SEPARATE FINANCIAL STATEMENTS OF

SAMSUNG ELECTRONICS CO., LTD.

INDEX TO FINANCIAL STATEMENTS

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Independent Auditors' Report

[English Translation of Independent Auditor's Report Originally Issued in Korean on February 16, 2022]

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

Audit Opinion

We have audited the separate financial statements of Samsung Electronics Co., Ltd. (the "Company"), which comprise the separate statements of financial position as of December 31, 2021 and 2020, and the separate statements of profit or loss, the separate statements of comprehensive income, the separate statements of changes in equity and the separate statements of cash flows, for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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, 2021 and 2020, and its separate financial performance and its separate cash flows for years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the internal control over financial reporting of the Company as of December 31, 2021, based on 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' and our report dated February 16, 2022, expressed an unqualified opinion.

Basis for Audit Opinion

We conducted our audits in accordance with the KSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Key Audit Matters

The key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the separate financial statements of the current period. This matter was 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 this matter.

(A) Sales deduction related to sales promotion activities

Reasons why the matter was determined to be a key audit matter:

The Information technology & Mobile communications (IM) and Consumer Electronics (CE) business divisions perform sales promotion activities, such as price or volume discounts and incentives, based on explicit or implicit agreements with customers, including retail and telecommunication companies. As disclosed in Notes 2 (Significant Accounting Policies) and 3 (Critical Accounting Estimates and Assumptions), these activities are recognized as deductions from revenue at the expected payment amount.

As for the appropriateness of the revenue deduction amounts, such amounts may involve significant management estimates and judgments. In addition, we believe that those amounts could be material to the separate financial statements. As such, we determined the sales deduction related to sales promotion activities as a key audit matter.

How the Key Audit Matter was addressed in the audit

Our audit procedures with respect to the Company's sales promotion activities related to the sales of products included, but were not limited to the following:

- Obtained an understanding of management's accounting policies, processes, and internal controls related to the sales deduction.
- Obtained an understanding and evaluated the Company's information technology system related to the sales deduction.
- Assessed the Company's internal controls relating to the approval process of the sales deduction policy.
- Evaluated the Company's internal controls relating to the approval process of the sales deduction estimation and post-settled amounts.
- Evaluated the estimates and accompanying assumptions by inspecting supporting documentation relating to the sales deduction transactions.
- Examined the sales deduction amount by comparing the sales deduction estimates to post-settled amounts and inspecting supporting documentation.

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

Management is responsible for the preparation of the accompanying separate financial statements in accordance with K-IFRS, and for such internal control as they determine 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 of the Company 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.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the 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 auditor's 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 auditor's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

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 to 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 matter. We describe this matter in our auditor's 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 auditor's report is Byung Moon Yoo.

Deloitte Anjin LLC

Seoul, Korea

February 16, 2022

<u>Notice to Readers</u>

This report is effective as of February 16, 2022, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditor's report.

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.29))

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		KRW	KRW	USD	USD
Assets					
Current assets					
Cash and cash equivalents	4, 28	3,918,872	989,045	3,425,290	864,475
Short-term financial instruments	4, 28	15,000,576	29,101,284	13,111,255	25,435,980
Trade receivables	4, 5, 7, 28	33,088,247	24,736,740	28,920,786	21,621,150
Non-trade receivables	4, 7, 28	1,832,488	1,898,583	1,601,686	1,659,457
Prepaid expenses		817,689	890,680	714,701	778,499
Inventories	8	15,973,053	13,831,372	13,961,249	12,089,312
Other current assets	4, 28	2,922,491	2,350,845	2,554,404	2,054,756
		73,553,416	**73,798,549**	**64,289,371**	**64,503,629**
Non-current assets					
Financial assets at fair value through other comprehensive income	4, 6, 28	1,662,532	1,539,659	1,453,136	1,345,739
Financial assets at fair value through profit or loss	4, 6, 28	2,135	3,107	1,866	2,716
Investments in subsidiaries, associates and joint ventures	9	56,225,599	56,587,548	49,143,991	49,460,352
Property, plant and equipment	10	103,667,025	86,166,924	90,610,174	75,314,209
Intangible assets	11	8,657,456	7,002,648	7,567,050	6,120,665
Net defined benefit assets	14	2,324,291	1,162,456	2,031,547	1,016,045
Deferred income tax assets	25	1,211,100	992,385	1,058,562	867,394
Other non-current assets	4, 7, 28	3,808,630	2,411,151	3,328,934	2,107,467
		177,558,768	**155,865,878**	**155,195,260**	**136,234,587**
Total assets		**251,112,184**	**229,664,427**	**219,484,631**	**200,738,216**

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 2.29))

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		KRW	KRW	USD	USD
Liabilities and Equity					
Current liabilities					
Trade payables	4, 28	11,557,441	6,599,025	10,101,783	5,767,878
Short-term borrowings	4, 5, 12, 28	9,204,268	12,520,367	8,044,991	10,943,428
Other payables	4, 28	13,206,753	9,829,541	11,543,364	8,591,511
Advances received	17	474,731	424,368	414,939	370,919
Withholdings	4, 28	624,585	432,714	545,919	378,214
Accrued expenses	4, 17, 28	8,275,410	7,927,017	7,233,123	6,928,610
Current income tax liabilities		5,599,896	3,556,146	4,894,590	3,108,250
Current portion of long-term liabilities	4, 12, 13, 28	139,328	87,571	121,780	76,541
Provisions	15	3,643,853	2,932,468	3,184,910	2,563,124
Other current liabilities	17	341,038	103,687	298,084	90,628
		53,067,303	**44,412,904**	**46,383,483**	**38,819,103**
Non-current liabilities					
Debentures	4, 13, 28	29,048	31,909	25,389	27,890
Long-term borrowings	4, 12, 28	431,915	150,397	377,515	131,455
Long-term other payables	4, 28	2,653,715	1,247,752	2,319,480	1,090,598
Long-term provisions	15	1,659,774	503,035	1,450,726	439,678
Other non-current liabilities		76,697	1,706	67,037	1,491
		4,851,149	**1,934,799**	**4,240,147**	**1,691,112**
Total liabilities		**57,918,452**	**46,347,703**	**50,623,630**	**40,510,215**

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 2.29))

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		KRW	KRW	USD	USD
Equity					
Preference shares	18	119,467	119,467	104,420	104,420
Ordinary shares	18	778,047	778,047	680,052	680,052
Share premium		4,403,893	4,403,893	3,849,223	3,849,223
Retained earnings	19	188,774,335	178,284,102	164,998,228	155,829,238
Other components of equity	20	(882,010)	(268,785)	(770,922)	(234,932)
Total equity		**193,193,732**	**183,316,724**	**168,861,001**	**160,228,001**
Total liabilities and equity		**251,112,184**	**229,664,427**	**219,484,631**	**200,738,216**

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 2.29))

	Notes	2021	2020	2021	2020
		For the years ended December 31,			
		KRW	KRW	USD	USD
Revenue	29	199,744,705	166,311,191	174,586,881	145,364,314
Cost of sales	21	135,823,433	116,753,419	118,716,486	102,048,338
Gross profit		**63,921,272**	**49,557,772**	**55,870,395**	**43,315,976**
Selling and administrative expenses	21, 22	31,928,110	29,038,798	27,906,768	25,381,365
Operating profit	29	**31,993,162**	**20,518,974**	**27,963,627**	**17,934,611**
Other non-operating income	23	7,359,004	797,494	6,432,138	697,049
Other non-operating expense	23	745,978	857,242	652,022	749,272
Financial income	24	3,796,979	5,676,877	3,318,750	4,961,875
Financial expense	24	3,698,675	5,684,180	3,232,827	4,968,258
Profit before income tax		**38,704,492**	**20,451,923**	**33,829,666**	**17,876,005**
Income tax expense	25	7,733,538	4,836,905	6,759,500	4,227,697
Profit for the year		**30,970,954**	**15,615,018**	**27,070,166**	**13,648,308**
Earnings per share	26				
(in Korean won, in US dollars)					
- Basic		4,559	2,299	3.98	2.01
- Diluted		4,559	2,299	3.98	2.01

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 2.29))

		For the years ended December 31,			
	Notes	**2021**	**2020**	**2021**	**2020**
		KRW	KRW	USD	USD
Profit for the year		**30,970,954**	**15,615,018**	**27,070,166**	**13,648,308**
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	(99,916)	93,251	(87,332)	81,506
Remeasurement of net defined benefit assets, net of tax	14, 20	(513,309)	(642,550)	(448,658)	(561,621)
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Other comprehensive income (loss) for the year, net of tax		**(613,225)**	**(549,299)**	**(535,990)**	**(480,115)**
Total comprehensive income for the year		**30,357,729**	**15,065,719**	**26,534,176**	**13,168,193**

