require the seller-lessee to calculate the 'lease payments' or 'revised lease payments' in a way that does not result in the seller-lessee recognizing any gain or loss for the rights of use that the seller-lessee continues to retain after the lease commences. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted.

Amendments to Korean IFRS 1007, *Statement of Cash Flows*, and 1107, *Financial Instruments: Presentation*

The amendments add to the disclosure objectives in Korean IFRS 1007, *Statement of Cash Flows*, that information about supplier financing arrangements should be disclosed to enable users of financial statements to assess the impact of those arrangements on the Company's liabilities and cash flows. The amendments also amend Korean IFRS 1107, *Financial Instruments: Presentation*, to add supplier financing arrangements as an example of a requirement to disclose information about an entity's exposure to concentrations of liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and include specific transitional provisions for the first annual period in which they are applied. Early application is permitted.

2.3 Subsidiaries, Associates and Joint Ventures

The Company, which is the ultimate controlling entity for the purposes of Korean IFRS 1110 *Consolidated Financial Statements*, recognizes its investments in subsidiaries, associates and joint ventures in its separate financial statements using the cost method in accordance with Korean IFRS 1027 *Separate Financial Statements*.

If there is objective evidence of impairment, the difference between the recoverable amount of the investments in subsidiaries, associates and joint ventures and their carrying amount is recognized as an impairment loss.

2.4 Functional and Presentation Currency

The Company measures items included in its financial statements using the currency of the primary economic environment in which it operates ("functional currency"). The functional currency of the Company is Korean won (KRW) and the financial statements are presented in Korean won (KRW).

2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and highly liquid short-term investment assets that are readily convertible to known amounts of cash at the date of acquisition and which are subject to an insignificant risk of changes in value.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2.6 Financial Assets

(A) Classification

Financial instruments are classified based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company considers the contractual terms of the relevant financial instrument and assesses whether the contractual cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(B) Impairment

The Company assesses the expected credit losses of debt instruments carried at amortized cost or fair value through other comprehensive income on a forward-looking basis. However, the Company applies the simplified approach for trade receivables, which requires expected credit losses to be recognized over the life of the receivable from initial recognition.

2.7 Trade Receivables

Trade receivables are recognized at initial transaction price, unless they contain a significant financing component, and are subsequently measured at amortized cost using the effective interest method less any allowance for impairment.

2.8 Inventories

The Company determines the unit cost of inventories, except for materials in transit, using the average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads based on normal operating capacity, excluding the cost of idle production equipment and scrapping costs.

The Company measures inventories at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the applicable variable selling expenses, and reflects the decrease in selling price, the increase in costs to completion, or decrease in value due to excess or obsolete inventory.

2.9 Property, Plant and Equipment

Depreciation of property, plant and equipment begins when assets are considered by management to be available for their intended use, such as in the production of products.

The Company's property, plant and equipment is depreciated on a straight-line method over the estimated useful lives of the assets, less any residual values. Land is not depreciated. Costs that are directly attributable to the acquisition, construction of a qualifying asset, including capitalized interest costs, are depreciated over the estimated useful lives.

The estimated useful lives of property, plant and equipment used by the Company for each asset category are as follows:

	<u>Estimated useful lives</u>
Buildings and structures	15, 30 years
Machinery and equipment	5 years
Other	5 years

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2.10 Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired business at the date of acquisition and is recorded as an intangible asset.

Intangible assets, other than goodwill, are initially recognized at their historical cost and are subsequently stated at cost less accumulated amortization and accumulated impairment losses.

Membership rights are regarded as intangible assets with indefinite useful life and not amortized as there are no foreseeable restrictions on their use. However, whenever there is an indication of impairment, such as a decline in the market value of membership rights, a reasonable estimate is made to reflect the impairment. Intangible assets with finite useful lives, such as patents, trademarks and other intangible assets, are amortized on a straight-line method over their estimated useful lives.

The estimated useful lives of intangible assets used by the Company are as follows:

	<u>Estimated useful lives</u>
Patents, trademarks and other intangible assets	5 - 10 years

2.11 Financial Liabilities

The Company classifies financial liabilities into financial liabilities at fair value through profit or loss and other financial liabilities and recognizes them on the statement of financial position when the Company becomes a party to a contract, depending on the substance of the contractual terms.

2.12 Employee Benefits

The Company operates various types of post-employment benefit plans, including defined benefit plans and defined contribution plans. The defined benefit liability (asset) recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, less any deficit (excess of plan assets over the asset recognition threshold) and is calculated annually by an independent actuary using the projected unit credit method.

2.13 Income Tax Expense

The Company applies the exemption to the recognition and disclosure of deferred tax assets and liabilities related to the Pillar Two Model Rules of OECD. Furthermore, as the relevant legislation will be effective from January 1, 2024, the Company has not recognized any current tax expense related to Pillar Two in the fiscal year ended December 31, 2023.

The Company recognizes deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences arising on these assets only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2.14 Derivative Instruments

The Company recognizes its rights and obligations under derivative contracts as assets and liabilities at fair value and records gains and losses on these contracts in the statement of profit or loss. However, effective portion of changes in the fair value of cash flow hedges are deferred in equity.

2.15 Revenue Recognition

The Company's revenue primarily represents the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is net of value-added tax, returns, sales incentives, discounts and others.

(A) Identification of performance obligations

The Company is required to transfer control of goods and services under contracts with customers. For the export of products and goods under Incoterms Group C terms (such as CIF), the Company recognize the transportation services (including insurance) provided after the control of the goods has passed to the customer as a separate performance obligation.

(B) Performance obligations satisfied at a point of time

The Company's revenue is primarily derived from the sale of goods and is recognized when control of the goods passes to the customer.

(C) Performance obligations satisfied over time

The Company recognizes revenue over time for sales of software, transportation services, installation services, and etc. where the customer has direct control over the outcome during the performance of the service.

(D) Variable consideration

The Company provides a variety of sales promotions including incentives, promotion and sales allowances. Where these sales promotion policies result in variability in the consideration promised to customers, the Company estimates the variable consideration using either the expected value or the most likely amount whichever method the Company expects to better predict the amount of consideration to which it will be entitled. The estimate of variable consideration is included in transaction price only to the extent that it is highly probable that a significant portion of the cumulative revenue already recognized will not be reversed. Revenue and contract liabilities are recognized when the related revenue is earned or when the decision to pay the variable consideration to the customer is made, whichever is later.

The Company recognizes contract liabilities (refund liabilities) after the sale of products to customers by estimating the return rate using the expected value methods based on historical experience. When the customer exercises its right to return the product, the Company recognizes the asset as a refund asset and adjusts cost of sales by the amount of the right to collect the product from the customer. The right to collect the product is measured by deducting the cost of collecting the product from the historical carrying amount of the product.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2.16 Leases

(A) Lessee accounting

The Company applies the practical expedient of Korean IFRS 1116, *Leases*, and does not separate the non-lease elements from the lease elements and accounts for the non-lease elements relating to each lease element as a single lease element.

At the commencement date of a lease, the Company recognizes a right-of-use asset (the lease asset) representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments. The right-of-use asset is presented in the statement of financial position as 'property, plant and equipment' and the lease liability is presented as 'current portion of long-term liabilities' or 'long-term borrowings.'

Lease liabilities are measured at the inception of the lease at the present value of the lease payments outstanding at that date, discounted at the Company's incremental borrowing rate.

For short-term leases (lease terms of 12 months or less at the inception of the lease) and low value assets (underlying assets of USD 5,000 or less), lease payments are recognized as expenses on a straight-line basis over the lease term applying the simplified practical expedient.

(B) Lessor accounting

The Company, as a lessor, determines whether a lease is a finance or an operating lease at the inception of the lease.

Leases that transfer substantially all the risk and rewards of ownership of the leased assets are classified as finance leases and all leases other than finance leases are classified as operating leases. Lease income from operating leases is recognized on a straight-line basis over the lease term, while initial direct costs incurred during the negotiation and contracting phase of an operating lease are added to the carrying amount of the leased asset and expensed over the lease term against the lease income.

2.17 Government Grants

Government grants relating to revenues are deferred and recognized in the statement of profit or loss in the same period in which they are matched with revenues or expenses related to the purpose for which the grant was made. Government grants received related to the acquisition of assets are treated as deferred income and credited to the statement of profit or loss over the useful lives of the related assets.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2.18 Convenience Translation into United States Dollar Amounts

The US dollar amounts provided in the separate financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in US dollar at the rate of ₩ 1,306.1 to \$1, the average exchange rate for the year ended December 31, 2023. 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 any other rate.

2.19 Approval of the Separate Financial Statements

These separate financial statements of the Company were approved by the Board of Directors on January 31, 2024, and may be approved as amended at the Annual General Shareholders' Meetings.

3. Material Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on historical experience and future events that are reasonably foreseeable under the circumstances. These estimates may differ from actual results. The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows.

(A) Revenue recognition

The Company recognizes a liability for a product return and a right to the returned goods that are expected to be returned by customers following the sale of products to customers. At the point of sale, the Company estimates the return using the expected value method based on accumulated experience at the portfolio level and the Company's revenue is affected by changes in the expected return.

Revenue from the sale of goods recognized at the point of transfer of control is the contractual consideration less consideration paid to customers in relation to certain sales promotion activities. Based on the historical experience and terms of contracts, the Company makes reasonable estimates of the sales deductions which affect the Company's revenue.

(B) Provision for warranty

The Company provides warranties for products sold. At the end of each reporting period, the Company recognizes a provision for warranties based on its best estimate of the amount it believes is necessary to provide for future and current warranty obligations. These best estimates are based on historical experience.

(C) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using various valuation techniques and assumptions based on market conditions prevailing at the end of each reporting period.

(D) Impairment of financial assets

In measuring the allowance for impairment losses on financial assets, the Company makes assumptions about the risk of default and expected credit rates. In making these assumptions and selecting the inputs for the impairment calculations, the Company makes judgment based on past experience and current and forecast of future economic conditions at the reporting date.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(E) Lease

In determining the lease term, the Company considers all relevant facts and circumstances that provide an economic incentive to exercise a renewal option, or not to exercise a termination option. The period covered by the renewal option (or the period covered by the termination option) is included in the lease term only if it is reasonably certain that the lessee will exercise (or not exercise) the renewal option.

The lease term is reassessed when the option is actually exercised (or not exercised) or when the Company becomes committed to exercise (or not exercise) the option. The Company only changes its assessment of whether it is reasonably certain the renewal option will be exercised (or not) if there is a significant event or change in circumstances within the lessee's control that affects the calculation of the lease term.

(F) Net defined benefit liabilities (assets)

The net defined benefit liabilities (assets) are dependent on a number of factors which are determined using actuarial methods based on a number of assumptions. Among the assumptions used to determine the net defined benefit liabilities (assets) is the discount rate, and changes in these assumptions will affect the carrying amount of the net defined benefit liability (asset). At the end of each year the Company determines an appropriate discount rate, taking into account the interest rates on high-quality corporate bonds, which represents the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the net defined benefit liability (asset). Some key assumptions relating to the net defined benefit liability (asset) are based on current market conditions.

(G) Impairment of goodwill and intangible assets that have indefinite useful life

The Company tests goodwill and intangible assets with indefinite useful life for impairment annually. The recoverable amount of a cash-generating unit or asset, including goodwill, is determined based on a value-in-use calculation. These calculations are based on estimates.

(H) Income taxes

Income taxes on the Company's taxable income are calculated by applying tax laws and decisions of tax authorities in various countries, and, therefore, there is uncertainty in determining the final tax effect. The Company has recognized current and deferred tax based on its best estimate of the tax consequences expected to be payable in future periods as a result of the Company's operating activities up to the reporting date. However, the actual future final tax liability may not be consistent with the related assets and liabilities recognized, and such differences may affect the current and deferred tax assets and liabilities when the final tax effect is determined.

The Company is subject to additional income taxes, calculated in accordance with the method prescribed by tax laws, when a certain amount is not used for investment, wage growth, etcetera, in a given period. The related tax effect is reflected in the measurement of current and deferred income taxes for the period, and the amount of income tax payable by the Company depends on the level of investment, wage growth, etcetera in each year, resulting in uncertainty in determining the final tax effects.

The Company assesses uncertainty over its tax positions and, if the Company concludes that it is not probably that the tax authorities will accept a uncertain tax position, the effect of the uncertainty is recognized in the financial statements for each uncertain tax position using the method that is expected to provide a better estimate of the resolution of the uncertainty, which is more likely of the following methods.

- (1) Most likely amount: the single most probable amount within a range of possible outcomes.
- (2) Expected value: the sum of the probability-weighted amounts in a range of possible outcomes.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

4. Financial Instruments by Category

(A) Categorizations of financial assets and liabilities as of December 31, 2023 and 2022 are as follows:

(1) As of December 31, 2023

<i>(In millions of Korean won)</i>	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Total
Financial assets				
Cash and cash equivalents	6,061,451	-	-	6,061,451
Short-term financial instruments	50,071	-	-	50,071
Trade receivables	27,363,016	-	-	27,363,016
Financial assets at fair value through other comprehensive income	-	1,854,503	-	1,854,503
Financial assets at fair value through profit or loss	-	-	1	1
Other	4,972,284	-	393,235	5,365,519
Total	38,446,822	1,854,503	393,236	40,694,561

<i>(In millions of Korean won)</i>	Financial liabilities measured at amortized cost	Other financial liabilities^(*)	Total
Financial liabilities			
Trade payables	7,943,834	-	7,943,834
Short-term borrowings	-	5,625,163	5,625,163
Other payables	15,015,578	-	15,015,578
Current portion of long-term liabilities	6,354	222,137	228,491
Debentures	19,064	-	19,064
Long-term borrowings	21,990,000	912,035	22,902,035
Long-term other payables	4,486,390	-	4,486,390
Other	3,652,969	-	3,652,969
Total	53,114,189	6,759,335	59,873,524

(*) Other financial liabilities include lease liabilities, which are not subject to categorizations, and collateralized borrowings.