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)

2020 KRW	**Notes**	**Preference shares**	**Ordinary shares**	**Share premium**	**Retained earnings**	**Other components of equity**	**Total**
Balance as of January 1, 2020		**119,467**	**778,047**	**4,403,893**	**172,288,326**	**280,514**	**177,870,247**
Profit for the year		-	-	-	15,615,018	-	15,615,018
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	-	93,251	93,251
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(642,550)	(642,550)
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**15,615,018**	**(549,299)**	**15,065,719**
Dividends	19	-	-	-	(9,619,242)	-	(9,619,242)
Total transactions with owners		**-**	**-**	**-**	**(9,619,242)**	**-**	**(9,619,242)**
Balance as of December 31, 2020		**119,467**	**778,047**	**4,403,893**	**178,284,102**	**(268,785)**	**183,316,724**

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 2.29))

2020 USD	**Notes**	**Preference shares**	**Ordinary shares**	**Share premium**	**Retained earnings**	**Other components of equity**	**Total**
Balance as of January 1, 2020		**104,420**	**680,052**	**3,849,223**	**150,588,629**	**245,183**	**155,467,507**
Profit for the year		-	-	-	13,648,308	-	13,648,308
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	-	81,506	81,506
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(561,621)	(561,621)
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**13,648,308**	**(480,115)**	**13,168,193**
Dividends	19	-	-	-	(8,407,699)	-	(8,407,699)
Total transactions with owners		**-**	**-**	**-**	**(8,407,699)**	**-**	**(8,407,699)**
Balance as of December 31, 2020		**104,420**	**680,052**	**3,849,223**	**155,829,238**	**(234,932)**	**160,228,001**

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)

2021 KRW	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Total
Balance as of January 1, 2021		**119,467**	**778,047**	**4,403,893**	**178,284,102**	**(268,785)**	**183,316,724**
Profit for the year		-	-	-	30,970,954	-	30,970,954
Loss on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	-	(99,916)	(99,916)
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(513,309)	(513,309)
Total comprehensive income (loss) for the year		-	-	-	**30,970,954**	**(613,225)**	**30,357,729**
Dividends	19	-	-	-	(20,480,721)	-	**(20,480,721)**
Total transactions with owners		-	-	-	**(20,480,721)**	-	**(20,480,721)**
Balance as of December 31, 2021		**119,467**	**778,047**	**4,403,893**	**188,774,335**	**(882,010)**	**193,193,732**

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 2.29))

2021 USD	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Total
Balance as of January 1, 2021		**104,420**	**680,052**	**3,849,223**	**155,829,238**	**(234,932)**	**160,228,001**
Profit for the year		-	-	-	27,070,166	-	27,070,166
Loss on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	-	(87,332)	(87,332)
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(448,658)	(448,658)
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**27,070,166**	**(535,990)**	**26,534,176**
Dividends	19	-	-	-	(17,901,176)	-	(17,901,176)
Total transactions with owners		**-**	**-**	**-**	**(17,901,176)**	**-**	**(17,901,176)**
Balance as of December 31, 2021		**104,420**	**680,052**	**3,849,223**	**164,998,228**	**(770,922)**	**168,861,001**

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 2.29))

		For the years ended December 31,			
	Notes	**2021**	**2020**	**2021**	**2020**
		KRW	KRW	USD	USD
Operating activities					
Profit for the year		30,970,954	15,615,018	27,070,166	13,648,308
Adjustments	27	25,168,062	24,319,842	21,998,147	21,256,760
Changes in assets and liabilities arising from operating activities	27	(5,781,655)	(393,206)	(5,053,456)	(343,682)
Cash generated from operations		**50,357,361**	**39,541,654**	**44,014,857**	**34,561,386**
Interest received		282,918	448,323	247,285	391,857
Interest paid		(125,036)	(148,262)	(109,288)	(129,588)
Dividends received		6,560,011	129,569	5,733,778	113,250
Income tax paid		(5,825,185)	(2,462,259)	(5,091,504)	(2,152,138)
Net cash from operating activities		**51,250,069**	**37,509,025**	**44,795,128**	**32,784,767**
Investing activities					
Net decrease (increase) in short-term financial instruments		13,600,708	(2,099,892)	11,887,700	(1,835,411)
Disposal of financial assets at fair value through other comprehensive income		-	503	-	440
Acquisition of financial assets at fair value through other comprehensive income		(234,975)	(204,957)	(205,380)	(179,143)
Disposal of financial assets at fair value through profit or loss		912	74	797	65
Disposal of investments in subsidiaries, associates and joint ventures		605,607	22,057	529,331	19,279
Acquisition of investments in subsidiaries, associates and joint ventures		(138,858)	(163,456)	(121,369)	(142,869)
Disposal of property, plant and equipment		408,560	431,142	357,102	376,840
Acquisition of property, plant and equipment		(36,021,504)	(26,962,042)	(31,484,599)	(23,566,176)
Disposal of intangible assets		5,809	1,082	5,077	946
Acquisition of intangible assets		(2,459,929)	(2,239,834)	(2,150,101)	(1,957,727)
Cash inflow (outflow) from other investing activities		(201,537)	39,748	(176,153)	34,741
Net cash used in investing activities		**(24,435,207)**	**(31,175,575)**	**(21,357,595)**	**(27,249,015)**

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 2.29))

		For the years ended December 31,			
	Notes	**2021**	**2020**	**2021**	**2020**
		KRW	KRW	USD	USD
Financing activities					
Net increase (decrease) in short-term borrowings	27	(3,288,858)	2,326,350	(2,874,627)	2,033,346
Repayment of debentures and long-term borrowings	27	(117,963)	(134,443)	(103,106)	(117,510)
Dividends paid		(20,478,233)	(9,618,283)	(17,899,002)	(8,406,861)
Net cash used in financing activities		**(23,885,054)**	**(7,426,376)**	**(20,876,735)**	**(6,491,025)**
Effect of foreign exchange rate changes		19	54	17	48
Net increase(decrease) in cash and cash equivalents		**2,929,827**	**(1,092,872)**	**2,560,815**	**(955,225)**
Cash and cash equivalents					
Beginning of the year		989,045	2,081,917	864,475	1,819,700
End of the year		**3,918,872**	**989,045**	**3,425,290**	**864,475**

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of December 31, 2021 and 2020, and
For the years ended December 31, 2021 and 2020

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 three business divisions: Consumer Electronics ("CE"), Information technology & Mobile communications ("IM"), and Device Solutions ("DS"). CE division includes digital TVs, monitors, air conditioners and refrigerators and IM division includes mobile phones, communication systems, and computers. DS division includes semiconductor products such as memory, foundry and system 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 IFRS 1027, Separate Financial Statements*.

2. Significant Accounting Policies

2.1 Basis of Presentation

The principal accounting policies used to prepare the separate financial statements are set out below. Except for the effect of the amendments to the Korean IFRS and new interpretations set out below, the principal accounting policies used to prepare the separate financial statements as of and for the year ended December 31, 2021 are consistent with those used to prepare the separate financial statements as of and for the year ended December 31, 2020.

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

Certain information attached to the Korean language financial statements that are not required for a fair presentation of the Company's financial position, financial performance, or cash flows, are not presented in the accompanying separate financial statements.

The separate financial statements of the Company have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

Korean IFRS permits the use of critical accounting estimates in the preparation of the separate financial statements and requires management judgments in applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements, are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosures

(A) New and amended standards adopted by the Company

The Company applied the following amended and/or enacted standards for the first time for their annual reporting period commencing on January 1, 2021:

Amendments to Korean IFRS 1116, Lease

The amendments introduce a practical expedient that simplifies the lessee's accounting treatments for COVID-19 related rent concessions, and through such expedient a lessee may elect not to assess whether the rent concessions granted as a direct consequence of the COVID-19 pandemic are lease modification. A lessee that makes this election shall account for any changes in lease payments resulting from the rent concessions the same way as prescribed by this standard if the changes were not considered as lease modifications. The application of amendments does not have a significant impact on the Company's year-end financial statements.

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

The amended accounting standard issued that is not mandatory for the annual reporting period commencing on January 1, 2021 and has not been early adopted by the Company is as follows:

Amendments to Korean IFRS 1116, Lease

During the year ended December 31, 2020, the amendments to Korean IFRS 1116 introduced a practical expedient that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19. The amendments extend the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.
The amendments are effective for annual reporting periods beginning on or after April 1, 2021, with early application permitted.