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(2) As of December 31, 2022

<i>(In millions of Korean won)</i>	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Total
Financial assets				
Cash and cash equivalents	3,921,593	-	-	3,921,593
Short-term financial instruments	137	-	-	137
Trade receivables	20,503,223	-	-	20,503,223
Financial assets at fair value through other comprehensive income	-	1,364,325	-	1,364,325
Financial assets at fair value through profit or loss	-	-	283	283
Other	5,470,355	-	-	5,470,355
Total	29,895,308	1,364,325	283	31,259,916

<i>(In millions of Korean won)</i>	Financial liabilities measured at amortized cost	Other financial liabilities ^(*)	Total
Financial liabilities			
Trade payables	8,729,315	-	8,729,315
Short-term borrowings	-	2,381,512	2,381,512
Other payables	18,324,604	-	18,324,604
Current portion of long-term liabilities	6,228	129,525	135,753
Debentures	24,912	-	24,912
Long-term borrowings	-	654,979	654,979
Long-term other payables	2,083,790	-	2,083,790
Other	3,145,473	-	3,145,473
Total	32,314,322	3,166,016	35,480,338

(*) Other financial liabilities include lease liabilities, which are not subject to categorizations, and collateralized borrowings.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(B) Net gains or net losses on each category of financial assets and liabilities for the years ended December 31, 2023 and 2022 are as follows:

(1) For the year ended December 31, 2023

<i>(In millions of Korean won)</i>	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Total
Financial assets				
Gain on valuation (other comprehensive income)	-	356,472	-	356,472
Gain on valuation/disposal (profit or loss)	-	-	365,387	365,387
Interest income	371,106	-	-	371,106
Foreign exchange differences (profit or loss)	(216,145)	-	-	(216,145)
Dividend income	-	4,081	637	4,718
Impairment/reversal (profit or loss)	(2,113)	-	-	(2,113)

<i>(In millions of Korean won)</i>	Financial liabilities measured at amortized cost	Other financial liabilities^(*)	Total
Financial liabilities			
Interest expense	(310,267)	(285,498)	(595,765)
Foreign exchange differences (profit or loss)	5,103	31,557	36,660

(*) Other financial liabilities include lease liabilities, which are not subject to categorizations, and collateralized borrowings.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(2) For the year ended December 31, 2022

<i>(In millions of Korean won)</i>	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Total
Financial assets				
Loss on valuation (other comprehensive income)	-	(208,883)	-	(208,883)
Gain on valuation/disposal (profit or loss)	-	-	271,057	271,057
Interest income	339,242	-	-	339,242
Foreign exchange differences (profit or loss)	(668,955)	-	-	(668,955)
Dividend income	-	3,594	-	3,594
Impairment/reversal (profit or loss)	(2,130)	-	-	(2,130)

<i>(In millions of Korean won)</i>	Financial liabilities measured at amortized cost	Other financial liabilities^(*)	Total
Financial liabilities			
Interest expense	(45,883)	(244,200)	(290,083)
Foreign exchange differences (profit or loss)	477,397	132,902	610,299

(*) Other financial liabilities include lease liabilities which are not subject to categorizations, and collateralized borrowings.

5. Transfer of Financial Assets

The Company discounted trade receivables through factoring arrangements with banks during the years ended December 31, 2023 and 2022. Trade receivables provided as collaterals in factoring transactions have not been derecognized as they do not meet the requirements for derecognition of financial assets as the Company retains substantially all the risks and rewards, including the recourse in the event of default by the debtor. Financial liabilities recognized in these transactions are classified as ‘short-term borrowings’ on the separate statement of financial position (refer to Note 12).

The carrying amount of the discounted trade receivables and the associated liabilities as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Carrying amount of the discounted trade receivables	5,625,163	2,381,512
Carrying amount of the associated liabilities	5,625,163	2,381,512

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

6. Financial Assets at Fair Value

(A) Details of financial assets at fair value as of December 31, 2023 and 2022 are as follows:

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

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Equity instruments	1,854,503	1,364,325

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

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Debt instruments	1	283

(B) Changes in financial assets at fair value for the years ended December 31, 2023 and 2022 are as follows:

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

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	1,364,325	1,662,532
Acquisition	15,515	-
Disposal	(15,577)	(10,976)
Fair value valuation gain (loss)	490,240	(285,585)
Other	-	(1,646)
Balance as of December 31	1,854,503	1,364,325

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

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	283	2,135
Disposal	(282)	(1,744)
Other	-	(108)
Balance as of December 31	1	283

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(C) Changes in gain (loss) on valuation of financial assets at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	(166,635)	124,937
Fair value valuation gain (loss)	490,240	(285,585)
Reclassification to retained earnings due to disposal	16,627	(5,987)
Balance as of December 31	340,232	(166,635)
Income tax effects	(94,077)	43,991
Total	246,155	(122,644)

(D) Details of listed equity securities of financial assets at fair value as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won, number of shares and percentage)</i>	December 31, 2023			December 31, 2022	
	Number of shares owned	Percentage of ownership (%)^(e)	Acquisition cost	Carrying amount (Market value)	Carrying amount (Market value)
Samsung Heavy Industries Co., Ltd.	134,027,281	15.2	932,158	1,038,712	684,879
Hotel Shilla Co., Ltd.	2,004,717	5.1	13,957	131,108	166,592
iMarket Korea Inc.	647,320	1.9	324	5,560	6,538
Skylife Co., Ltd.	240,000	0.5	3,344	1,421	1,954
Yongpyong Resort Corporation	400,000	0.8	1,869	1,220	1,412
A-Tech Solution Co., Ltd.	1,592,000	15.9	26,348	17,241	12,879
Wonik Holdings Co., Ltd.	1,759,171	2.3	15,410	5,928	5,972
Wonik IPS Co., Ltd.	1,850,936	3.8	16,214	62,839	45,811
Dongjin Semichem Co., Ltd.	2,467,894	4.8	48,277	95,508	73,913
Soulbrain Holdings Co., Ltd.	-	-	-	-	10,989
Soulbrain Co., Ltd.	437,339	5.6	40,382	132,952	81,357
S&S Tech Corporation	1,716,116	8.0	65,933	77,740	45,220
YIK Corporation	9,601,617	11.7	47,336	47,864	26,933
KCtech Co., Ltd.	1,022,216	4.9	20,720	27,395	15,129
LOTvacuum Co., Ltd.	1,267,668	7.1	18,990	25,544	14,326
Newpower Co., Ltd.	2,140,939	4.9	12,739	11,240	7,579
Fine Semitech Corporation	1,522,975	7.0	43,009	37,541	23,758
DNF Co., Ltd.	810,030	7.0	20,964	19,400	10,692
Marvell Technology Inc.	173,187	0.0	11,705	13,468	8,129
SoundHound AI Inc.	1,702,957	0.7	13,719	4,655	3,820
Total			1,353,398	1,757,336	1,247,882

^(e) Ownership represents the Company's ownership of the ordinary shares issued by each entity.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

7. Trade and Non-Trade Receivables

(A) Trade and non-trade receivables as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	Trade	Non-trade	Trade	Non-trade
Receivables	27,421,756	1,927,564	20,720,707	2,945,898
Less: Loss allowance	(58,740)	(6,230)	(56,432)	(6,387)
Subtotal	27,363,016	1,921,334	20,664,275	2,939,511
Less: Non-current	-	(11,280)	(161,052)	(14,505)
Current	27,363,016	1,910,054	20,503,223	2,925,006

(B) Movements in the loss allowance for receivables for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
	Trade	Non-trade	Trade	Non-trade
Balance as of January 1	56,432	6,387	56,610	4,397
Bad debt expense (reversal)	2,308	(145)	(178)	1,994
Write-off	-	(12)	-	(4)
Balance as of December 31	58,740	6,230	56,432	6,387

(C) The details of trade and non-trade receivables classified by past due date for the purpose of measuring expected credit losses as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	Trade	Non-trade	Trade	Non-trade
Receivables not past due	26,584,115	1,747,904	19,948,076	2,237,287
Past due:				
Less than 31 days past due ^(*)	430,299	142,166	581,231	651,489
31 days to 90 days past due	252,998	7,893	89,722	30,611
Over 90 days past due	154,344	29,601	101,678	26,511
Subtotal	837,641	179,660	772,631	708,611
Total	27,421,756	1,927,564	20,720,707	2,945,898

^(*) The Company does not consider the credit risk of non-trade receivables that are overdue for less than or equal to 31 days has been significantly increased.

(D) The maximum exposure to current credit risk is equivalent to the carrying amount of receivables as of December 31, 2023. The Company has entered into insurance contracts with insurers for its major receivables.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

8. Inventories

Inventories as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023			December 31, 2022		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Finished goods	7,914,117	(1,203,662)	6,710,455	8,589,879	(956,427)	7,633,452
Work in process	21,866,523	(3,863,881)	18,002,642	16,738,121	(1,216,059)	15,522,062
Raw materials and supplies	4,910,170	(861,821)	4,048,349	4,891,951	(492,006)	4,399,945
Materials in transit	576,705	-	576,705	434,548	-	434,548
Total	35,267,515	(5,929,364)	29,338,151	30,654,499	(2,664,492)	27,990,007

Inventories recognized as an expense for the year ended December 31, 2023, amount to ₩ 142,735,272 million (2022: ₩ 151,436,315 million). The amount includes a loss on the valuation of inventories.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

9. Investments in Subsidiaries, Associates and Joint Ventures

(A) Changes in investments in subsidiaries, associates and joint ventures for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	57,397,249	56,225,599
Acquisition	108,300	1,272,296
Disposal	(144,317)	(164,503)
Impairment reversal	31,206	63,857
Balance as of December 31	57,392,438	57,397,249

(B) Major investments in associates as of December 31, 2023 are as follows:
(refer to Note 30 for list of the Company's subsidiaries)

Investee	Nature of relationship with associate	Percentage of ownership (%)^(*)	Principal business location	Fiscal period-end
Samsung Electro-Mechanics Co., Ltd.	Manufacture and supply electronic components including passive components, circuit boards, and modules	23.7	Korea	December
Samsung SDS Co., Ltd.	Provide IT services including computer programming, system integration and management, and logistical services	22.6	Korea	December
Samsung Biologics Co., Ltd.	Investment in new business	31.2	Korea	December
Samsung SDI Co., Ltd. ^(*)	Manufacture and supply electronic parts including secondary cell batteries	19.6	Korea	December
Cheil Worldwide, Inc.	Advertising agency	25.2	Korea	December

^(*) Ownership represents the Company's ownership of the ordinary shares issued by each entity.

^(*) The Company's ownership of ordinary shares outstanding is 20.6%.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(C) A summary of the condensed financial information of major subsidiaries and associates as of and for the years ended December 31, 2023 and 2022 is as follows:

(1) Major subsidiaries

<i>(In millions of Korean won)</i>	2023			
	Assets	Liabilities	Sales	Profit (loss) for the year
Samsung Display Co., Ltd. (SDC)	65,328,568	7,266,213	27,083,336	8,268,314
Samsung Electronics America, Inc. (SEA)	41,926,899	15,322,780	39,551,809	477,338
Samsung Asia Pte. Ltd. (SAPL)	22,234,942	282,614	-	14,140,195
Samsung (China) Semiconductor Co., Ltd. (SCS)	15,808,283	870,453	8,693,788	877,892
Samsung (CHINA) Investment Co., Ltd. (SCIC)	10,222,557	8,797,991	3,148,858	189,887
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	9,660,481	4,585,806	-	103,387
Samsung India Electronics Private Ltd. (SIEL)	7,738,259	3,373,730	15,216,331	1,153,256
Samsung Eletronica da Amazonia Ltda. (SEDA)	5,542,627	1,587,911	7,222,304	333,812
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	5,262,086	4,552,030	15,649,307	244,210
Thai Samsung Electronics Co., Ltd. (TSE)	3,039,379	640,512	4,213,492	150,510
Samsung Electronics (UK) Ltd. (SEUK)	2,902,722	1,976,067	5,859,133	185,113
SEMES Co., Ltd.	2,187,919	659,607	2,502,143	58,754
Samsung Electronics Mexico S.A. De C.V. (SEM)	2,153,032	1,038,115	3,638,080	148,873
Samsung Electronics Taiwan Co., Ltd. (SET)	1,797,627	1,139,056	4,108,479	56,467
Samsung Electronics Benelux B.V. (SEBN)	1,794,552	639,120	2,833,717	140,313

(*) The above summary of condensed financial information is based on separate financial statements of each subsidiary.

<i>(In millions of Korean won)</i>	2022			
	Assets	Liabilities	Sales	Profit (loss) for the year
Samsung Display Co., Ltd. (SDC)	57,302,567	7,282,718	30,779,405	4,365,588
Samsung Electronics America, Inc. (SEA)	37,883,156	12,258,315	46,738,920	219,670
Samsung Asia Private Ltd. (SAPL)	26,894,611	2,678,285	-	8,699,679
Samsung (China) Semiconductor Co., Ltd. (SCS)	17,095,000	2,970,835	9,679,757	638,385
Samsung (CHINA) Investment Co., Ltd. (SCIC)	13,830,988	9,764,636	2,865,831	257,878
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	10,841,515	6,272,800	-	57,997
Samsung India Electronics Private Ltd. (SIEL)	6,772,537	3,571,863	16,180,492	508,510
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	5,067,891	2,858,382	21,370,622	318,578
Samsung Eletronica da Amazonia Ltda. (SEDA)	4,600,508	1,342,517	7,485,104	(38,490)
Thai Samsung Electronics Co., Ltd. (TSE)	3,263,473	486,820	4,824,734	168,524
Samsung Electronics (UK) Ltd. (SEUK)	2,819,792	1,708,064	5,929,357	243,396
Samsung Electronics Benelux B.V. (SEBN)	2,377,730	597,044	2,834,008	25,411
Samsung Electronics Hungarian Private Co., Ltd. (©)	2,374,317	452,628	3,935,745	199,742
Samsung Electronics Europe Logistics B.V. (SELS)	2,194,975	2,021,491	15,409,984	20,347
SEMES Co., Ltd.	2,065,558	602,323	2,889,238	185,762

(*) The above summary of condensed financial information is based on separate financial statements of each subsidiary.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(2) Major associates

<i>(In millions of Korean won)</i>	2023				
	Samsung Electro- Mechanics Co., Ltd.	Samsung SDS Co., Ltd.	Samsung Biologics Co., Ltd.	Samsung SDI Co., Ltd.	Cheil Worldwide, Inc.
Current assets	5,208,418	8,160,300	5,521,988	9,187,029	2,372,420
Non-current assets	6,449,453	4,160,724	10,524,209	24,851,831	517,085
Current liabilities	2,900,460	2,391,861	4,157,861	8,518,933	1,375,034
Non-current liabilities	727,087	953,592	2,057,844	5,612,677	216,707
Revenue	8,909,348	13,276,844	3,694,589	22,708,300	4,138,275
Profit from continuing operations ^(*)	430,839	693,422	857,691	2,009,207	187,302
Profit or loss from discontinued operation, net of tax ^(*)	(7,883)	-	-	-	-
Other comprehensive income (loss) ^(*)	45,054	(11,085)	(11,673)	85,394	3,685
Total comprehensive income ^(*)	468,010	682,337	846,018	2,094,601	190,987

^(*) Profit (loss) attributable to owners of the parent company.

<i>(In millions of Korean won)</i>	2022				
	Samsung Electro- Mechanics Co., Ltd.	Samsung SDS Co., Ltd.	Samsung Biologics Co., Ltd.	Samsung SDI Co., Ltd.	Cheil Worldwide, Inc.
Current assets	4,888,319	8,005,764	6,457,657	9,651,702	2,193,979
Non-current assets	6,108,852	3,946,660	10,124,394	20,605,823	557,466
Current liabilities	2,525,123	2,493,323	4,181,542	8,006,939	1,335,643
Non-current liabilities	778,563	992,132	3,416,034	5,033,084	194,373
Revenue	9,441,276	17,234,750	3,001,295	20,124,070	4,253,367
Profit from continuing operations ^(*)	1,009,739	1,099,745	798,056	1,952,149	193,732
Loss from discontinued operation, net of tax ^(*)	(29,187)	-	-	-	-
Other comprehensive income (loss) ^(*)	(9,601)	80,368	6,995	(139,877)	(1,122)
Total comprehensive income ^(*)	983,918	1,180,113	805,051	1,812,272	192,610

^(*) Profit (loss) attributable to owners of the parent company.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(D) Fair value of marketable investments in associates as of December 31, 2023 and 2022 is as follows:

<i>(In millions of Korean won and number of shares)</i>	December 31, 2023		December 31, 2022		
	Number of shares held	Market value	Carrying amount	Market value	Carrying amount
Samsung Electro-Mechanics Co., Ltd.	17,693,084	2,710,580	445,244	2,308,947	445,244
Samsung SDS Co., Ltd.	17,472,110	2,970,259	560,827	2,149,070	560,827
Samsung Biologics Co., Ltd.	22,217,309	16,885,155	1,595,892	18,240,411	1,595,892
Samsung SDI Co., Ltd.	13,462,673	6,354,382	1,242,605	7,956,440	1,242,605
Cheil Worldwide, Inc.	29,038,075	552,595	491,599	669,328	491,599

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

10. Property, Plant and Equipment

(A) Changes in property, plant and equipment for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023					
	Land	Buildings and structures	Machinery and equipment	Construction in progress	Other	Total
Balance as of January 1	7,752,989	23,246,622	61,426,540	28,768,364	2,072,471	123,266,986
Acquisition cost	7,754,559	36,449,026	199,823,339	28,768,364	4,886,059	277,681,347
Accumulated depreciation and impairment	(1,570)	(13,202,404)	(138,396,799)	-	(2,813,588)	(154,414,361)
Acquisitions and capital expenditures ^(*)	131,535	5,509,158	31,107,219	5,907,608	461,345	43,116,865
Depreciation	(1,003)	(2,135,709)	(22,908,637)	-	(574,245)	(25,619,594)
Impairment	(2,277)	(25,652)	(95,125)	-	(5,330)	(128,384)
Disposals/scrap	-	(27,715)	(24,920)	-	(1,547)	(54,182)
Other	(22)	(2,408)	(12,290)	(641)	12,831	(2,530)
Balance as of December 31	7,881,222	26,564,296	69,492,787	34,675,331	1,965,525	140,579,161
Acquisition cost	7,883,620	41,814,348	228,287,817	34,675,331	5,182,709	317,843,825
Accumulated depreciation and impairment	(2,398)	(15,250,052)	(158,795,030)	-	(3,217,184)	(177,264,664)

^(*) Acquisition cost and capital expenditures include amounts reclassified from constructions in progress. Capitalized borrowing costs amount to ₩646,471 million, and the capitalization interest rate used to calculate the capitalized borrowing costs is 4.6%.

<i>(In millions of Korean won)</i>	2022					
	Land	Buildings and structures	Machinery and equipment	Construction in progress	Other	Total
Balance as of January 1	7,780,994	21,841,816	57,135,313	15,307,502	1,601,400	103,667,025
Acquisition cost	7,782,125	33,244,532	175,487,461	15,307,502	4,022,759	235,844,379
Accumulated depreciation and impairment	(1,131)	(11,402,716)	(118,352,148)	-	(2,421,359)	(132,177,354)
Acquisitions and capital expenditures ^(*)	154	3,246,081	26,182,600	13,481,591	1,085,750	43,996,176
Depreciation	(439)	(1,827,588)	(21,889,623)	-	(594,290)	(24,311,940)
Disposals/scrap	(27,720)	(20,264)	(137,496)	-	(8,247)	(193,727)
Other	-	6,577	135,746	(20,729)	(12,142)	109,452
Balance as of December 31	7,752,989	23,246,622	61,426,540	28,768,364	2,072,471	123,266,986
Acquisition cost	7,754,559	36,449,026	199,823,339	28,768,364	4,886,059	277,681,347
Accumulated depreciation and impairment	(1,570)	(13,202,404)	(138,396,799)	-	(2,813,588)	(154,414,361)

^(*) Acquisition cost and capital expenditures include amounts reclassified from constructions in progress. Capitalized borrowing costs amount to ₩40,577 million, and the capitalization interest rate used to calculate the capitalized borrowing costs is 4.1%.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(B) Changes in the right-of-use assets included in the property, plant and equipment for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023				Total
	Land	Buildings and structures	Machinery and equipment	Other	
Balance as of January 1	1,866	642,700	22,135	569,312	1,236,013
Acquisition	3,712	863,062	1,728	4,554	873,056
Depreciation	(1,003)	(189,855)	(16,057)	(40,749)	(247,664)
Cancellation of contract	-	(20,500)	-	(234)	(20,734)
Other	-	(114)	336	20	242
Balance as of December 31	4,575	1,295,293	8,142	532,903	1,840,913

<i>(In millions of Korean won)</i>	2022				Total
	Land	Buildings and structures	Machinery and equipment	Other	
Balance as of January 1	2,279	510,528	39,038	178,480	730,325
Acquisition	26	261,999	1,380	410,088	673,493
Depreciation	(439)	(128,754)	(23,276)	(19,120)	(171,589)
Disposals/scrap	-	(1,070)	-	(737)	(1,807)
Other	-	(3)	4,993	601	5,591
Balance as of December 31	1,866	642,700	22,135	569,312	1,236,013

(C) Details of depreciation of property, plant and equipment for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Cost of sales	23,618,150	22,486,452
Selling and administrative expenses and other	2,001,444	1,825,488
Total	25,619,594	24,311,940

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

11. Intangible Assets

(A) Changes in intangible assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023				
	Intellectual property rights	Development cost	Membership	Other	Total
Balance as of January 1	1,193,286	85,018	199,870	7,083,250	8,561,424
External acquisitions	371,570	-	1,069	4,174,044	4,546,683
Amortization	(229,849)	(85,018)	-	(2,299,322)	(2,614,189)
Disposals/scrap	(40,944)	-	(7,850)	(560)	(49,354)
Impairment	(6,265)	-	3,738	(3,114)	(5,641)
Other	-	-	-	1,288	1,288
Balance as of December 31	1,287,798	-	196,827	8,955,586	10,440,211

<i>(In millions of Korean won)</i>	2022				
	Intellectual property rights	Development cost	Membership	Other	Total
Balance as of January 1	1,226,241	236,910	195,135	6,999,170	8,657,456
External acquisitions	232,768	-	5,795	2,315,598	2,554,161
Amortization	(217,808)	(151,892)	-	(2,235,367)	(2,605,067)
Disposals/scrap	(47,915)	-	(197)	-	(48,112)
Impairment	-	-	(863)	-	(863)
Other	-	-	-	3,849	3,849
Balance as of December 31	1,193,286	85,018	199,870	7,083,250	8,561,424

(B) Details of amortization of intangible assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Cost of sales	2,016,938	2,006,928
Selling and administrative expenses and other	597,251	598,139
Total	2,614,189	2,605,067

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12. Borrowings

(A) Details of the carrying amounts of borrowings as of December 31, 2023 and December 31, 2022 are as follows:

<i>(In millions of Korean won)</i>	Financial institutions	Maturity Date	Interest rate (%) as of Dec 31, 2023	December 31, 2023	December 31, 2022
Short-term borrowings					
Collateralized borrowings ^(*)	Woori Bank and other	-	0.0 ~ 17.3	5,625,163	2,381,512
Total				5,625,163	2,381,512
Current portion of long-term borrowings					
Lease liabilities ^(*)	-	-	2.9	222,137	129,525
Total				222,137	129,525
Long-term borrowings					
Lease liabilities ^(*)	-	-	2.9	912,035	654,979
Non-collateralized borrowings	Samsung Display Co.	Aug 16, 2025	4.6	21,990,000	-
Total				22,902,035	654,979

(*) Collateralized borrowings are secured by trade receivables.

(*) Interest expenses arising from the lease liabilities for the years ended December 31, 2023 and 2022 amount to ₩ 28,282 million and ₩ 10,876 million, respectively, which were determined using the weighted average incremental borrowing rate. Short-term lease payments and low-valued asset lease payments that are not included in lease liabilities during the years ended December 31, 2023 and 2022 amount to ₩ 51,569 million and ₩ 63,103 million, respectively.

(B) Maturities of unsecured borrowings outstanding as of December 31, 2023 are as follows:

<i>(In millions of Korean won)</i>	Non-collateralized Borrowings
Repayment in	
2024	1,012,236
2025	22,873,362
Total	23,885,598

(C) Maturities of lease liabilities outstanding as of December 31, 2023 are as follows:

<i>(In millions of Korean won)</i>	Lease liabilities
Repayment in	
2024	257,823
2025	178,055
2026	198,744
2027	149,858
2028 and thereafter	481,592
Total	1,266,072

Samsung Electronics Co., Ltd.

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13. Debentures

(A) Details of the carrying amounts of debentures as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	Issue date	Due date	Interest rate (%) as of Dec 31, 2023	December 31, 2023	December 31, 2022
US dollar denominated straight bonds ^(*)	Oct 2, 1997	Oct 1, 2027	7.7	25,788 (USD 20 million)	31,683 (USD 25 million)
Less: Discounts				(370)	(543)
Less: Current portion				(6,354)	(6,228)
Total				19,064	24,912

^(*) 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 in arrears.

(B) Repayment schedule of debentures outstanding as of December 31, 2023 are as follows:

<i>(In millions of Korean won)</i>	Debentures
Repayment in	
2024	6,447
2025	6,447
2026	6,447
2027	6,447
Total	25,788

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

14. Net Defined Benefit Liabilities (Assets)

- (A) Details of net defined benefit liabilities (assets) recognized in the statements of financial position as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Present value of funded defined benefit obligations	11,959,655	10,729,126
Present value of unfunded defined benefit obligations	22,672	29,546
Subtotal	11,982,327	10,758,672
Fair value of plan assets	(15,728,024)	(15,168,895)
Total	(3,745,697)	(4,410,223)

- (B) The components of defined benefit costs recognized in profit or loss for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Current service cost	962,366	1,030,033
Net interest income	(275,246)	(91,902)
Total	687,120	938,131

The amount recognized as expenses of defined contribution plans for the years ended December 31, 2023 and 2022 are ₩ 48,884 million and ₩ 36,580 million, respectively

- (C) The expenses related to the defined benefit plans recognized in the statements of profit or loss for the years ended December 31, 2023 and 2022 are as follows :

<i>(In millions of Korean won)</i>	2023	2022
Cost of sales	271,113	373,835
Selling and administrative expenses and other	416,007	564,296
Total	687,120	938,131

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(D) Changes in the defined benefit obligations for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	10,758,672	11,173,636
Current service cost	962,366	1,030,033
Interest cost	613,363	401,973
Remeasurement:		
Actuarial gains or losses arising from changes in demographic assumptions	(61,559)	-
Actuarial gains or losses arising from changes in financial assumptions	226,995	(1,779,803)
Other	117,800	356,672
Benefits paid	(653,343)	(455,787)
Other	18,033	31,948
Balance as of December 31	11,982,327	10,758,672

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(E) Changes in the fair value of plan assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	15,168,895	13,497,927
Interest income on plan assets	888,609	493,875
Remeasurement of plan assets	(494,687)	(249,943)
Contributions by employer	694,100	1,757,800
Benefits paid	(537,855)	(355,311)
Other	8,962	24,547
Balance as of December 31	15,728,024	15,168,895

The reasonable estimate of the employer contributions expected to be paid in 2024 in respect of the defined benefit plans as of December 31, 2023 is ₩ 1,347,628 million.