Amendments to Korean IFRS 1103, Business Combinations

The amendments add to Korean IFRS 1103 a requirement that, for obligations within the scope of IAS 37, an acquirer applies Korean IFRS 1037 or Korean IFRS 2121 Levies to determine whether at the acquisition date a present obligation exists as a result of the past events. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022, with early application permitted

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Amendments to Korean IFRS 1016, Property, Plant and Equipment

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with early application permitted.

Amendments to Korean IFRS 1037, Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to Korean IFRS 1001, Presentation of Financial Statements

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and elucidate that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to Korean IFRS 1001, Presentation of Financial Statements

The amendments define the term ‘material accounting policy information’, and develop guidance and examples in IFRS Practice Statement 2 to explain and demonstrate the application of ‘materiality’. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively.

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

The amendments define accounting estimates, and clarify that it is different from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023, to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of the same period, with earlier application permitted.

Amendments to Korean IFRS 1012, Income Taxes

The amendments introduce a further exception to the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

2.3 Subsidiaries, Associates and Joint Ventures

The Company, as the ultimate controlling company in accordance with Korean IFRS 1110 *Consolidated Financial Statements* recognizes investments in subsidiaries, associates and joint ventures are recognized under the cost method in accordance with Korean IFRS 1027 *Separate Financial Statements* on the Company’s separate financial statements.

If there is any objective evidence that the investment in the subsidiaries, associates and joint ventures is impaired, the Company recognizes the difference between the recoverable amount and its carrying amount as an impairment loss.

2.4 Foreign Currency Translation

(A) Functional and presentation currency

Items included in the separate financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The separate financial statements are presented in Korean won, which is the parent company's functional and presentation currency.

(B) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and equity instruments at fair value through other comprehensive income are recognized in profit or loss and other comprehensive income, respectively, as part of the fair value gain or loss.

2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term investment assets with high liquidity that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2.6 Financial Assets

(A) Classification

From January 1, 2018, the initial application date for Korean IFRS 1109 *Financial Instruments,* the Company classifies its financial assets in the following measurement categories:

- Financial assets measured at fair value (changes in fair value recognized in either other comprehensive income, or profit or loss).
- Financial assets measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not elected to be accounted for as other comprehensive income are recognized in profit or loss.

(B) Measurement

At initial recognition, the Company measures a financial asset at its fair value. In the case of financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities are added to its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Hybrid (combined) contracts with embedded derivatives are considered in their entirety when determining whether their cash flows solely consist of the payments of principal and interest.

a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into one of the following three measurement categories:

① Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely the payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'financial income' using the effective interest rate method.

② Financial assets measured at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely the payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial assets are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'financial income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'financial income' or 'financial expenses' and impairment losses are presented in 'other non-operating expenses'.

③ Financial assets measured at fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the separate statement of profit or loss within 'other non-operating income' or 'other non-operating expenses' in the year in which it arises.

b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. When the financial asset is derecognized, the cumulative gain or loss on valuation of financial assets at fair value through other comprehensive income recognized in equity is reclassified to retained earnings. Dividend income from such investments continue to be recognized in profit or loss as 'other non-operating income' when the right to receive the payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other non-operating income' or 'other non-operating expenses' in the separate statements of profit or loss as applicable.

(C) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(D) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on a trade date basis. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classifies the financial liability as 'borrowings' in the separate statement of financial position.

(E) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or, realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business, even in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.7 Trade Receivables

Trade receivables are amounts due from customers for inventories sold or services performed in the ordinary course of business. If collection is expected within one year or less, they are classified as current assets. If collection is expected beyond one year, they are presented as non-current assets. Trade receivables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method, less loss allowance, unless the trade receivables bear significant financial component.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method, except for materials in transit. 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). It excludes costs of idle plant and abnormal waste. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The Company regularly estimates the changes in future customer demand in the products that may cause a significant change in the valuation allowance and recognizes the valuation allowance if there is any case such as excess, obsolescence and decline in market value. Loss on valuation of inventories is recorded as cost of sales.

2.9 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company and the cost can be measured reliably. The carrying amounts of the replaced parts are derecognized and the repairs and maintenance expenses are recognized in profit or loss in the period they are incurred.

Depreciation on tangible assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives. Land is not depreciated. Costs that are directly attributable to the acquisition, construction or production of a qualifying asset, including capitalized interest costs, form part of the cost of that asset and are amortized over the estimated useful lives.

The Company's policy is that property, plant and equipment should be depreciated over the following estimated useful lives:

	Estimated useful lives
Buildings and structures	15, 30 years
Machinery and equipment	5 years
Other	5 years

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the separate statements of profit or loss as 'other non-operating income' or 'other non-operating expenses'.

2.10 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.11 Intangible Assets

Goodwill represents the excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiaries, associates, joint ventures and businesses at the date of acquisition. Goodwill on an acquisition of businesses is included in intangible assets and goodwill on an acquisition of subsidiaries, associates and joint ventures' shares is included in the investments in subsidiaries, associates and joint ventures.

Intangible assets, except for goodwill, are initially recognized at their historical cost and carried at cost less accumulated amortization and accumulated impairment losses.

Internally generated development costs are the aggregate costs recognized after meeting the asset recognition criteria, including technical feasibility, and determined to have future economic benefits. Membership rights and certain trademarks are regarded as intangible assets with an indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. However, the Company records impairment based on its reasonable estimation of the benefits associated with the membership rights and assessment of impairment indicators, such as a decline in the market value. Intangible assets with definite useful lives such as trademarks, licenses, and other intangible assets, are amortized using the straight-line method over their estimated useful lives.

The Company's policy is that intangible assets should be amortized over the following estimated useful lives:

	Estimated useful lives
Development costs	2 years
Trademarks, licenses and other intangible assets	5 - 10 years

2.12 Impairment of Non-Financial Assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.13 Assets Held-for-Sale (Disposal Group)

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable. The assets are measured at the lower of carrying amount and the fair value less costs to sell. Gain or loss on disposal is determined by comparing the proceeds with the carrying amount of relevant assets, and is recognized in the statements of profit or loss as 'other non-operating income' or 'other non-operating expenses'.

2.14 Financial Liabilities

(A) Classification and measurement

The Company shall classify all financial liabilities as financial liabilities measured subsequently at amortized cost, except for the following:

- Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Such financial liabilities are measured based on the methodology described in Note 2.6 Financial Assets.
- Financial guarantee contracts. After the initial recognition, an issuer of such a contract shall subsequently measure it at the higher of:
  (a) The amount of the loss allowance determined based on the expected credit losses.
  (b) The amount initially recognized less the cumulative amount of income recognized in accordance with the principles of Korean IFRS 1115 *Revenue from Contracts with Customers*, when appropriate.
- Commitments to provide loan at below-market interest rate. An issuer of such a commitment shall subsequently measure it at the higher of:
  (a) The amount of the loss allowance determined based on the expected credit losses.
  (b) The amount initially recognized less the cumulative amount of income recognized in accordance with the principles of Korean IFRS 1115 *Revenue from Contracts with Customers*, when appropriate.
- Contingent consideration recognized by an acquirer in a business combination to which Korean IFRS 1103 *Business Combinations* applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

(B) Derecognition

Financial liabilities are removed from the separate statements of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.15 Trade Payables

Trade payables are amounts due to suppliers for inventories purchased or services received in the ordinary course of business. If payment is expected to be made within 12 months, they are classified as current liabilities. If not, they are presented as non-current liabilities. Non-current trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs, and are subsequently measured at amortized cost. Any difference between cost and the redemption value is recognized in the separate statement of profit or loss over the period of the borrowings using the effective interest method. If the Company has an indefinite right to defer payment for a period longer than 12 months after the end of the reporting date, such liabilities are recorded as non-current liabilities, otherwise, they are recorded as current liabilities.

2.17 Provisions and Contingent Liabilities

A provision is recognized when the Company has present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

The Company discloses a contingent liability if there is a possible obligation from past events in which the existence may only be identified through the occurrence of uncertain future events; or there is a present obligation that the possibility on the outflow of economic resources is uncertain; or the amount of economic resources required to settle the present obligation cannot be reasonably estimated.

2.18 Employee Benefits

The Company has a variety of retirement pension plans including a defined benefit plan and a defined contribution plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service received in the current and prior periods. For a defined contribution plans, the Company pays contributions to annuity plans that are managed either publicly or privately on a mandatory, contractual or voluntary basis. The Company has no further future payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically a defined benefit plan establishes an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The liabilities (assets) recognized in the separate statements of financial position with respect to the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have the terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses resulting from the changes in actuarial assumptions, and the differences between the previous actuarial assumptions and what has actually occurred, are recognized in other comprehensive income in the period in which they were incurred. When plan amendments, curtailments and settlements occur, past service costs or gain or loss from settlements are immediately recognized in profit or loss.