(F) As of December 31, 2023, plan assets are invested in fixed income instruments with guaranteed principal and others.

(G) The principal actuarial assumptions as of December 31, 2023 and 2022 are as follows:

<i>(In percentage)</i>	December 31, 2023	December 31, 2022
Discount rate	5.6	6.1
Salary growth rate (including the effects of inflation)	5.6	5.8

(H) The sensitivity analysis of the defined benefit obligations as of December 31, 2023 and 2022 to changes in the principal assumptions is as follows:

<i>(In millions of Korean won)</i>	Defined benefit obligations	
	December 31, 2023	December 31, 2022
Discount rate		
1%p increase	10,888,509	9,947,680
1%p decrease	13,258,187	11,689,622
Salary growth rate		
1%p increase	13,242,324	11,703,469
1%p decrease	10,880,916	9,922,271

(I) The weighted average maturity of the defined benefit obligations is 9.89 years as of December 31, 2023.

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15. Provisions

Changes in provisions for the year ended December 31, 2023 are as follows:

<i>(In millions of Korean won)</i>	Warranty (A)	Royalty expenses (B)	Long-term incentives (C)	Other (D, E)	Total
Balance as of January 1	587,665	1,546,606	549,181	2,799,204	5,482,656
Charged to profit or loss	815,216	573,194	348,381	2,052,943	3,789,734
Payment	(728,930)	(299,250)	(183,843)	(1,111,233)	(2,323,256)
Other	-	(4,612)	-	9,313	4,701
Balance as of December 31	673,951	1,815,938	713,719	3,750,227	6,953,835

- (A) The Company accrues warranty provisions for estimated costs of quality assurance, exchanges, repairs, recalls, and future services 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.
- (D) The Company records provisions for estimated losses from contracts associated with discontinued products.

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(E) The Company makes provisions for the emission in excess of the emission rights held by the Company. Details of emission rights and liabilities as of December 31, 2023 are as follows:

(1) The amount of emission rights allocated free of charge in the current commitment period and the estimated amount of emission as of December 31, 2023 are as follows:

<i>(In million metric tons)</i>	December 31, 2023
Emission rights allocated free of charge ^(*)	11.76
Estimated volume of emission	13.62

^(*) As of December 31, 2023, emission rights allocated free of charge for the remainder of the plan period are 22.34 million metric ton (2024: 11.17 million metric tons, 2025: 11.17 million metric tons).

(2) Changes in the emission rights for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	19,567	46,073
Acquisition	1,265	1,872
Utilization	(17,695)	(28,378)
Balance as of December 31^(*)	3,137	19,567

^(*) The quantity of emission rights is 39.64 million metric ton and no emission rights is provided as collateral as of December 31, 2023.

(3) Changes in the emission liabilities for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	32,825	45,049
Charged to the statement of profit or loss	(15,348)	16,154
Utilization	(17,477)	(28,378)
Balance as of December 31	-	32,825

16. Commitments and Contingencies

(A) Guarantees

(1) Debt guarantees provided by the Company for overseas subsidiaries as of December 31, 2023 are as follows:

(In millions of Korean won and thousands of US dollars)

Debtor	Creditor	Date of maturity	Amount of indebtedness	Guaranteed amount
SETK	BNP and others	Dec 16, 2024	413,744	1,182,380
SEMAG	SocGen and others	Dec 16, 2024	10,399	123,782
Other	Others	-	-	9,176,026
Total			424,143	10,482,188
			USD 328,958	USD 8,129,508

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- (2) The ceiling amount of guarantees provided by the Company for the execution of contracts by overseas subsidiaries is ₩ 478,560 million as of December 31, 2023.
- (3) The Company has not been provided any collateral or guarantees from its related parties as of December 31, 2023.

(B) Litigation

As of December 31, 2023, the Company is involved in various claims, disputes, and investigations conducted by regulatory bodies that arose during the normal course of business with numerous entities. Although the outflow of resources and timing of these matters are uncertain, the Company believes the outcome will not have a material impact on the financial position of the Company.

(C) Joint liabilities related to the divestiture

The Company, Samsung Display Co., Ltd. and others are jointly and severally liable to fulfill the debts of Samsung Display Co., Ltd. and others which relate to the periods prior to Samsung Display Co., Ltd.'s separation from the Company.

(D) Other commitments

- (1) As of December 31, 2023, the Company has trade financing agreements, trade notes receivable discounting facilities, and loan facilities secured by accounts receivable with 4 financial institutions, including Woori Bank, with a combined limit of ₩ 10,440,914 million. In addition, the Company has a trade financing agreement with 18 financial institutions, including Shinhan bank, with a limit of USD 8,908 million, and loan facilities secured by accounts receivable with 4 financial institutions, including Industrial Bank of Korea, with a limit of ₩ 470,602 million.
- (2) As of December 31, 2023, contractual commitments for the acquisition of property, plant and equipment and intangible assets amount to ₩ 6,962,653 million.

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17. Contract Liabilities

The Company has recognized contract liabilities related to contracts with customers as follows:

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Contract liabilities ^(*)	1,491,085	1,133,426

^(*) Contract liabilities include advances received, accrued expenses, other current liabilities and others.

The revenue recognized for the year ended December 31, 2023 in relation to the contract liabilities carried forward as of January 1, 2023 amounts to ₩ 262,592 million.

18. Share Capital

As of December 31, 2023, the Company's total number of authorized shares is 25,000,000,000 shares (₩ 100 per share). As well as its ordinary shares, the Company also has non-cumulative preference shares that are eligible for an additional 1% cash dividend over par value per annum compared to ordinary shares, but without voting rights. The Company has issued 5,969,782,550 shares of ordinary shares and 822,886,700 shares of preference shares as of December 31, 2023, excluding the number of retired shares. As of the December 31, 2023, the number of shares outstanding is the same as the number of shares aforementioned with no changes during the years ended December 31, 2023 and 2022. Due to the retirement of shares, the total par value of the shares issued which excludes the number of retired shares 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.

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19. Retained Earnings

(A) Retained earnings as of December 31, 2023 and 2022 consist of the following:

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Appropriated retained earnings		
Legal reserves:		
Earned profit reserves ^(*)	450,789	450,789
Discretionary reserves	201,484,221	185,870,540
Subtotal	201,935,010	186,321,329
Unappropriated retained earnings	18,028,341	18,066,687
Total	219,963,351	204,388,016

(*) The Commercial Code of the Republic of Korea requires the Company to appropriate as a legal reserve, an amount equal to a minimum of 10% of annual cash dividends declared, until the reserve equals 50% of the aggregate par value of issued capital stock. As of December 31, 2023, since the Company's profit reserves reached 50% of its capital stock, the Company has no obligation to appropriate additional amount.

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(B) Separate statements of appropriation of retained earnings for the years ended December 31, 2023 and 2022 are as follows:

The appropriation of retained earnings for the year ended December 31, 2023, is expected to be appropriated at the general shareholders' meeting to be held on March 20, 2024. The appropriation date for the year ended December 31, 2022 was March 15, 2023.

<i>(In millions of Korean won)</i>	2023	2022
Retained earnings before appropriations		
Unappropriated retained earnings carried over from prior year	30	30
Interim dividends:		
In 2023 - ₩ 1,083 (dividend rate: 1083%)	(7,356,461)	(7,356,461)
In 2022 - ₩ 1,083 (dividend rate: 1083%)		
Profit for the year	25,397,099	25,418,778
Disposal of financial assets measured at fair value through profit or loss	(12,327)	4,340
Retained earnings available for appropriation	18,028,341	18,066,687
Transfers from other reserves	-	-
Appropriations of retained earnings		
Cash dividends:	2,452,976	2,452,976
In 2023:		
Ordinary shares - ₩ 361 (dividend rate: 361%)		
Preference shares - ₩ 362 (dividend rate: 362%)		
In 2022:		
Ordinary shares - ₩ 361 (dividend rate: 361%)		
Preference shares - ₩ 362 (dividend rate: 362%)		
Reserve for research and human resources development	15,575,335	15,613,681
Total appropriations of retained earnings	18,028,311	18,066,657
Unappropriated retained earnings to be carried forward	30	30

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(C) Details of interim and year-end dividends are as follows:

(1) Interim dividends (Record date: March 31, June 30 and September 30, 2023 and 2022)

<i>(In millions of Korean won and number of shares)</i>		2023	2022	
1 st Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)	Ordinary/Preference	361%	361%
	Dividend amount	Ordinary shares	2,155,092	2,155,092
		Preference shares	297,062	297,062
	Total		2,452,154	2,452,154
2 nd Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)	Ordinary/Preference	361%	361%
	Dividend amount	Ordinary shares	2,155,092	2,155,092
		Preference shares	297,062	297,062
	Total		2,452,154	2,452,154
3 rd Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)	Ordinary/Preference	361%	361%
	Dividend amount	Ordinary shares	2,155,092	2,155,092
		Preference shares	297,062	297,062
	Total		2,452,154	2,452,154

(2) Year-end dividends (Record date: December 31, 2023 and 2022)

<i>(In millions of Korean won and number of shares)</i>		2023	2022
Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
	Preference shares	822,886,700	822,886,700
Dividend rate (based on par value)	Ordinary shares	361%	361%
	Preference shares	362%	362%
Dividend amount	Ordinary shares	2,155,092	2,155,092
	Preference shares	297,884	297,884
Total		2,452,976	2,452,976

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20. Other Components of Equity

Other components of equity as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	246,155	(122,644)
Remeasurement of net defined benefit assets	(2,483,547)	(1,910,996)
Others	1,760,408	1,760,408
Total	(476,984)	(273,232)

21. Expenses by Nature

Expenses by nature for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Changes in finished goods, work in process, and other	(1,557,583)	(10,475,794)
Raw materials used, merchandise purchased, and other	89,350,845	107,383,581
Wages and salaries	13,941,832	14,861,811
Post-employment benefit	736,004	974,711
Depreciation	25,619,594	24,311,940
Amortization	2,614,189	2,605,067
Welfare	3,307,047	3,220,421
Utilities	5,051,847	3,779,467
Outsourcing	3,791,485	3,623,225
Advertising	1,747,480	1,662,135
Sales promotion	1,298,806	1,385,835
Other	35,998,841	33,215,755
Total^(*)	181,900,387	186,548,154

^(*) Equal to sum of cost of sales and selling and administrative expenses in the separate statements of profit or loss.

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22. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Selling and administrative expenses		
Wages and salaries	2,541,935	2,308,767
Post-employment benefit	133,881	171,358
Commissions	3,566,826	2,652,491
Depreciation	468,454	412,787
Amortization	390,581	361,653
Advertising	1,747,480	1,662,135
Sales promotion	1,298,806	1,385,835
Transportation	541,902	790,774
Service	981,945	935,838
Other	2,352,176	2,333,072
Subtotal	14,023,986	13,014,710
Research and development expenses		
Research and development	23,852,849	20,944,051
Total	37,876,835	33,958,761

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23. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Other non-operating income		
Dividend income	29,096,899	3,952,338
Rental income	183,234	173,719
Gain on disposal of property, plant and equipment	105,553	115,861
Other	257,629	334,460
Total	29,643,315	4,576,378

<i>(In millions of Korean won)</i>	2023	2022
Other non-operating expenses		
Loss on disposal of property, plant and equipment	49,044	18,842
Donations	176,171	220,309
Other	150,508	57,193
Total	375,723	296,344

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24. Financial Income and Expenses

Details of financial income and expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Financial income		
Interest income	371,106	339,242
Financial assets measured at amortized cost	371,106	339,242
Foreign exchange differences	6,652,107	9,124,484
Gain from derivatives	365,451	270,573
Total	7,388,664	9,734,299

<i>(In millions of Korean won)</i>	2023	2022
Financial expenses		
Interest expenses	595,765	290,083
Financial liabilities measured at amortized cost	310,267	45,883
Other financial liabilities	285,498	244,200
Foreign exchange differences	7,002,694	9,351,659
Total	7,598,459	9,641,742

The Company recognizes foreign exchange gains and losses arising from foreign currency transactions and translation as financial income and expenses.

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25. Income Tax Expense

(A) Income tax expense for the years ended December 31, 2023 and 2022 consists of the following:

<i>(In millions of Korean won)</i>	2023	2022
Current taxes		
Current tax on profits for the year	337,983	5,926,928
Adjustments recognized in the current year	(487,822)	(449,536)
Subtotal	(149,839)	5,477,392
Deferred taxes		
Changes in deferred taxes arising from unused tax credits	(4,713,725)	(1,010,632)
Changes in deferred taxes arising from temporary differences	(2,073,330)	(193,618)
Changes in deferred taxes arising from unused tax losses	(928,705)	-
Subtotal	(7,715,760)	(1,204,250)
Income tax expense	(7,865,599)	4,273,142

(B) The difference between the income tax expense on the Company's profit before tax and the theoretical amount computed using the tax rate applicable to the Company's profit before tax is as follows:

<i>(In millions of Korean won)</i>	2023	2022
Profit before income tax	17,531,500	29,691,920
Tax calculated at tax rates applicable to profits^(*)	4,628,316	8,165,278
Adjustments:		
Non-taxable income	(7,340,802)	(47,446)
Non-deductible expense	6,256	507,992
Tax credits	(5,082,791)	(4,133,747)
Other	(76,578)	(218,935)
Subtotal	(12,493,915)	(3,892,136)
Income tax expense	(7,865,599)	4,273,142

(*) The statutory tax rate regulated by tax laws as of December 31, 2023 and 2022 is applied.