2.19 Financial Guarantee Contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due.

The liability is initially measured at fair value and then subsequently measured at the higher of the following, and is recognized in the separate statements of financial position within 'other financial liabilities':

- the amount determined in accordance with the expected credit loss model and
- the amount initially recognized less the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, where appropriate.

2.20 Current and Deferred Tax

The tax expense for the year comprises current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or directly in equity. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of those assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor taxable profit. Deferred tax assets are recognized only to the extent that it is probable that a future taxable profit will be available against which the temporary differences can be utilized.

A deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that 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. In addition, a deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities with an intention to settle the balances on a net basis.

2.21 Derivative Instruments

The Company initially recognizes rights and obligations from derivative contracts as assets and liabilities at fair value. Gain or loss arising from these contracts are recognized in profit or loss. Qualified hedged amount from cash flow hedge and hedge of a net investment in a foreign operation is deferred in equity.

The Company applies cash flow hedge accounting to hedge the price risk associated with inventory purchase and other. The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income, and the ineffective portion is recognized in financial income or expenses.

2.22 Dividend

Dividend is recognized as a liability when approved by the Company's shareholders.

2.23 Share Capital

Ordinary shares and preference shares with no repayment obligations are classified as equity. When the Company purchases its ordinary shares, the acquisition costs, including direct transaction costs, are deducted from equity until the redemption or reissuance as treasury shares. Consideration received on the reissuance of treasury shares is credited to equity attributable to owners of the parent company.

2.24 Revenue Recognition

Revenue mainly comprises 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 shown net of value-added tax, returns, sales incentives and discounts and after eliminating intercompany transactions.

The Company applied Korean IFRS 1115 *Revenue from Contracts with Customers* to the annual period beginning January 1, 2018. The Company shall recognize revenue in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers* by applying the following 5 steps: ① Identify the contracts with the customers, ② Identify the separate performance obligations, ③ Determine the transaction price of the contract, ④ Allocate the transaction price to each of the separate performance obligations, and ⑤ Recognize the revenue as each performance obligation is satisfied.

(A) Identification of performance obligations

The Company exports various products and merchandise in accordance with Incoterms Group C trading conditions (Incoterms CIF, and other). According to Korean IFRS 1115 *Revenue from Contracts with Customers* since the seller provides the shipping service after the control of the product or merchandise has been transferred to the customer, the shipping service (including insurance) is recognized as a separate performance obligation.

(B) Performance obligations satisfied over time

The Company delivers products to customers and installs them in accordance with the system air conditioner contracts awarded by the Public Procurement Service. According to Korean IFRS 1115 *Revenue from Contracts with Customers* the Company should recognize revenue over time if the Company creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced. The Company recognizes the revenue from system air conditioner installation over time as the customer controls the outcome of the service.

(C) Variable consideration

The Company estimates amount of variable consideration by using the 'expected value method' or the 'most likely amount method' which method the Company expects to better predict the amount of consideration. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, and classifies the amount which the Company does not expect to be entitled as contract liabilities.

The Company measures refund liability at the amount of consideration received for which the Company does not expect to be entitled. The Company has a right to recover the product from the customer when the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. The asset is measured with reference to the former carrying amount of the product less the costs to recover the products.

(D) Allocation of the transaction price

The transaction price in an arrangement must be allocated to each separate performance obligation based on the relative standalone selling prices of the goods or services being provided to a customer. The Company determines the standalone selling price for each separate performance obligation by using methods such as the 'adjusted market assessment approach'.

2.25 Leases

A lease is a contract, whereby the lessor conveys to the lessee, the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. However, the Company did not reassess all contracts at initial application of Korean IFRS 1116 *Leases* because the Company applied the practical expedient to contracts entered into before January 1, 2019.

For a contract that is, or contains, a lease, both lessee and lessor account for each lease component within the contract as a lease separately from the non-lease components of the contract. In lessee accounting, however, the Company does not account for them separately but instead applies the practical expedient to account for each lease component and any associated non-lease components as a single lease component.

(A) Lessee accounting

The Company recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments at the commencement date of the lease.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for the remeasurement of lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term from the commencement date of the lease and is classified as 'property, plant and equipment' in the separate financial statements.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, the Company uses the Company's incremental borrowing rate. The lease liability is subsequently increased by the amount of interest expenses recognized on the lease liability and reduced by the lease payments made. Lease liabilities are remeasured when the future lease payments are changed due to the following:

- Changes in an index or rate
- Changes in amounts expected to be payable by the lessee under the residual value guarantee
- Changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised, or
- Changes in the assessment of whether it is reasonably certain that an option to terminate the lease will not be exercised.

Lease liabilities are classified as 'current portion of long-term liabilities' and/or 'long-term borrowings' in the separate financial statements.

The Company elected the practical expedient for short-term leases (leases that have a lease term of 12 months or less at the commencement date) and leases of low-value assets (leases for which the underlying asset is valued at USD 5,000 or less), and the lease payments are recognized as an expense on a straight-line basis over the lease term.

(B) Lessor accounting

The accounting policies as a lessor did not change significantly from the accounting policies applied before the initial application of the Korean IFRS 1116 *Leases* on January 1, 2019.

The Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the inception of the lease. A lease other than a finance lease is classified as an operating lease. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by the lessor in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

2.26 Government Grants

Government grants are recognized at their fair values when there is reasonable assurance that the grant will be received and the Company will comply with the conditions attached to it. Government grants relating to costs are deferred and recognized in the separate statements of profit or loss over the period necessary to match the costs they are intended to compensate. Government grants relating to assets are recognized in liabilities as deferred income government grants, and depreciated over the expected lives of the related assets, and credited to the statements of profit or loss.

2.27 Earnings per Share

Basic earnings per share is calculated by dividing the net profit for the period available to the ordinary shareholders by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the parent company from the separate statements of profit or loss by the weighted-average number of ordinary shares outstanding and potential dilutive shares. Potential dilutive shares are used in the calculation of dilutive earnings per share only when they have dilutive effects.

2.28 Reportable Segments

Reportable segments are disclosed in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions on resource allocation and assessing performance of the reportable segments. The Management Committee, which makes strategic decisions, is regarded as the chief operating decision-maker.

2.29 Convenience Translation into United States Dollar Amounts

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

2.30 Approval of the Separate Financial Statements

These separate financial statements were approved by the Board of Directors on January 27, 2022, and may be modified and approved at the Annual General Shareholders' Meetings.

3. Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The estimates and assumptions are continuously assessed, considering historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. In particular, the recent spread of COVID-19 during the year ended December 31, 2021 may result in changes to the Company's assumptions and estimates but its potential financial impact cannot be reasonably estimated as of the reporting date.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(A) Revenue recognition

A refund liability and a right to the returned goods are recognized for the products expected to be returned at the time of sale. Accumulative experience is used to estimate such returns at the time of sale at a portfolio level (through expected value method), and the Company's revenue is affected by the changes in expected return rate.

Sales of goods are recognized based on the considerations specified in the contract, net of sales incentives, when control of the products has transferred. The sales deduction, which affects the Company's revenue, is reasonably estimated based on the historical experience and past contracts.

(B) Provision for warranty

The Company recognizes provision for warranty on products sold. The Company accrues provision for warranty based on the best estimate of amounts necessary to settle future and existing claims at the end of each accounting period. The amounts are estimated based on the past 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 a variety of methods and assumptions that are mainly based on market conditions existing at the end of each reporting period.

(D) Impairment of financial assets

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(E) Lease

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The Company reassesses whether it is reasonably certain to exercise an extension option (or not to exercise such option), upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee.

(F) Net defined benefit liabilities (assets)

The net defined benefit liabilities (assets) depend on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will impact the carrying amount of the net defined benefit liability. The Company, in consideration of the interest rates of high-quality corporate bonds, determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of the estimated future cash outflows expected to be required to settle the net defined benefit liabilities (assets). The principal actuarial assumptions associated with the net defined benefit liabilities (assets) are based on the current market expectations.

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

At the end of each reporting period, the Company tests whether goodwill and intangible assets that have an indefinite useful life have become impaired by comparing the carrying amounts of assets or cash-generating units to the recoverable amounts. The recoverable amounts of assets or cash-generating units have been determined based on the value-in-use calculations, and these calculations are based on estimates.

(H) Income taxes

Income taxes on the Company’s taxable income from operating activities are subject to various tax laws and determinations of each tax authority across various countries throughout the world. There is uncertainty in determining the eventual tax effects on the taxable income from operating activities. The Company has recognized current tax and deferred tax at the end of the fiscal year based on the best estimate of future taxes payable as a result of operating activities. However, the resulting deferred income tax assets and liabilities may not equal the actual future taxes payable and such difference may impact the current tax and deferred income tax assets and liabilities upon the determination of eventual tax effects.