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(C) The movement in deferred income tax assets and liabilities for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022			
	Balance as of January 1	Increase (Decrease)	Balance as of December 31	Balance as of January 1		Increase (Decrease)
<i>(In millions of Korean won)</i>						
Deferred tax arising from temporary differences						
Revaluation of land	(898,505)	(182)	(898,687)	(936,822)	38,317	(898,505)
Investments in subsidiaries, associates and joint ventures ^(*1,2)	(819,038)	590,734	(228,304)	(853,165)	34,127	(819,038)
Accumulated depreciation and other	(1,634,038)	225,356	(1,408,682)	(675,483)	(958,555)	(1,634,038)
Accrued income	(2,487)	(1,077)	(3,564)	(14,879)	12,392	(2,487)
Provisions, accrued expenses, and other	3,613,572	1,819,455	5,433,027	3,052,034	561,538	3,613,572
Foreign currency translation	147,194	(22,342)	124,852	(1,461)	148,655	147,194
Asset impairment losses	184,282	(2,641)	181,641	220,916	(36,634)	184,282
Post-employment benefits	(1,427,630)	(451,597)	(1,879,227)	(1,675,673)	248,043	(1,427,630)
Other	624,180	(84,376)	539,804	478,445	145,735	624,180
Subtotal	(212,470)	2,073,330	1,860,860	(406,088)	193,618	(212,470)
Deferred tax arising from tax losses						
Unused tax losses	-	928,705	928,705	-	-	-
Deferred tax arising from unused tax credits						
Unused tax credits	1,625,525	4,713,725	6,339,250	614,893	1,010,632	1,625,525
Deferred tax recognized in equity						
Loss (gain) on valuation of financial assets at fair value through other comprehensive income and other	43,991	(132,286)	(88,295)	(34,358)	78,349	43,991
Remeasurement of net defined benefit assets	685,466	205,372	890,838	1,036,653	(351,187)	685,466
Subtotal	729,457	73,086	802,543	1,002,295	(272,838)	729,457
Total	2,142,512	7,788,846	9,931,358	1,211,100	931,412	2,142,512

(*1) Deferred tax assets are not recognized if it is probable that the temporary differences will not reverse in the foreseeable future for investments in subsidiaries, associates and joint ventures.

(*2) Difference in carrying amount for accounting and tax purposes for the shares of Samsung Display Co., Ltd., the Company's subsidiary, acquired through spin-off of the LCD division in the past. As of the reporting date, the Company does not have plans to dispose of its investments in Samsung Display Co., Ltd. As it is probable that the temporary differences of ₩1,086,822 million will not reverse in the foreseeable future, deferred tax assets were not recognized.

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(D) Details of the period when the deferred tax assets (liabilities) are expected to be recovered (settled) as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Net deferred tax assets to be recovered (settled) within 12 months	5,055,283	2,267,807
Net deferred tax assets (liabilities) to be recovered (settled) after more than 12 months	4,876,075	(125,295)
Total	9,931,358	2,142,512

(E) Global minimum top-up tax

The global minimum top-up is a system under which multinational companies with consolidated revenue of €750 million or more in at least two of the four preceding financial years are required to pay a substantial amount of tax to the tax authorities of the country in which the parent company resides if their effective tax rate in those countries is less than 15%.

The Republic of Korea, where the Company is domiciled, enacted the Global Minimum Tax Act in 2023, which requires the application of the Global Minimum Tax for accounting periods beginning on or after January 1, 2024.

The Company believes that it will be subject to the Global Minimum Tax Act, but as the Global Minimum Tax Act will be effective in the Republic of Korea from January 1, 2024, there is no impact on the Company's current income tax expense. In addition, the Company has applied the temporary exemption for deferred taxes under Korean IFRS 1012 and has not recognized any deferred tax assets or liabilities related to the global minimum tax law and has not disclosed any deferred tax information.

As the legislation in the countries where the Company's subsidiaries are located that are primarily affected by the global minimum top-up tax legislation has not been enacted or specific legislation is in the process of being enacted, it is not possible to reasonably estimate the impact on the Company as at December 31, 2023. Each of the Company's subsidiaries is reviewing the impact on its financial statements with tax experts in each country.

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26. Earnings per Share

(A) Basic earnings per share

Basic earnings per share for the years ended December 31, 2023 and 2022 are calculated as follows:

(1) Ordinary shares

<i>(In millions of Korean won, thousands of number of shares)</i>	2023	2022
Profit for the year	25,397,099	25,418,778
Profit for the year available for ordinary shares	22,319,686	22,338,739
Weighted-average number of ordinary shares outstanding	5,969,783	5,969,783
Basic earnings per ordinary share (in Korean won)	3,739	3,742

(2) Preference shares

<i>(In millions of Korean won, thousands of number of shares)</i>	2023	2022
Profit for the year	25,397,099	25,418,778
Profit for the year available for preference shares	3,077,413	3,080,039
Weighted-average number of preference shares outstanding	822,887	822,887
Basic earnings per preference share (in Korean won)	3,740	3,743

(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 years ended December 31, 2023 and 2022.

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27. Statements of Cash Flows

(A) The Company used the indirect method to present cash flows from operating activities. Adjustments and changes in assets and liabilities arising from operating activities for the years ended December 31, 2023 and 2022 are as follows:

- Adjustments

<i>(In millions of Korean won)</i>	2023	2022
Adjustments :		
Income tax expense (income)	(7,865,599)	4,273,142
Financial income	(995,482)	(1,224,148)
Financial expenses	1,316,292	1,565,955
Post-employment benefits	736,004	974,711
Depreciation	25,619,594	24,311,940
Amortization	2,614,189	2,605,067
Bad debt expense (reversal)	2,308	(178)
Dividend income	(29,096,899)	(3,952,338)
Gain on disposal of property, plant and equipment	(105,553)	(115,861)
Loss on disposal of property, plant and equipment	49,044	18,842
Loss on valuation of inventories and others	3,558,358	2,529,351
Others	74,820	52,905
Total	(4,092,924)	31,039,388

- Changes in assets and liabilities arising from operating activities

<i>(In millions of Korean won)</i>	2023	2022
Changes in assets and liabilities :		
Decrease (increase) in trade receivables	(6,883,154)	12,354,628
Decrease (increase) in non-trade receivables	612,652	(711,933)
Decrease (increase) in prepaid expenses	(339,588)	11,033
Increase in inventories	(4,399,456)	(14,337,291)
Decrease in trade payables	(701,579)	(2,494,560)
Increase (decrease) in other payables	(335,900)	1,522,457
Decrease in advances received	(18,100)	(154,042)
Decrease in withholdings	(77,884)	(101,231)
Increase (decrease) in accrued expenses	(1,677,917)	88,828
Increase in provisions	1,076,981	74,664
Payment of post-employment benefits	(702,328)	(492,366)
Increase in plan assets	(156,245)	(1,402,489)
Other	386,971	(1,225,967)
Total	(13,215,547)	(6,868,269)

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(B) Significant non-cash investing and financing transactions for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Valuation of financial assets at fair value through other comprehensive income	490,240	(285,585)
Reclassification of construction in progress to property, plant and equipment	38,188,436	30,539,179
Acquisition of right-of-use assets (new lease contracts established)	873,056	673,493
Reclassification of current portion of debentures and long-term borrowings	228,492	135,753

(C) Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022 are as follows:

(1) 2023

<i>(In millions of Korean won)</i>	As of January 1	Cash flows from financing activities	Non-cash transactions		As of December 31
			New lease contracts	Other^(*)	
Short-term borrowings	2,381,512	3,274,337	-	(30,686)	5,625,163
Debentures and long-term borrowings	815,644	21,804,684	567,652	(38,390)	23,149,590
Total	3,197,156	25,079,021	567,652	(69,076)	28,774,753

^(*) Other includes accreted interest and effects of changes in foreign currency exchange rates.

(2) 2022

<i>(In millions of Korean won)</i>	As of January 1	Cash flows from financing activities	Non-cash transactions		As of December 31
			New lease contracts	Other^(*)	
Short-term borrowings	9,204,268	(6,700,826)	-	(121,930)	2,381,512
Debentures and long-term borrowings	600,291	(155,264)	673,493	(302,876)	815,644
Total	9,804,559	(6,856,090)	673,493	(424,806)	3,197,156

^(*) Other includes accreted interest and effects of changes in foreign currency exchange rates.

For the years ended December 31, 2023 and 2022, cash outflows from repayment of the principal of lease liabilities (financial activities) amount to ₩ 178,979 million and ₩ 149,337 million, respectively, while cash outflows due to interest expenses (operating activities) in relation to the lease liabilities amount to ₩ 28,282 million and ₩ 10,876 million, respectively.

(D) The Company recorded cash inflows and outflows from short-term financial instruments with frequent transactions, large gross amounts and short-term maturities, as well as from short-term borrowings on a net basis. As of December 31, 2023, most of the Company's cash and cash equivalents consist mainly of bank deposits.

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28. Financial Risk Management

The Company manages its financial risks with a focus on minimizing market risk, credit risk, liquidity risk and other risks arising from its operating activities. To this end, the Company closely monitors and responds to each risk factor.

The Company establishes global financial management standards and manages the risks by periodically measuring customer's and counterparties' financial risk, applying currency hedges, and reviewing cash flows.

The Company also manages foreign exchange risk by monitoring foreign exchange rate fluctuations through local financial centers in the major regions (United States, United Kingdom, Singapore, China, Brazil, and Russia), which act as an agent for the subsidiaries in each region to manage foreign exchange transactions. In addition, local finance centers in the major regions respond to liquidity risk through a regionally integrated financial structure.

The Company's financial assets subject to financial risk management consist of cash and cash equivalents, short-term financial instruments, financial assets at amortized cost, trade receivables and others, while its financial liabilities consist of trade payables, borrowings, and others.

(A) Market risk

(1) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from its global operations through transactions in currencies other than its functional currency. The main currencies in which the Company is exposed to foreign exchange risk are the US dollar and European Euro.

The Company focuses on minimizing the impact of foreign exchange fluctuation by matching levels of assets and liabilities denominated in each foreign currency. To minimize exchange position, the Company's foreign exchange management policy requires normal business transactions, including import and export, as well as financing transactions such as depositing and borrowing, to be in local currency or match as closely as possible cash inflows and outflows incurred in the respective foreign currencies. This reduces but does not eliminate, the foreign exchange risk to which the Company is exposed. Moreover, the Company periodically evaluates and monitors the foreign exchange risk to efficiently mitigate such risk, and the speculative foreign exchange transactions are strictly prohibited.

As of December 31, 2023 and 2022, the impact on profit or loss (before tax) of a 5% change in exchange rates on the Company's financial assets and financial liabilities denominated in a major foreign currency other than the functional currency would be as follows:

<i>(In millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	Increase	Decrease	Increase	Decrease
USD	201,224	(201,224)	77,795	(77,795)
EUR	(25,356)	25,356	(53,114)	53,114

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(2) Interest rate risk

Interest rate risk for floating interest rate financial instruments can be defined as the risk of changes in the fair value of components of the statements of financial position due to changes in the market interest rates, and the risk of changes in the future cash flows of interest income and expenses arising from investing and financing activities. The Company's exposure to interest rate risk arises primarily from interest-bearing deposits and floating interest rate debt obligations, and the Company manages its exposure to interest rate risk to minimize uncertainty and cost of financing resulting from changes in interest rates.

(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, which is in line with the Company's strategy.

As of December 31, 2023 and 2022, price fluctuation of marketable equity securities (listed stocks) by 1% would result in changes in other comprehensive income (before income tax) of ₩ 17,573 million and ₩ 12,479 million, respectively.

(B) Credit risk

Credit risk arises during the normal course of transactions and investing activities where customers or other parties fail to discharge an obligation. The Company monitors and sets the customer's and counterparty's credit limit on a periodic basis based on the customer's and counterparty's financial conditions, default history and other 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 including 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 new transactions with financial institutions which the Company does not have an existing relationship are subject to the completion of risk assessments prior to commencement of transactions. The Company generally enters into financial agreements without restrictions, such as debt ratio covenants, provision of collateral and/or repayment of loans/ borrowings, and otherwise separate approvals are obtained.

The carrying amount of the Company's financial assets net of impairment losses is the Company's maximum exposure to credit risk.

(C) Liquidity risk

Liquidity risk is the risk that a company will have difficulty in meeting all its financial obligations. The Company's main sources of liquidity are cash generated from operations and funds raised from the capital markets and financial institutions, while its main liquidity needs are for investments in production, research and development, working capital and dividends. Due to the nature of the Company's business, which involves large investments, maintaining adequate levels of liquidity is critical. The Company maintains and manages adequate liquidity through forecasting periodic cash flows, estimating required cash levels, and monitoring inflows and outflows of cash.

The Company has established Cash Pooling by region to respond effectively to liquidity risks, even when individual companies within a region are underfunded. Cash Pooling is a system that shares funds between underfunded and overfunded companies, minimizing the liquidity risk of individual companies, easing the burden of fund management, and reducing financial costs.

In addition, the Company has secured credit lines for its overseas subsidiaries by means of payment guarantees from the

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head office in the event of large liquidity needs, and, at the end of the period, the Company had investment grade ratings of Aa2 from Moody's and AA- from S&P, enabling it to raise funds on the capital market in a timely manner.

As of December 31, 2023 and 2022, the maturity analysis of financial liabilities, based on the remaining period from the reporting date to the contractual maturity date, is as follows:

<i>(In millions of Korean won)</i>	December 31, 2023				
	Less than 3 months	~ 6 months	~ 1 year	1 - 5 years	More than 5 years
Financial liabilities	32,311,019	374,370	980,835	27,454,095	1,378,061

<i>(In millions of Korean won)</i>	December 31, 2022				
	Less than 3 months	~ 6 months	~ 1 year	1 - 5 years	More than 5 years
Financial liabilities	31,354,944	316,725	1,096,183	2,431,415	472,135

The cash flows included in the maturity classification, based on the remaining period to the contractual maturity date, are undiscounted expected cash outflows.