Regarding taxes payable in Korea, if a certain portion of taxable income is not used for investments or for increases in wages or dividends, in accordance with the *Tax System for Recirculation of Corporate Income*, the Company is liable to pay additional income tax calculated based on the Korean tax law. The current and deferred tax at the end of the fiscal year are based on the best estimate of future taxes payable, which can differ from the actual future taxes payable as a result of changes in investments, wages and dividends; this results in an additional uncertainty in measuring the final tax effects.

The Company assesses uncertainty over a tax treatment. When the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the Company will reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the Company expects to better predict the resolution of the uncertainty:

- The most likely amount: the single most likely amount in a range of possible outcomes.
- The expected value: the sum of the probability-weighted amounts in a range of possible outcomes.

4. Financial Instruments by Category

(A) Categorizations of financial assets and liabilities as of December 31, 2021 and December 31, 2020 are as follows:

(1) As of December 31, 2021

(In millions of Korean won)	**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	3,918,872	-	-	3,918,872
Short-term financial instruments	15,000,576	-	-	15,000,576
Trade receivables	33,088,247	-	-	33,088,247
Financial assets at fair value through other comprehensive income	-	1,662,532	-	1,662,532
Financial assets at fair value through profit or loss	-	-	2,135	2,135
Other	5,076,418	-	-	5,076,418
Total	57,084,113	1,662,532	2,135	58,748,780

(In millions of Korean won)	**Financial liabilities measured at amortized cost**	**Other financial liabilities[1]**	**Total**
Financial liabilities			
Trade payables	11,557,441	-	11,557,441
Short-term borrowings	-	9,204,268	9,204,268
Other payables	12,948,960	-	12,948,960
Current portion of long-term liabilities	5,810	133,518	139,328
Debentures	29,048	-	29,048
Long-term borrowings	-	431,915	431,915
Long-term other payables	2,335,218	-	2,335,218
Other	3,056,156	-	3,056,156
Total	29,932,633	9,769,701	39,702,334

[1] Other financial liabilities include collateralized borrowings and lease liabilities which are not subject to categorizations.

(2) As of December 31, 2020

(In millions of Korean won)	**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	989,045	-	-	989,045
Short-term financial instruments	29,101,284	-	-	29,101,284
Trade receivables	24,736,740	-	-	24,736,740
Financial assets at fair value through other comprehensive income	-	1,539,659	-	1,539,659
Financial assets at fair value through profit or loss	-	-	3,107	3,107
Other	4,149,950	-	-	4,149,950
Total	58,977,019	1,539,659	3,107	60,519,785

(In millions of Korean won)	**Financial liabilities measured at amortized cost**	**Other financial liabilities**[1]	**Total**
Financial liabilities			
Trade payables	6,599,025	-	6,599,025
Short-term borrowings	-	12,520,367	12,520,367
Other payables	9,671,280	-	9,671,280
Current portion of long-term liabilities	5,318	82,253	87,571
Debentures	31,909	-	31,909
Long-term borrowings	-	150,397	150,397
Long-term other payables	935,038	-	935,038
Others	3,423,251	-	3,423,251
Total	20,665,821	12,753,017	33,418,838

[1] Other financial liabilities include collateralized borrowings and lease liabilities which are not subject to categorizations.

(B) Net gains or net losses on each category of financial assets and liabilities for the years ended December 31, 2021 and 2020 are as follows:

(1) For the year ended December 31, 2021

(In millions of Korean won)	**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 (loss) on valuation (other comprehensive income)	-	(99,916)	-	(99,916)
Gain on valuation/disposal (profit or loss)	-	-	14,003	14,003
Interest income	260,396	-	-	260,396
Foreign exchange differences (profit or loss)	69,874	-	-	69,874
Dividend income	-	3,118	593	3,711
Impairment/reversal (profit or loss)	(17,144)	-	-	(17,144)

(In millions of Korean won)	**Financial liabilities measured at amortized cost**	**Other financial liabilities[1]**	**Total**
Financial liabilities			
Interest expense	(49,982)	(100,002)	(149,984)
Foreign exchange differences (profit or loss)	317,176	(21,167)	296,009

[1] Other financial liabilities include collateralized borrowings, lease liabilities which are not subject to categorizations.

(2) For the year ended December 31, 2020

(In millions of Korean won)	**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)	-	93,251	-	93,251
Gain (loss) on valuation/disposal (profit or loss)	-	-	(1)	(1)
Interest income	507,947	-	-	507,947
Foreign exchange differences (profit or loss)	(542,069)	-	-	(542,069)
Dividend income	-	2,160	1,343	3,503
Impairment/reversal (profit or loss)	(1,195)	-	-	(1,195)

(In millions of Korean won)	**Financial liabilities measured at amortized cost**	**Other financial liabilities**[1]	**Total**
Financial liabilities			
Interest expense	(44,725)	(144,576)	(189,301)
Foreign exchange differences (profit or loss)	110,776	21,112	131,888

[1] Other financial liabilities include collateralized borrowings, lease liabilities which are not subject to categorizations.

5. Transfer of Financial Assets

Trade receivables of the Company have been discounted through factoring agreements with banks during the years ended December 31, 2021 and 2020. Trade receivables provided as collaterals in such factoring transactions do not meet the requirements for asset derecognition as risks and rewards are not substantially transferred in the event of a debtor default due to the recourse obligation, etc. Financial liabilities recognized in relation to these transactions are included as ‘short-term borrowings’ on the separate statements of financial position (refer to Note 12).

The following table presents a breakdown of discounted trade receivables as of December 31, 2021 and 2020:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Carrying amount of the discounted trade receivables	9,204,268	12,520,367
Carrying amount of the related borrowings	9,204,268	12,520,367

6. Financial Assets at Fair Value

(A) Details of financial assets at fair value as of December 31, 2021 and December 31, 2020 are as follows:

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

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Equity instruments	1,662,532	1,539,659

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

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Debt instruments	2,135	3,107

(B) Changes in financial assets at fair value for the years ended December 31, 2021 and 2020 are as follows:

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

(In millions of Korean won)	**2021**	**2020**
Balance as of January 1	1,539,659	1,206,080
Acquisition	260,642	204,957
Fair value valuation gain (loss)	(137,815)	128,622
Other	46	-
Balance as of December 31	1,662,532	1,539,659

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

(In millions of Korean won)	**2021**	**2020**
Balance as of January 1	3,107	3,181
Disposal	(912)	(74)
Fair value valuation gain (loss)	(60)	-
Balance as of December 31	2,135	3,107

(C) Changes in gain (loss) on valuation of financial assets at fair value through other comprehensive income for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Balance as of January 1	262,752	134,130
Fair value valuation gain(loss)	(137,815)	128,622
Balance as of December 31	124,937	262,752
Income tax effects on equity	(34,358)	(72,257)
Total	90,579	190,495

(D) Details of listed equity securities of financial assets at fair value as of December 31, 2021 and 2020 are as follows:

	December 31, 2021				**December 31, 2020**
(In millions of Korean won, number of shares and percentage)	**Number of shares owned**	**Percentage of ownership[1] (%)**	**Acquisition cost**	**Carrying amount (Market value)**	**Carrying amount (Market value)**
Samsung Heavy Industries	134,027,281	15.2	932,158	759,935	708,882
Hotel Shilla	2,004,717	5.1	13,957	156,368	164,988
iMarket Korea	647,320	1.9	324	6,926	5,658
Skylife	240,000	0.5	3,344	2,194	2,114
Yongpyong Resort	400,000	0.8	1,869	1,958	1,702
A-Tech Solution	1,592,000	15.9	26,348	26,188	19,263
Wonik Holdings	1,759,171	2.3	15,410	8,761	11,153
Wonik IPS	1,850,936	3.8	16,214	78,295	81,904
Dongjin Semichem	2,467,894	4.8	48,277	125,863	90,078
Soulbrain Holdings	461,741	2.2	30,752	15,976	20,825
Soulbrain	373,368	4.8	24,866	103,983	101,668
S&S Tech	1,716,116	8.0	65,933	63,153	74,651
YIK Corp	9,601,617	11.7	47,336	59,530	60,010
Kctech	1,022,216	4.9	20,720	24,584	31,433
Lotvacuum	1,267,668	7.1	18,990	21,805	24,086
Newpower	2,140,939	4.9	12,739	13,723	14,109
Fine Semitech	1,522,975	7.0	43,009	38,607	-
DNF	810,030	7.0	20,964	18,509	-
Marvell	173,187	0.0	11,705	17,962	-
Total			1,354,915	1,544,320	1,412,524

[1] Ownership represents the Company's ownership of the total ordinary shares issued by each entity.

7. Trade and Non-Trade Receivables

(A) Trade and non-trade receivables as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Receivables	33,353,467	1,855,136	24,841,610	1,915,583
Less: Loss allowance	(56,610)	(4,397)	(37,469)	(7,014)
Subtotal	33,296,857	1,850,739	24,804,141	1,908,569
Less: Non-current portion	(208,610)	(18,251)	(67,401)	(9,986)
Current portion	33,088,247	1,832,488	24,736,740	1,898,583

As of December 31, 2021, trade receivables discounted through factoring agreements were accounted for as collateral borrowings and amount of the trade receivables were ₩ 9,204,268 million (as of December 31, 2020, ₩ 12,520,367 million) (refer to Note 12).

(B) Movements in the loss allowance for receivables for the years ended December 31, 2021 and 2020 are as follows:

	2021		2020	
(In millions of Korean won)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Balance as of January 1	37,469	7,014	37,992	5,331
Bad debt expense (reversal)	19,235	(1,998)	(489)	1,739
Write-off	(94)	(619)	(34)	(56)
Balance as of December 31	56,610	4,397	37,469	7,014

(C) The details of trade and non-trade receivables classified by past due date to measure expected credit losses as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Receivables not past due	32,986,766	1,640,450	24,504,533	1,576,620
Past due[1]:				
Less than 31 days overdue	181,986	31,420	69,437	54,393
31 days to 90 days overdue	26,727	17,586	18,924	31,398
Over 90 days overdue	157,988	165,680	248,716	253,172
Subtotal	366,701	214,686	337,077	338,963
Total	33,353,467	1,855,136	24,841,610	1,915,583

[1] The Company does not consider trade and non-trade receivables that are overdue for less than or equal to 31 days as impaired.

(D) The maximum exposure to current credit risk is equivalent to the carrying amount of receivables as of December 31, 2021. The Company has in place insurance contracts covering the Company's major receivables.

8. Inventories

Inventories as of December 31, 2021 and 2020 are as follows:

	December 31, 2021			December 31, 2020		
(In millions of Korean won)	**Gross amount**	**Valuation allowance**	**Carrying amount**	**Gross amount**	**Valuation allowance**	**Carrying amount**
Finished goods	3,884,713	(366,987)	3,517,726	2,535,410	(118,007)	2,417,403
Work in process	9,384,285	(222,291)	9,161,994	8,904,968	(65,773)	8,839,195
Raw materials and supplies	3,211,380	(258,464)	2,952,916	2,544,706	(379,326)	2,165,380
Materials in transit	340,417	-	340,417	409,394	-	409,394
Total	16,820,795	(847,742)	15,973,053	14,394,478	(563,106)	13,831,372

The inventories recognized as expense for the year ended December 31, 2021, amount to ₩ 135,609,737 million (2020: ₩ 116,543,552 million). The amount includes loss on valuation of inventories.

9. Investments in Subsidiaries, Associates and Joint Ventures

(A) Changes in investments in subsidiaries, associates and joint ventures for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	2021	2020
Balance as of January 1	56,587,548	56,571,252
Acquisition	138,858	163,456
Disposal	(567,693)	(22,057)
Impairment (reversal)	66,886	(125,103)
Balance as of December 31	56,225,599	56,587,548

(B) Major investments in associates as of December 31, 2021 are as follows:
(refer to Note 30 for list of the Company's subsidiaries)

Investee	Nature of relationship with associate	Percentage of ownership (%)[1]	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.	New business investment	31.5	Korea	December
Samsung SDI Co., Ltd.[2]	Manufacture and supply electronic components including secondary cell batteries	19.6	Korea	December
Cheil Worldwide, Inc.	Advertising agency	25.2	Korea	December

[1] Ownership represents the Company's ownership of the total ordinary shares issued by each entity.
[2] The Company's ownership of ordinary shares outstanding is 20.6%.

(C) A summary of the condensed financial information of major subsidiaries and associates as of and for the years ended December 31, 2021 and 2020 is as follows:

(1) Major subsidiaries

(In millions of Korean won)	**2021** Assets	Liabilities	Sales	Profit for the year
Samsung Display Co., Ltd. (SDC)[1]	54,967,156	9,081,737	28,755,975	2,770,060
Samsung Electronics America, Inc. (SEA)[1]	42,982,054	19,246,751	42,325,524	823,914
Samsung (CHINA) Investment Co., Ltd. (SCIC)[1]	13,599,093	9,685,278	2,615,685	451,062
Samsung (China) Semiconductor Co., Ltd. (SCS)[1]	19,049,536	5,168,738	7,341,018	1,708,832
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)[1]	14,651,496	8,998,502	-	24,527
Samsung Asia Private Ltd. (SAPL)[1]	14,683,789	58,381	-	4,668,478
Shanghai Samsung Semiconductor Co., Ltd. (SSS)[1]	7,765,126	5,799,690	31,326,186	325,397
Samsung Electronica da Amazonia Ltda. (SEDA)[1]	4,589,505	1,671,097	6,020,523	490,202
Samsung India Electronics Private Ltd. (SIEL)[1]	7,765,019	3,236,745	12,222,643	522,672
Thai Samsung Electronics Co., Ltd. (TSE)[1]	3,018,358	474,223	4,443,031	142,191
Samsung Electronics (UK) Ltd. (SEUK)[1]	2,925,062	1,992,367	5,621,922	241,403
Samsung Electronics GmbH (SEG)[1]	2,289,391	2,228,650	6,385,080	2,158
Samsung Electronics Hungarian Private Co., Ltd. (SEH)[1]	2,504,075	641,004	4,357,137	157,616
Samsung Electronics Benelux B.V. (SEBN)[1]	2,612,357	766,034	2,569,603	284,816
Samsung Electronics Europe Logistics B.V. (SELS)[1]	2,305,275	2,144,805	14,700,517	13,943

[1] The above summary of condensed financial information is based on separate financial statements of each subsidiary.

(In millions of Korean won)	**2020** Assets	Liabilities	Sales	Profit for the year
Samsung Display Co., Ltd. (SDC)[1]	50,039,755	7,612,332	27,149,102	1,798,100
Samsung Electronics America, Inc. (SEA)[1]	36,765,070	15,828,083	35,237,365	1,623,555
Samsung (CHINA) Investment Co., Ltd. (SCIC)[1]	15,438,819	12,358,881	2,475,454	127,051
Samsung (China) Semiconductor Co., Ltd. (SCS)[1]	14,348,735	3,511,003	5,321,312	1,100,619
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)[1]	11,495,430	7,641,709	-	16,150
Samsung Asia Pte. Ltd. (SAPL)[1]	9,552,755	523,402	1,634,692	968,504
Shanghai Samsung Semiconductor Co., Ltd. (SSS)[1]	7,678,989	5,010,041	25,829,119	271,691
Samsung Electronica da Amazonia Ltda. (SEDA)[1]	6,280,131	1,556,057	6,390,696	819,561
Samsung India Electronics Private Ltd. (SIEL)[1]	6,250,492	2,523,027	10,943,343	611,571
Thai Samsung Electronics Co., Ltd. (TSE)[1]	2,920,299	451,055	3,744,080	160,264
Samsung Electronics (UK) Ltd. (SEUK)[1]	2,767,563	1,886,447	4,987,522	133,016
Samsung Electronics GmbH (SEG)[1]	2,687,535	2,626,979	6,306,675	605
Samsung Electronics Hungarian Private Co., Ltd. (SEH)[1]	2,230,457	504,952	3,665,360	148,056
Samsung Electronics Benelux B.V. (SEBN)[1]	2,145,488	736,480	2,324,308	58,579
Samsung Electronics Europe Logistics B.V. (SELS)[1]	1,700,033	1,550,350	13,444,960	20,623

[1] The above summary of condensed financial information is based on separate financial statements of each subsidiary.

(2) Major associates

(In millions of Korean won)	2021 Samsung Electro-Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
Current assets	4,598,269	7,575,968	2,823,175	7,444,907	2,018,598
Non-current assets	5,343,105	2,941,464	5,146,835	18,388,286	523,513
Current liabilities	2,234,657	2,370,290	1,107,295	6,461,286	1,224,222
Non-current liabilities	835,592	703,442	1,871,614	4,175,208	190,622
Revenue	9,675,036	13,630,002	1,568,007	13,553,220	3,325,712
Profit or loss from continuing operations[1]	1,055,411	611,171	393,589	1,169,801	165,485
Profit or loss from discontinued operation, net of tax[1]	(162,966)	-	-	-	-
Other comprehensive income (loss)[1]	151,809	134,163	(1,270)	623,792	32,535
Total comprehensive income[1]	1,044,254	745,334	392,319	1,793,593	198,020

[1] Profit (loss) attributable to owners of the parent company.