The maximum amount of liquidity risk in the form of payment and performance guarantees provided to subsidiaries as of December 31, 2023 and 2022, other than the financial liabilities mentioned above, is ₩ 10,960,748 million and ₩ 10,793,412 million, respectively.

(D) Capital risk management

The purpose of capital management is to maintain a sound capital structure and protect the Company's ability to continue to provide benefits to its shareholders and stakeholders as a going concern. The Company monitors capital on the basis of credit ratings and debt ratio.

The Company has maintained an AA- and Aa2 credit rating from S&P and Moody's, respectively.

The debt ratio as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023	December 31, 2022
Total liabilities	72,069,515	50,667,559
Total equity	224,787,774	209,416,191
Debt ratio	32.1%	24.2%

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(E) Fair value measurement

- (1) Carrying amounts and fair value of financial instruments by category as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	6,061,451	(*)	3,921,593	(*)
Short-term financial instruments	50,071	(*)	137	(*)
Trade receivables	27,363,016	(*)	20,503,223	(*)
Financial assets at fair value through other comprehensive income	1,854,503	1,854,503	1,364,325	1,364,325
Financial assets at fair value through profit or loss	1	1	283	283
Other ^(*)2)	5,365,519	393,235	5,470,355	(*)
Total financial assets	40,694,561		31,259,916	
Financial liabilities				
Trade payables	7,943,834	(*)	8,729,315	(*)
Short-term borrowings	5,625,163	(*)	2,381,512	(*)
Other payables	15,015,578	(*)	18,324,604	(*)
Current portion of long-term liabilities	228,491	6,757	135,753	6,580
- Long-term borrowing	222,137	(*)3)	129,525	(*)3)
- Debentures	6,354	6,757	6,228	6,580
Debentures	19,064	21,695	24,912	27,845
Long-term borrowings	22,902,035	(*)3)	654,979	(*)3)
Long-term other payables	4,486,390	(*)	2,083,790	(*)
Other	3,652,969	(*)	3,145,473	(*)
Total financial liabilities	59,873,524		35,480,338	

(*)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 ₩ 4,972,284 million as at December 31, 2023, which is a reasonable estimate of fair value, are excluded from the fair value disclosures.

(*)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.

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- (2) Fair value hierarchy classifications of the financial instruments that are measured at or only disclosed their fair value as of December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023			
	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through other comprehensive income	1,757,336	-	97,167	1,854,503
Financial assets at fair value through profit or loss	-	-	1	1
Other	-	-	393,235	393,235
Liabilities				
Current portion of debentures	-	6,757	-	6,757
Debentures	-	21,695	-	21,695

<i>(In millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through other comprehensive income	1,247,882	-	116,443	1,364,325
Financial assets at fair value through profit or loss	-	-	283	283
Liabilities				
Current portion of debentures	-	6,580	-	6,580
Debentures	-	27,845	-	27,845

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 reporting 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. 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 is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of 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.

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The Company performs the fair value measurements required for financial reporting purposes, including Level 3 fair values, and discusses valuation processes and results in line with the financial reporting timelines. 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 reporting date, with the resulting value discounted to present value

Other techniques, such as discounted cash flow analysis, binomial distribution model, etcetera, 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 proper interest rates 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 as of December 31, 2023.

(In millions of Korean won, and percentage)

Classification	Fair value	Valuation technique	Level 3 inputs	Input range
Financial assets at fair value through other comprehensive income				
Samsung Venture Investment	32,286	Discounted cash flow	Permanent growth rate	1.0%
			Weighted average cost of capital	17.1%
MiCo Ceramics Co., Ltd.	33,973	Discounted cash flow	Permanent growth rate	0.0%
			Weighted average cost of capital	15.8%
Call option on equity instruments	393,235	Binomial model	Risk-free rate	3.2%
			Price Variance	69.5%

(4) Changes in Level 3 instruments for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Financial assets		
Balance as of January 1	116,726	120,347
Acquisitions	27,784	-
Disposals	(343)	(12,720)
Amount recognized in profit or loss	365,451	(108)
Amount recognized in other comprehensive income	(19,215)	22,926
Other	-	(13,719)
Balance as of December 31	490,403	116,726

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(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 income or loss before tax from changes in inputs for major financial instruments which are categorized within Level 3 and subject to sensitivity analysis are as follows:

<i>(In millions of Korean won)</i>	Favorable changes		Unfavorable changes	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets at fair value through other comprehensive income ^(*)	-	2,792	-	(2,458)
Other ^(*)	97,309	-	(96,785)	-

^(*) For equity securities, changes in fair value are calculated with the correlation between the discount rate and growth rate (-1.0% ~1.0%), which are significant unobservable inputs.

^(*) Changes in fair value were calculated based on the correlation between underlying asset price (20%) and price volatility (10%), which are significant unobservable inputs.

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29. Segment Information

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

Revenue consists mostly of product sales. 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 DX, DS, and others.

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 year ended December 31, 2023

<i>(In millions of Korean won)</i>	DX	DS	Total^(*)
Revenue	106,661,889	65,438,933	170,374,090
Depreciation	534,813	24,882,772	25,619,592
Amortization	1,682,132	696,457	2,614,189
Operating profit	5,256,921	(16,788,154)	(11,526,297)

(*) Other operating segments are not separately disclosed.

(2) For the year ended December 31, 2022

<i>(In millions of Korean won)</i>	DX	DS	Total^(*)
Revenue	117,257,647	97,102,386	211,867,483
Depreciation	542,437	23,589,388	24,311,940
Amortization	1,631,289	754,791	2,605,067
Operating profit	3,083,254	22,232,180	25,319,329

(*) Other operating segments are not separately disclosed.

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30. Related Party Transactions

(A) Subsidiaries

List of subsidiaries as of December 31, 2023 are as follows:

Region	Subsidiaries	Business	Percentage of ownership (%) ^(*)
	Samsung Electronics America, Inc. (SEA)	Sale of electronic devices	100.0
	Samsung International, Inc. (SII)	Manufacture of electronic devices	100.0
	Samsung Mexicana S.A. de C.V (SAMEX)	Manufacture of electronic devices	100.0
	Samsung Electronics Home Appliances America, LLC (SEHA)	Manufacture of home appliances	100.0
	Samsung Research America, Inc (SRA)	R&D	100.0
	SAMSUNG NEXT LLC (SNX)	Management of overseas subsidiaries	100.0
	SAMSUNG NEXT FUND LLC (SNXF)	Venture capital investment fund	100.0
	NeuroLogica Corp.	Manufacture and sale of medical equipment	100.0
	Samsung HVAC America, LLC	Sale of air conditioning products	100.0
	Joyent, Inc.	Cloud services	100.0
	SmartThings, Inc.	Sale of smart home electronics	100.0
	TeleWorld Solutions, Inc. (TWS)	Installation of network devices	100.0
	Samsung Semiconductor, Inc. (SSI)	Sale of semiconductor and display panels	100.0
	Samsung Federal, Inc. (SFI)	R&D	100.0
	Samsung Austin Semiconductor LLC. (SAS)	Manufacture of semiconductors	100.0
	Samsung Oak Holdings, Inc. (SHI)	Management of overseas subsidiaries	100.0
	SEMES America, Inc.	Semiconductor equipment maintenance	100.0
America	Samsung Display America Holdings, Inc. (SDAH)	Management of overseas subsidiaries	100.0
	eMagin Corporation	Development and manufacture of display panel	100.0
	Samsung Electronics Canada, Inc. (SECA)	Sale of electronic devices	100.0
	AdGear Technologies Inc.	Digital advertising platforms	100.0
	Samsung Eletronica da Amazonia Ltda. (SEDA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Mexico S.A. De C.V. (SEM)	Sale of electronic devices	100.0
	Samsung Electronics Digital Appliance Mexico, SA de CV (SEDAM)	Manufacture of home appliances	100.0
	Samsung Electronics Latinoamerica (Zona Libre), S. A. (SELA)	Sale of electronic devices	100.0
	Samsung Electronics Latinoamerica Miami, Inc. (SEMI)	Sale of electronic devices	100.0
	Samsung Electronica Colombia S.A. (SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronics Argentina S.A. (SEASA)	Marketing and related services	100.0
	Samsung Electronics Chile Limitada (SECH)	Sale of electronic devices	100.0
	Samsung Electronics Peru S.A.C. (SEPR)	Sale of electronic devices	100.0
	Samsung Electronics Venezuela, C.A. (SEVEN)	Marketing and related services	100.0
	Samsung Electronics Panama. S.A. (SEPA)	Consulting	100.0
	Harman International Industries, Inc.	Management of overseas subsidiaries	100.0
	Harman Becker Automotive Systems, Inc.	Manufacture and sale of audio products, R&D	100.0
	Harman Connected Services, Inc.	Connected service provider	100.0

^(*) Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

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Region	Subsidiaries	Business	Percentage of ownership (%) ^(*)
	Harman Connected Services Engineering Corp.	Connected service provider	100.0
	Harman da Amazonia Industria Eletronica e Participacoes Ltda.	Manufacture and sale of audio products	100.0
	Harman de Mexico, S. de R.L. de C.V.	Manufacture of audio products	100.0
	Harman do Brasil Industria Eletronica e Participacoes Ltda.	Sale of audio products, R&D	100.0
	Harman Financial Group LLC	Management company	100.0
America	Harman International Industries Canada Ltd.	Sale of audio products	100.0
	Harman International Mexico, S. de R.L. de C.V.	Sale of audio products	100.0
	Harman KG Holding, LLC	Management of overseas subsidiaries	100.0
	Harman Professional, Inc.	Sale of audio products, R&D	100.0
	Roon Labs, LLC.	Sale of audio products	100.0
	Beijing Integrated Circuit Industry International Fund, L.P	Venture capital investment fund	61.4
	China Materialia New Materials 2016 Limited Partnership	Venture capital investment fund	99.0

^(*) Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

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Region	Subsidiaries	Business	Percentage of ownership (%) ^(*)
	Samsung Electronics (UK) Ltd. (SEUK)	Sale of electronic devices	100.0
	Samsung Electronics Ltd. (SEL)	Management of overseas subsidiaries	100.0
	Samsung Semiconductor Europe Limited (SSEL)	Sale of semiconductor and display panels	100.0
	Samsung Electronics GmbH (SEG)	Sale of electronic devices	100.0
	Samsung Electronics Holding GmbH (SEHG)	Management of overseas subsidiaries	100.0
	Samsung Semiconductor Europe GmbH (SSEG)	Sale of semiconductor and display panels	100.0
	Samsung Electronics France S.A.S (SEF)	Sale of electronic devices	100.0
	Samsung Electronics Italia S.P.A. (SEI)	Sale of electronic devices	100.0
	Samsung Electronics Iberia, S.A. (SESA)	Sale of electronic devices	100.0
	Samsung Electronics Portuguesa, Unipessoal, Lda. (SEP)	Sale of electronic devices	100.0
	Samsung Electronics Hungarian Private Co. Ltd. (SEH)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Europe Logistics B.V. (SELS)	Logistics	100.0
	Samsung Electronics Benelux B.V. (SEBN)	Sale of electronic devices	100.0
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	Management of overseas subsidiaries	100.0
	Samsung Electronics Nordic Aktiebolag (SENA)	Sale of electronic devices	100.0
	Samsung Electronics Slovakia s.r.o (SESK)	Manufacture of TV and monitors	100.0
	Samsung Display Slovakia, s.r.o., v likvidácii (SDSK)	Toll processing of display panel	100.0
	Samsung Electronics Polska, SP.Zo.o (SEPOL)	Sale of electronic devices	100.0
	Samsung Electronics Poland Manufacturing SP.Zo.o (SEPM)	Manufacture of home appliances	100.0
Europe & CIS	Samsung Electronics Romania LLC (SEROM)	Sale of electronic devices	100.0
	Samsung Electronics Austria GmbH (SEAG)	Sale of electronic devices	100.0
	Samsung Electronics Switzerland GmbH (SESG)	Sale of electronic devices	100.0
	Samsung Electronics Czech and Slovak s.r.o. (SECZ)	Sale of electronic devices	100.0
	SAMSUNG ELECTRONICS BALTICS SIA (SEB)	Sale of electronic devices	100.0
	Samsung Electronics Greece S.M.S.A (SEGR)	Sale of electronic devices	100.0
	Samsung Electronics Air Conditioner Europe B.V. (SEACE)	Sale of air conditioning products	100.0
	Samsung Nanoradio Design Center (SNDC)	R&D	100.0
	Samsung Denmark Research Center ApS (SDRC)	R&D	100.0
	Samsung Cambridge Solution Centre Limited (SCSC)	R&D	100.0
	SAMSUNG Zhilabs, S.L.	Development and sale of network solution	100.0
	FOODIENT LTD.	R&D	100.0
	Samsung Electronics Rus Company LLC (SERC)	Sale of electronic devices	100.0
	Samsung Electronics Rus Kaluga LLC (SERK)	Manufacture of TV	100.0
	Samsung Electronics Ukraine Company LLC (SEUC)	Sale of electronic devices	100.0
	Samsung R&D Institute Ukraine (SRUKR)	R&D	100.0
	Samsung Electronics Central Eurasia LLP (SECE)	Sale of electronic devices	100.0
	Samsung Electronics Overseas B.V. (SEO)	Sale of electronic devices	100.0
	Samsung R&D Institute Rus LLC (SRR)	R&D	100.0
	Samsung Electronics Caucasus Co. Ltd (SECC)	Marketing	100.0
	Samsung Electronics Uzbekistan Ltd. (SEUZ)	Marketing	100.0