(In millions of Korean won)	2020 Samsung Electro-Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
Current assets	4,150,303	6,581,153	1,751,347	5,657,405	1,742,270
Non-current assets	5,075,196	2,573,766	4,672,854	15,876,827	500,194
Current liabilities	1,914,880	1,720,757	589,301	4,983,633	1,046,224
Non-current liabilities	1,400,223	575,054	1,236,117	3,191,672	180,710
Revenue	8,208,738	11,017,432	1,164,777	11,294,770	2,747,922
Profit or loss from continuing operations[1]	595,938	443,455	240,975	574,723	157,400
Profit or loss from discontinued operation, net of tax[1]	8,024	-	-	-	-
Other comprehensive income (loss)[1]	(33,475)	(134,669)	3,354	144,901	(14,795)
Total comprehensive income[1]	570,487	308,786	244,329	719,624	142,605

[1] Profit (loss) attributable to owners of the parent company.

(D) Fair value of marketable investments in associates as of December 31, 2021 and are 2020 as follows:

	December 31, 2021			December 31, 2020	
(In millions of Korean won and number of shares)	**Number of shares held**	**Market value**	**Carrying amount**	**Market value**	**Carrying amount**
Samsung Electro-Mechanics	17,693,084	3,494,384	445,244	3,149,369	445,244
Samsung SDS	17,472,110	2,734,385	560,827	3,118,772	560,827
Samsung Biologics	20,836,832	18,815,659	443,193	17,211,223	443,193
Samsung SDI	13,462,673	8,818,051	1,242,605	8,454,559	1,242,605
Cheil Worldwide	29,038,075	663,520	491,599	598,184	491,599

10. Property, Plant and Equipment

(A) Changes in property, plant and equipment for the years ended December 31, 2021 and 2020 are as follows:

	2021					
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Construction in progress**	**Other**	**Total**
Balance as of January 1	7,800,435	19,087,134	43,749,609	13,994,259	1,535,487	86,166,924
Acquisition cost	7,801,259	28,992,675	146,778,918	13,994,259	3,535,985	201,103,096
Accumulated depreciation and impairment	(824)	(9,905,541)	(103,029,309)	-	(2,000,498)	(114,936,172)
Acquisitions and capital expenditures[1]	5,295	4,385,819	31,501,402	1,339,173	607,076	37,838,765
Depreciation	(406)	(1,614,006)	(18,016,803)	-	(532,894)	(20,164,109)
Disposals/scrap	(24,319)	(5,104)	(108,737)	-	(5,402)	(143,562)
Other	(11)	(12,027)	9,842	(25,930)	(2,867)	(30,993)
Balance as of December 31	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)

[1] The capitalized borrowing costs are ₩21,911 million, and interest rate used to calculate the borrowing costs eligible for capitalization is 1.1%.

	2020					
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Construction in progress**	**Other**	**Total**
Balance as of January 1	7,803,272	14,908,032	34,492,059	15,294,787	1,592,125	74,090,275
Acquisition cost	7,803,624	23,486,138	127,459,572	15,294,787	3,312,418	177,356,539
Accumulated depreciation and impairment	(352)	(8,578,106)	(92,967,513)	-	(1,720,293)	(103,266,264)
Acquisitions and capital expenditures	2,254	5,569,437	23,651,596	(1,233,051)	445,494	28,435,730
Depreciation	(472)	(1,378,486)	(14,263,941)	-	(482,631)	(16,125,530)
Disposals/scrap	(4,878)	(6,526)	(128,181)	-	(21,121)	(160,706)
Other	259	(5,323)	(1,924)	(67,477)	1,620	(72,845)
Balance as of December 31	7,800,435	19,087,134	43,749,609	13,994,259	1,535,487	86,166,924
Acquisition cost	7,801,259	28,992,675	146,778,918	13,994,259	3,535,985	201,103,096
Accumulated depreciation and impairment	(824)	(9,905,541)	(103,029,309)	-	(2,000,498)	(114,936,172)

(B) Changes in the right-of-use assets for the years ended December 31, 2021 and 2020 are as follows:

	2021				
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Balance as of January 1	2,593	144,615	70,429	188,236	405,873
Acquisition	91	446,071	4,674	992	451,828
Depreciation	(405)	(80,085)	(36,065)	(9,617)	(126,172)
Disposals/scrap	-	(28)	-	(1,131)	(1,159)
Other[1]	-	(45)	-	-	(45)
Balance as of December 31	2,279	510,528	39,038	178,480	730,325

	2020				
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Balance as of January 1	2,703	177,324	117,522	208,852	506,401
Acquisition	103	46,476	6,414	8,796	61,789
Depreciation	(472)	(77,761)	(46,849)	(11,233)	(136,315)
Disposals/scrap	-	(1,424)	(6,510)	(17,919)	(25,853)
Other[1]	259	-	(148)	(260)	(149)
Balance as of December 31	2,593	144,615	70,429	188,236	405,873

[1] Other includes cumulative effects of changes in accounting policies.

(C) Details of depreciation of property, plant and equipment for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Cost of sales	18,479,655	14,529,186
Selling and administrative expenses and other	1,684,454	1,596,344
Total	20,164,109	16,125,530

11. Intangible Assets

(A) Changes in intangible assets for the years ended December 31, 2021 and 2020 are as follows:

	2021					
(In millions of Korean won)	**Intellectual property rights**	**Development cost**	**Membership**	**Goodwill**	**Other**	**Total**
Balance as of January 1	1,195,319	371,392	194,277	-	5,241,660	7,002,648
External acquisitions	286,963	-	4,329	-	3,610,518	3,901,810
Internally generated/ developed	-	193,708	-	-	-	193,708
Amortization	(218,754)	(321,608)	-	-	(1,851,408)	(2,391,770)
Disposals/scrap	(42,031)	-	-	-	(557)	(42,588)
Impairment (reversal)	-	-	(3,471)	-	-	(3,471)
Other	4,744	(6,582)	-	-	(1,043)	(2,881)
Balance as of December 31	1,226,241	236,910	195,135	-	6,999,170	8,657,456

	2020					
(In millions of Korean won)	**Intellectual property rights**	**Development cost**	**Membership**	**Goodwill**	**Other**	**Total**
Balance as of January 1	1,143,602	740,736	187,186	206,741	5,730,388	8,008,653
External acquisitions	272,799	-	-	-	1,112,729	1,385,528
Internally generated/ developed	-	109,482	-	-	-	109,482
Amortization	(207,641)	(455,990)	-	-	(1,951,594)	(2,615,225)
Disposals/scrap	(29,840)	-	-	-	(6,132)	(35,972)
Impairment (reversal)	(6,545)	(3,474)	7,091	(206,741)	-	(209,669)
Other[1]	22,944	(19,362)	-	-	356,269	359,851
Balance as of December 31	1,195,319	371,392	194,277	-	5,241,660	7,002,648

[1] Other includes reclassification of licenses.

(B) Details of amortization of intangible assets for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Cost of sales	1,931,598	2,171,952
Selling and administrative expenses and other	460,172	443,273
Total	2,391,770	2,615,225

12. Borrowings

(A) Details of the carrying amounts of borrowings as of December 31, 2021 and December 31, 2020 are as follows:

(In millions of Korean won)	Financial institutions	Interest rate (%) as of Dec 31, 2021	December 31, 2021	December 31, 2020
Short-term borrowings				
Collateralized borrowings[1]	Woori Bank and other	0.0~8.7	9,204,268	12,520,367
Current portion of long-term borrowings				
Lease liabilities[2]	-	1.2	133,518	82,253
Long-term borrowings				
Lease liabilities[2]	-	1.2	431,915	150,397

[1] Collateralized borrowings are secured by trade receivables.

[2] Interest expenses arising from the lease liabilities for the years ended December 31, 2021 and 2020 amount to ₩ 4,939 million and ₩ 4,696 million, respectively, which were determined using the weighted average incremental borrowing rate. The right-of-use assets are pledged as collateral to lessors in the event of default. Short-term lease payments and low- valued asset lease payments that are not included in measurement of lease liabilities during the years ended December 31, 2021 and 2020 amount to ₩ 56,750 million and ₩ 42,088 million, respectively.