^(*) Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

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Region	Subsidiaries	Business	Percentage of ownership (%) ^(*)
	AKG Acoustics GmbH	Manufacture and sale of audio products	100.0
	Apostera UA, LLC	Connected Service Provider	100.0
	Harman Audio Iberia Espana Sociedad Limitada	Sale of audio products	100.0
	Harman Becker Automotive Systems GmbH	Manufacture and sale of audio products, R&D	100.0
	Harman Becker Automotive Systems Italy S.R.L.	Sale of audio products	100.0
	Harman Becker Automotive Systems Manufacturing Kft	Manufacture of audio products, R&D	100.0
	Harman Belgium SA	Sale of audio products	100.0
	Harman Connected Services AB.	Connected service provider	100.0
	Harman Finland Oy	Connected service provider	100.0
	Harman Connected Services GmbH	Connected service provider	100.0
	Harman Connected Services Poland Sp.zoo	Connected service provider	100.0
	Harman Connected Services UK Ltd.	Connected service provider	100.0
	Harman Consumer Nederland B.V.	Sale of audio products	100.0
Europe & CIS	Harman Deutschland GmbH	Sale of audio products	100.0
	Harman France SNC	Sale of audio products	100.0
	Harman Holding GmbH & Co. KG	Management company	100.0
	Harman Hungary Financing Ltd.	Financing company	100.0
	Harman Inc. & Co. KG	Management of overseas subsidiaries	100.0
	Harman International Estonia OU	R&D	100.0
	Harman International Industries Limited	Sale of audio products, R&D	100.0
	Harman International Romania SRL	R&D	100.0
	Harman Management GmbH	Management of overseas subsidiaries	100.0
	Harman Professional Kft	Manufacture of audio products, R&D	100.0
	Harman Professional Denmark ApS	Sale of audio products, R&D	100.0
	Red Bend Software SAS	Software design	100.0
	Studer Professional Audio GmbH	Sale of audio products, R&D	100.0
	Harman Connected Services OOO	Connected service provider	100.0
	Harman RUS CIS LLC	Sale of audio products	100.0
	Samsung Gulf Electronics Co., Ltd. (SGE)	Sale of electronic devices	100.0
	Samsung Electronics Turkiye (SETK)	Sale of electronic devices	100.0
	Samsung Electronics Industry and Commerce Ltd. (SETK-P)	Manufacture of electronic devices	100.0
	Samsung Electronics Levant Co., Ltd. (SELV)	Sale of electronic devices	100.0
	Samsung Electronics Maghreb Arab (SEMAG)	Sale of electronic devices	100.0
	Samsung Electronics Egypt S.A.E (SEEG)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Israel Ltd. (SEIL)	Marketing	100.0
Middle East & Africa	Samsung Electronics Tunisia S.A.R.L (SETN)	Marketing	100.0
	Samsung Electronics Pakistan(Private) Ltd. (SEPAK)	Marketing	100.0
	Samsung Electronics Saudi Arabia Ltd. (SESAR)	Sale of electronic devices	100.0
	Samsung Semiconductor Israel R&D Center, Ltd. (SIRC)	R&D	100.0
	Corephotonics Ltd.	R&D	100.0
	Samsung Electronics South Africa(Pty) Ltd. (SSA)	Sale of electronic devices	100.0
	Samsung Electronics South Africa Production (Pty) Ltd. (SSAP)	Manufacture of TV and monitors	100.0
	Samsung Electronics West Africa Ltd. (SEWA)	Marketing	100.0
	Samsung Electronics East Africa Ltd. (SEEA)	Marketing	100.0
	Global Symphony Technology Group Private Ltd.	Management of overseas subsidiaries	100.0

^(*) Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Region	Subsidiaries	Business	Percentage of ownership (%) ^(*)
Middle East & Africa	Harman Connected Services Morocco	Connected service provider	100.0
	Harman Industries Holdings Mauritius Ltd.	Management of overseas subsidiaries	100.0
	Red Bend Ltd.	Manufacture of audio products	100.0
	Samsung Asia Pte. Ltd. (SAPL)	Management of overseas subsidiaries	100.0
	Samsung Electronics Singapore Pte. Ltd. (SESP)	Sale of electronic devices	100.0
	Samsung Malaysia Electronics (SME) Sdn. Bhd. (SME)	Sale of electronic devices	100.0
	Samsung Electronics Display (M) Sdn. Bhd. (SDMA)	Manufacture of electronic devices	100.0
	Samsung Electronics (M) Sdn. Bhd. (SEMA)	Manufacture of home appliances	100.0
	Samsung Vina Electronics Co., Ltd. (SAVINA)	Sale of electronic devices	100.0
	Samsung Electronics Vietnam Co., Ltd. (SEV)	Manufacture of electronic devices	100.0
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	Manufacture of communication equipment	100.0
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	Manufacture and sale of electronic devices	100.0
	Samsung Display Vietnam Co., Ltd. (SDV)	Manufacture of display panels	100.0
	DOWOINSYS VINA COMPANY LIMITED	Manufacture of display panel components	100.0
	PT Samsung Electronics Indonesia (SEIN)	Manufacture and sale of electronic devices	100.0
	PT Samsung Telecommunications Indonesia (STIN)	Sale of electronic devices and services	100.0
	Thai Samsung Electronics Co., Ltd. (TSE)	Manufacture and sale of electronic devices	91.8
	Laos Samsung Electronics Sole Co., Ltd (LSE)	Marketing	100.0
Asia (Excluding China)	Samsung Electronics Philippines Corporation (SEPCO)	Sale of electronic devices	100.0
	Samsung Electronics Australia Pty. Ltd. (SEAU)	Sale of electronic devices	100.0
	Samsung Electronics New Zealand Limited (SENZ)	Sale of electronic devices	100.0
	Samsung India Electronics Private Ltd. (SIEL)	Manufacture and sale of electronic devices	100.0
	Red Brick Lane Marketing Solutions Pvt. Ltd.	Marketing	100.0
	Samsung Display Noida Private Limited (SDN)	Manufacture of display panels	100.0
	Samsung R&D Institute India-Bangalore Private Limited (SRI-Bangalore)	R&D	100.0
	Samsung R&D Institute Bangladesh Limited (SRBD)	R&D	100.0
	Samsung Nepal Services Pvt. Ltd. (SNSL)	Service	100.0
	Samsung Japan Corporation (SJC)	Sale of semiconductor and display panels	100.0
	Samsung R&D Institute Japan Co., Ltd. (SRJ)	R&D	100.0
	Samsung Electronics Japan Co., Ltd. (SEJ)	Sale of electronic devices	100.0
	Harman Connected Services Corp. India Pvt. Ltd.	Connected service provider	100.0
	Harman International (India) Private Limited	Sale of audio products, R&D	100.0
	Harman International Industries PTY Ltd.	Management of overseas subsidiaries	100.0
	Harman International Japan Co., Ltd.	Sale of audio products, R&D	100.0
	Harman Singapore Pte. Ltd.	Sale of audio products	100.0

^(*) Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Region	Subsidiaries	Business	Percentage of ownership (%) ^(*)
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	Sale of electronic devices	100.0
	Samsung Electronics Hong Kong Co., Ltd. (SEHK)	Sale of electronic devices	100.0
	Samsung Electronics Taiwan Co., Ltd. (SET)	Sale of electronic devices	100.0
	Tianjin Samsung Electronics Co., Ltd. (TSEC)	Manufacture of TV and monitors	91.2
	Suzhou Samsung Electronics Co., Ltd. (SSEC)	Manufacture of home appliances	88.3
	Samsung Suzhou Electronics Export Co., Ltd. (SSEC-E)	Manufacture of home appliances	100.0
	Samsung Electronics Suzhou Computer Co., Ltd. (SESC)	R&D	100.0
	Tianjin Samsung Telecom Technology Co., Ltd. (TSTC)	Manufacture of communication equipment	90.0
	Beijing Samsung Telecom R&D Center (SRC-Beijing)	R&D	100.0
	Samsung Electronics China R&D Center (SRC-Nanjing)	R&D	100.0
	Samsung Mobile R&D Center China-Guangzhou (SRC-Guangzhou)	R&D	100.0
	Samsung R&D Institute China-Shenzhen (SRC-Shenzhen)	R&D	100.0
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	Sale of semiconductor and display panels	100.0
	Samsung (China) Semiconductor Co., Ltd. (SCS)	Manufacture of semiconductors	100.0
China	Samsung SemiConductor Xian Co., Ltd. (SSCX)	Sale of semiconductor and display panels	100.0
	Samsung Electronics Suzhou Semiconductor Co., Ltd. (SESS)	Toll processing of semiconductor	100.0
	Tianjin Samsung LED Co., Ltd. (TSLED)	Manufacture of LED	100.0
	Samsung Semiconductor (China) R&D Co., Ltd. (SSCR)	R&D	100.0
	Samsung Display Dongguan Co., Ltd. (SDD)	Manufacture of display panels	100.0
	Samsung Display Tianjin Co., Ltd. (SDT)	Manufacture of display panels	95.0
	SEMES (XIAN) Co., Ltd.	Semiconductor equipment services	100.0
	Samsung Semiconductor Investment L.P.I	Venture capital investment fund	99.0
	Harman (China) Technologies Co., Ltd.	Manufacture of audio products	100.0
	Harman (Suzhou) Audio and Infotainment Systems Co., Ltd.	Sale of audio products	100.0
	Harman Automotive Electronic Systems (Suzhou) Co., Ltd.	Manufacture of audio products, R&D	100.0
	Harman Commercial (Shanghai) Co., Ltd.	Sale of audio products	100.0
	Harman Connected Services Solutions (Chengdu) Co., Ltd.	Connected Service Provider	100.0
	Harman Holding Limited	Sale of audio products	100.0
	Harman International (China) Holdings Co., Ltd.	Sale of audio products, R&D	100.0
	Harman Technology (Shenzhen) Co., Ltd.	Sale of audio products, R&D	100.0

(*) Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Region	Subsidiaries	Business	Percentage of ownership (%) ^(*)
	Samsung Display Co., Ltd.	Manufacture and sale of display panels	84.8
	SU Materials	Manufacture of display components	50.0
	STECO Co., Ltd.	Manufacture of semiconductor components	70.0
	SEMES Co., Ltd.	Manufacture and sale of semiconductor/FPD	91.5
	Samsung Electronics Service Co., Ltd.	Repair services for electronic devices	99.3
	Samsung Electronics Service Customer Satisfaction Co., Ltd.	Call center for repair services for electronic devices	100.0
	Samsung Electronics Sales Co., Ltd.	Sale of electronic devices	100.0
	Samsung Electronics Logitech Co., Ltd.	General logistics agency	100.0
	Samsung Medison Co., Ltd.	Manufacture and sale of medical equipment	68.5
	Stellar Forest Co., Ltd.	Manufacture and processing of food products	100.0
	Mirero System Co., Ltd.	Development and supply of semiconductor process defect and quality control software	99.9
	Dowooinssys Co., Ltd.	Manufacture of display components	69.0
	Gf-System Co., Ltd.	Manufacture of display components	100.0
	Harman International Korea	Software development and supply	100.0
	Samsung Venture Capital Union #21	Venture capital investment fund	99.0
	Samsung Venture Capital Union #22	Venture capital investment fund	99.0
	Samsung Venture Capital Union #26	Venture capital investment fund	99.0
Domestic	Samsung Venture Capital Union #28	Venture capital investment fund	99.0
	Samsung Venture Capital Union #29	Venture capital investment fund	99.0
	Samsung Venture Capital Union #32	Venture capital investment fund	99.0
	Samsung Venture Capital Union #33	Venture capital investment fund	99.0
	Samsung Venture Capital Union #37	Venture capital investment fund	99.0
	Samsung Venture Capital Union #40	Venture capital investment fund	99.0
	Samsung Venture Capital Union #42	Venture capital investment fund	99.0
	Samsung Venture Capital Union #43	Venture capital investment fund	99.0
	Samsung Venture Capital Union #45	Venture capital investment fund	99.0
	Samsung Venture Capital Union #48	Venture capital investment fund	99.0
	Samsung Venture Capital Union #52	Venture capital investment fund	99.0
	Samsung Venture Capital Union #55	Venture capital investment fund	99.0
	Samsung Venture Capital Union #56	Venture capital investment fund	99.0
	Samsung Venture Capital Union #57	Venture capital investment fund	99.0
	Samsung Venture Capital Union #62	Venture capital investment fund	99.0
	Growth Type Private Equity Trust Specialized in Semiconductors	Investment in semiconductor industry	66.7
	System LSI Mutual Benefit Private Equity Trust	Investment in semiconductor industry	62.5
	Semiconductor Ecosystem General Private Equity Trust	Investment in semiconductor industry	66.7

^(*) Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(B) Sale and purchase transactions

Sale and purchase transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	Name of company ^(*)	2023			
		Sales and other	Disposal of non- current assets	Purchases and other	Purchase of non- current assets
	Samsung Display Co., Ltd.	347,653	-	1,842,995	10,406
	Samsung Electronics America, Inc. (SEA)	29,881,238	-	222,087	-
	Samsung Asia Pte. Ltd. (SAPL)	16,989,574	-	21,813	-
	Harman and its subsidiaries ^(*)	938	-	56,890	-
	Samsung Austin Semiconductor LLC. (SAS)	2,823	4,610	4,109,744	1,657
	Samsung (China) Semiconductor Co., Ltd. (SCS)	83,033	38,085	8,691,615	12,435
	Samsung Semiconductor, Inc. (SSI)	21,587,458	-	682,687	-
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	4,338,706	196	20,044,847	591
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	4,892,443	-	10,186	-
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	671,024	-	-	-
	Samsung India Electronics Private Ltd. (SIEL)	3,714,751	210	4,636,864	-
	Samsung Display Vietnam Co., Ltd. (SDV)	1,496,684	-	-	-
	Samsung Electronics Vietnam Co., Ltd. (SEV)	2,434,796	18	13,251,399	774
Subsidiaries	Samsung Eletronica da Amazonia Ltda. (SEDA)	1,449,960	-	13,791	-
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	15,336,448	-	-	-
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	542,912	4,101	5,209,254	-
	Thai Samsung Electronics Co., Ltd. (TSE)	2,085,433	-	2,062,771	-
	Samsung Electronics (UK) Ltd. (SEUK)	1,762,387	-	109,697	-
	SEMES Co., Ltd.	7,285	-	2,245,344	-
	Samsung Electronics Mexico S.A. De C.V. (SEM)	2,668,921	-	7,501	-
	Samsung Electronics GmbH (SEG)	3,620,706	-	7,018	-
	Samsung International, Inc. (SII)	264,826	51	6,397,400	-
	Samsung Electronics Taiwan Co., Ltd. (SET)	3,500,155	-	1,261	-
	Samsung Electronics Benelux B.V. (SEBN)	1,589,366	-	1,175	-
	Samsung Electronics Europe Logistics B.V. (SELS)	5,070,057	-	8,132	-
	Others	50,707,430	3,780	13,212,836	3,689
	Total	175,047,007	51,051	82,847,307	29,552
	Samsung SDS Co.,Ltd.	201,304	-	1,801,672	283,411
	Samsung Electro-Mechanics Co., Ltd.	65,765	-	786,087	-
	Samsung SDI Co., Ltd.	68,343	-	374,035	31,668
	Cheil Worldwide Inc.	36,020	-	907,775	1,163
	Others	601,887	-	968,224	9,167
	Total	973,319	-	4,837,793	325,409
	Samsung C&T Co., Ltd.	23,156	70	57,652	5,588,270
	Other	468,819	-	762,644	190,405
Other related parties ^(*)	Total	491,975	70	820,296	5,778,675
	Samsung Engineering Co., Ltd.	1,162	-	31,957	2,747,278
	S-1	4,532	-	444,657	23,479
	Others	200,836	-	281,667	512,899
	Total	206,530	-	758,281	3,283,656

^(*) Transactions with separate entities that are related parties of the Company.

^(*) Transactions with the intermediate parent company, Harman International Industries, Inc. and its subsidiaries.

^(*) 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.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

<i>(In millions of Korean won)</i>	Name of company ^(*)	2022			
		Sales and other	Disposal of non-current assets	Purchases and other	Purchase of non-current assets
	Samsung Display Co., Ltd.	283,011	-	981,927	-
	Samsung Electronics America, Inc. (SEA)	35,303,291	632	209,912	-
	Samsung Asia Pte. Ltd. (SAPL)	42	-	30,982	-
	Harman and its subsidiaries ^(*)	-	-	76,891	-
	Samsung (China) Semiconductor Co., Ltd. (SCS)	184,796	10,644	9,679,473	5,534
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	8,668,668	-	25,941,259	831
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	1,588,710	-	9,035	-
	Samsung Semiconductor, Inc. (SSI)	40,907,261	-	532,962	-
	Samsung Electronics Vietnam Co., Ltd. (SEV)	5,804,935	256	16,441,332	50
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	-	-	-	-
	Samsung Austin Semiconductor LLC. (SAS)	1,053	-	3,663,909	2,457
	Samsung Display Vietnam Co., Ltd. (SDV)	2,073,972	-	-	-
	Samsung India Electronics Private Ltd. (SIEL)	7,439,341	112	5,798,974	-
Subsidiaries	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	16,490,821	-	47	-
	Samsung Eletronica da Amazonia Ltda. (SEDA)	1,262,369	-	2,174	-
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	628,854	2,791	4,830,861	1,680
	Thai Samsung Electronics Co., Ltd. (TSE)	1,578,349	-	2,615,512	-
	Samsung Electronics (UK) Ltd. (SEUK)	1,529,791	-	98,891	-
	Samsung Electronics Benelux B.V. (SEBN)	788,385	-	2,333	-
	Samsung Electronics Hungarian Private Co. Ltd. (SEH)	408,409	141	2,191	-
	Samsung Electronics Europe Logistics B.V. (SELS)	4,772,554	-	5,104	-
	Samsung Display Dongguan Co., Ltd. (SDD)	249,142	-	-	-
	SEMES Co., Ltd.	8,224	-	2,283,556	-
	Samsung Electronics GmbH (SEG)	3,865,859	-	6,948	-
	Samsung Electronics Mexico S.A. De C.V. (SEM)	2,442,869	-	6,950	-
	Others	58,705,560	4,198	23,123,295	2,213
	Total	194,986,266	18,774	96,344,518	12,765
	Samsung SDS Co., Ltd.	212,376	-	1,672,853	348,752
	Samsung Electro-Mechanics Co., Ltd.	60,343	767	919,709	120
	Samsung SDI Co., Ltd.	60,325	-	422,836	24,874
	Cheil Worldwide Inc.	31,194	-	931,489	361
	Others	617,779	-	881,585	10,224
	Total	982,017	767	4,828,472	384,331
	Samsung C&T Co., Ltd.	44,359	-	84,635	7,018,252
	Others	283,122	188	602,014	132,512
Other related parties	Total	327,481	188	686,649	7,150,764
	Samsung Engineering Co., Ltd.	1,490	-	32,677	3,106,154
	S-1	7,530	-	428,907	45,864
	Others	136,969	-	251,907	540,591
Other ^(*)	Total	145,989	-	713,491	3,692,609

^(*) Transactions with separate entities that are related parties of the Company.

^(*) Transactions with the intermediate parent company, Harman International Industries, Inc. and its subsidiaries.

^(*) 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.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(C) Balances of receivables and payables

Balances of receivables and payables arising from the sales and purchases of goods and services as of December 31, 2023 and December 31, 2022 are as follows:

<i>(In millions of Korean won)</i>	Name of company ^(*1)	December 31, 2023	
		Receivables and other ^(*2)	Payables and other ^(*3)
	Samsung Display Co., Ltd.	74,259	196,686
	Samsung Electronics America, Inc. (SEA)	3,841,560	1,119,907
	Samsung Asia Pte. Ltd. (SAPL)	2,091	1,147
	Harman and its subsidiaries ^(*4)	5,179	9,659
	Samsung Austin Semiconductor LLC. (SAS)	9,575	303,203
	Samsung (China) Semiconductor Co., Ltd. (SCS)	68,251	687,410
	Samsung Semiconductor, Inc. (SSI)	5,271,414	209,789
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	925,410	2,324,691
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	181,785	201,966
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	2,760	-
	Samsung India Electronics Private Ltd. (SIEL)	922,630	297,628
	Samsung Display Vietnam Co., Ltd. (SDV)	90,305	46
	Samsung Electronics Vietnam Co., Ltd. (SEV)	502,410	1,377,493
Subsidiaries	Samsung Eletronica da Amazonia Ltda. (SEDA)	256,936	1,226
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	3,906,968	281
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	148,857	367,007
	Thai Samsung Electronics Co., Ltd. (TSE)	280,682	267,659
	Samsung Electronics (UK) Ltd. (SEUK)	64,642	40,118
	SEMES Co., Ltd.	68,340	917,707
	Samsung Electronics Mexico S.A. De C.V. (SEM)	252,813	2,021
	Samsung Electronics GmbH (SEG)	72,258	4,448
	Samsung International, Inc. (SII)	129,178	54,694
	Samsung Electronics Taiwan Co., Ltd. (SET)	362,737	87,718
	Samsung Electronics Benelux B.V. (SEBN)	52,172	6,266
	Samsung Electronics Europe Logistics B.V. (SELS)	413,581	415
	Other	6,556,255	2,607,878
	Total	24,463,048	11,087,063
Associates and joint ventures	Samsung SDS Co., Ltd.	84,541	418,787
	Samsung Electro-Mechanics Co., Ltd.	1,857	86,166
	Samsung SDI Co., Ltd.	114,103	50,149
	Cheil Worldwide Inc.	51	429,435
	Others	164,058	183,813
	Total	364,610	1,168,350
Other related parties	Samsung C&T Corporation	190,443	1,876,745
	Others	13,835	149,585
	Total	204,278	2,026,330
Other ^(*5)	Samsung Engineering Co., Ltd.	269	766,329
	S-1 Corporation	598	39,223
	Others	4,342	265,721
	Total	5,209	1,071,273

^(*1) Transactions with separate entities that are related parties of the Company.

^(*2) The Company has not recognized bad debt allowance in relation to the receivables due from subsidiaries as of December 31, 2023.

^(*3) Payables and others include lease liabilities.

^(*4) Transactions with the intermediate parent company, Harman International Industries, Inc. and its subsidiaries.

^(*5) Although these entities are not related parties of the Company in accordance with Korean IFRS 1024, they belong to the same large

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

<i>(In millions of Korean won)</i>	Name of company ^(*1)	December 31, 2022	
		Receivables and other ^(*2)	Payables and other ^(*3)
	Samsung Display Co., Ltd.	32,521	108,011
	Samsung Electronics America, Inc. (SEA)	868,937	983,709
	Samsung Asia Pte. Ltd. (SAPL)	1,604	1,812
	Harman and its subsidiaries ^(*4)	-	6,537
	Samsung (China) Semiconductor Co., Ltd. (SCS)	57,423	751,693
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	606,030	2,396,411
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	131,285	283,459
	Samsung Semiconductor, Inc. (SSI)	4,700,427	263,757
	Samsung Electronics Vietnam Co., Ltd. (SEV)	369,380	1,748,670
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	693	-
	Samsung Austin Semiconductor LLC. (SAS)	21,309	386,640
	Samsung Display Vietnam Co., Ltd. (SDV)	196,643	7
	Samsung India Electronics Private Ltd. (SIEL)	1,219,298	312,243
Subsidiaries	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	1,623,968	77
	Samsung Eletronica da Amazonia Ltda. (SEDA)	227,180	3,037
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	234,870	358,082
	Thai Samsung Electronics Co., Ltd. (TSE)	115,103	379,098
	Samsung Electronics (UK) Ltd. (SEUK)	76,264	-
	Samsung Electronics Benelux B.V. (SEBN)	18,403	-
	Samsung Electronics Hungarian Private Co., Ltd. (SEH)	11,449	-
	Samsung Electronics Europe Logistics B.V. (SELS)	273,816	506,872
	Samsung Display Dongguan Co., Ltd. (SDD)	20,177	11
	SEMES Co., Ltd.	54,327	561,368
	Samsung Electronics GmbH (SEG)	10,607	-
	Samsung Electronics Mexico S.A. De C.V. (SEM)	230,508	1,093
	Other	6,565,258	2,226,116
	Total (Subsidiaries)	17,667,480	11,278,703
Associates and joint ventures	Samsung SDS Co., Ltd.	49,439	468,830
	Samsung Electro-Mechanics Co., Ltd.	385	101,960
	Samsung SDI Co., Ltd.	114,618	51,199
	Cheil Worldwide Inc.	43	444,017
	Others	203,575	159,668
	Total (Associates and joint ventures)	368,060	1,225,674
Other related parties	Samsung C&T Corporation	194,539	2,718,294
	Other	14,679	160,305
	Total (Other related parties)	209,218	2,878,599
Other ^(*5)	Samsung Engineering Co., Ltd.	286	1,181,947
	S-1 Corporation	3,085	59,352
	Others	4,113	478,136
	Total (Other)	7,484	1,719,435

^(*1) Transactions with separate entities that are related parties of the Company.

^(*2) The Company has not recognized bad debt allowance in relation to the receivables due from subsidiaries as of December 31, 2022.

^(*3) Payables and others include lease liabilities.

^(*4) Transactions with the intermediate parent company, Harman International Industries, Inc. and its subsidiaries.

^(*5) 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.

Samsung Electronics Co., Ltd.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

- (D) For the years ended December 31, 2023 and 2022, the Company had no lending to its subsidiaries, but had borrowing from its subsidiaries amounting to ₩ 21,990,000 million and ₩ 0 million, respectively. In addition, the Company had no lending to or borrowings from associates and joint ventures during the years ended December 31, 2023 and 2022.
- (E) For the years ended December 31, 2023 and 2022, the Company invested ₩ 49,318 million and ₩ 119,598 million, respectively, in subsidiaries, and has made capital recovery of ₩ 143,799 million and ₩ 164,503 million from its investments in subsidiaries, respectively. In addition, the Company invested ₩ 58,982 million and ₩ 882,125 million in associates and joint ventures and has made a recovery of ₩ 518 million and ₩ 0 million from its investments in associates and joint ventures for the year ended December 31, 2023 and 2022, respectively.
- (F) For the years ended December 31, 2023 and 2022, the Company declared dividend of ₩ 1,650,995 million and ₩ 1,663,149 million, respectively, to related parties. In addition, for the years ended December 31, 2023 and 2022, the Company declared dividends of ₩ 128,232 million and ₩ 128,232 million, respectively, 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 December 31, 2023 and December 31, 2022, there are no dividends payable to related parties.
- (G) For the years ended December 31, 2023 and 2022, the Company entered into lease agreements with its related parties amounting to ₩ 182,860 million and ₩ 20 million, respectively, and the lease payments made to the related parties were ₩ 59,287 million and ₩ 46,819 million, respectively.
- (H) As of December 31, 2023, the Company provides guarantees in relation to borrowings of the related parties (refer to Note 16).
- (I) Key management compensation

The compensation paid or payable to key management (executive directors) for their services for the years ended December 31, 2023 and 2022 consists of:

<i>(In millions of Korean won)</i>	2023	2022
Short-term employee benefits	14,073	14,768
Post-employment benefits	557	612
Other long-term employee benefits	7,834	5,434