(B) Maturities of lease liabilities outstanding as of December 31, 2021 are as follows:

(In millions of Korean won)	Lease liabilities
Repayment terms	
2022	141,900
2023	94,422
2024	87,942
2025	81,229
2026 and thereafter	195,016
Total	600,509

13. Debentures

(A) Details of the carrying amounts of debentures as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**Issue date**	**Due date**	**Interest rate (%) as of Dec 31, 2021**	**December 31, 2021**	**December 31, 2020**
US dollar denominated straight bonds[1]	Oct 2, 1997	Oct 1, 2027	7.7	35,565 (USD 30 million)	38,080 (USD 35 million)
Less: Discounts				(707)	(853)
Less: Current Portion				(5,810)	(5,318)
Total				29,048	31,909

[1] US dollar denominated straight bonds are repaid annually for twenty years after a ten-year grace period from the date of issuance. Interest is paid semi-annually.

(B) Maturities of debentures outstanding as of December 31, 2021 are as follows:

(In millions of Korean won)	**Debentures**
Repayment terms	
2022	5,928
2023	5,928
2024	5,928
2025	5,928
2026 and thereafter	11,853
Total	35,565

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, 2021 and 2020 are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Present value of funded defined benefit obligations	11,155,187	9,740,095
Present value of unfunded defined benefit obligations	18,449	13,987
Subtotal	11,173,636	9,754,082
Fair value of plan assets	(13,497,927)	(10,916,538)
Total	(2,324,291)	(1,162,456)

(B) The components of defined benefit costs recognized in profit or loss for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Current service cost	907,450	802,039
Net interest income	(40,104)	(15,895)
Total	867,346	786,144

(C) The expenses related to the defined benefit plans recognized in the statements of profit or loss for the years ended December 31, 2021 and 2020 are as follows :

(In millions of Korean won)	**2021**	**2020**
Cost of sales	341,934	317,381
Selling and administrative expenses and other	525,412	468,763
Total	867,346	786,144

(D) Changes in the defined benefit obligations for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Balance as of January 1	9,754,082	8,277,908
Current service cost	907,450	802,039
Interest cost	296,029	240,765
Remeasurement:		
Actuarial gains or losses arising from changes in demographic assumptions	-	(40,581)
Actuarial gains or losses arising from changes in financial assumptions	150,624	622,915
Other	429,051	225,438
Benefits paid	(374,416)	(385,631)
Other	10,816	11,229
Balance as of December 31	11,173,636	9,754,082

(E) Changes in the fair value of plan assets for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Balance as of January 1	10,916,538	8,764,763
Interest income on plan assets	336,133	256,660
Remeasurement of plan assets	(128,336)	(78,505)
Contributions by employer	2,640,100	2,159,200
Benefits paid	(276,733)	(194,495)
Other	10,225	8,915
Balance as of December 31	13,497,927	10,916,538

Expected contributions to post-employment benefit plans for the year ended December 31, 2022 are ₩ 1,326,253 million.

(F) As of December 31, 2021, plan assets are invested in principal guaranteed fixed income financial instruments.

(G) The principal actuarial assumptions as of December 31, 2021 and 2020 are as follows:

(In percentage)	**December 31, 2021**	**December 31, 2020**
Discount rate	3.8	3.2
Salary growth rate (including the effects of inflation)	5.3	4.5

(H) The sensitivity analysis of the defined benefit obligations as of December 31, 2021 and 2020 to changes in the weighted principal assumptions is as follows:

(In percentage)	**December 31, 2021**	**December 31, 2020**
Discount rate		
1%p increase	91	91
1%p decrease	110	110
Salary growth rate		
1%p increase	110	110
1%p decrease	91	91

(I) The weighted average maturity of the defined benefit obligations is 9.26 years as of December 31, 2021.

15. Provisions

Changes in provisions for the year ended December 31, 2021 are as follows:

(In millions of Korean won)	**Warranty (A)**	**Royalty expenses (B)**	**Long-term incentives (C)**	**Other (D, E)**	**Total**
Balance as of January 1	340,818	1,304,018	567,004	1,223,663	3,435,503
Charged to profit or loss	464,983	541,054	186,259	2,481,632	3,673,928
Payment	(419,088)	(464,463)	(194,281)	(1,025,978)	(2,103,810)
Other	-	115,916	-	182,090	298,006
Balance as of December 31	386,713	1,496,525	558,982	2,861,407	5,303,627

(A) The Company accrues warranty reserves 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 for the accrued period.

(D) The Company records provisions for future expenses expected to be incurred for products that have been discontinued from manufacturing and sales.

(E) The Company makes provisions for the carrying amounts of emission rights held by the Company and the emission in excess of the emission rights for the applicable years. Details of emission rights and liabilities as of December 31, 2021 are as follows:

(1) Allocated emission rights and estimated volume of emission as of December 31, 2021 are as follows:

(In ten thousand metric tons)	**December 31, 2021**
Allocated emission rights	1,126
Estimated volume of emission	1,442

As of December 31, 2021, emission permits allocated to the Company for the remaining plan periods are 44,720 thousand tons.

(2) Changes in the emission rights for the year ended December 31, 2021 are as follows:

(In millions of Korean won)	**2021**
Balance as of January 1	44,865
Acquisition	1,312
Submission	(104)
Balance as of December 31	46,073

(3) Changes in the emission liabilities for the year ended December 31, 2021 are as follows:

(In millions of Korean won)	**2021**
Balance as of January 1	31,777
Charged to the statement of profit or loss	13,376
Submission	(104)
Balance as of December 31	45,049

16. Commitments and Contingencies

(A) Guarantees

(1) Debt guarantees provided by the Company for overseas subsidiaries as of December 31, 2021 are as follows:

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

Overseas subsidiaries	Creditor	Period	Actual indebtedness	Guaranteed amount
SETK	BNP and others	Dec 16, 2022	121,244	956,699
SETK-P	BNP and others	Dec 16, 2022	39,516	154,115
SEIL	Citibank	Dec 16, 2022	12,978	18,494
Other			-	8,669,206
Total			173,738	9,798,514
			US$ 146,556	US$ 8,265,301

(2) The ceiling amount of guarantees provided by the Company for the execution of contracts by overseas subsidiaries is ₩ 413,105 million as of December 31, 2021.

(3) The Company has not been provided any collateral or guarantees from its related parties as of December 31, 2021.

(B) Litigation

As of December 31, 2021, 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, 2021, the Company has trade financing agreements, trade notes receivable discounting facilities, and loan facilities with accounts receivable pledged as collateral with 5 financial institutions including Woori Bank, with a combined limit of up to ₩ 10,304,805 million. In addition, the Company has a trade financing agreement (up to USD 8,950 million) with 19 financial institutions including Shinhan Bank, and loan facilities with accounts receivable pledged as collateral related to purchase payments with 4 financial institutions including Industrial Bank of Korea (up to ₩ 408,913 million).

(2) As of December 31, 2021, unfulfilled agreements relating to the acquisition of property, plant and equipment and intangible assets amount to ₩ 7,536,277 million.

17. Contract Liabilities

The Company has recognized the following contract liabilities related to revenue from contracts with customers:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Contract liabilities[1]	1,104,756	1,065,465

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

The revenue recognized during the current reporting period in relation to carried-forward balance of contract liabilities amounts to ₩ 330,965 million.

18. Share Capital

As of December 31, 2021, the Company's total number of authorized shares is 25,000,000,000 shares (₩ 100 per share). The Company has issued 5,969,782,550 shares of ordinary shares and 822,886,700 shares of preference shares as of December 31, 2021, excluding the retired shares. As of the December 31, 2021, the number of shares outstanding is the same as the number of shares issued above, and no changes were made to the number of shares outstanding during the years ended December 31, 2021 and 2020. Due to the retirement of shares, the total par value of the shares issued is ₩ 679,267 million (ordinary shares of ₩ 596,978 million and preference shares of ₩ 82,289 million), which does not agree with paid-in capital of ₩ 897,514 million.

19. Retained Earnings

(A) Retained earnings as of December 31, 2021 and 2020 consist of the following:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Appropriated retained earnings		
Legal reserves:		
Earned profit reserves[1]	450,789	450,789
Discretionary reserves:	164,709,023	169,432,080
Subtotal	165,159,812	169,882,869
Unappropriated retained earnings	23,614,523	8,401,233
Total	188,774,335	178,284,102

[1] 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 its issued capital stock. As of December 31, 2021, since the Company's profit reserves reached 50% of its capital stock, the Company has no obligation for additional reserves.

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(B) Separate statements of appropriation of retained earnings for the years ended December 31, 2021 and 2020 are as follows:

The appropriation of retained earnings for the year ended December 31, 2021, is expected to be appropriated at the shareholders' meeting. The appropriation date for the year ended December 31, 2020 was March 17, 2021.

(In millions of Korean won)	**2021**	**2020**
Retained earnings before appropriations		
Unappropriated retained earnings carried over from prior year	30	30
Interim dividends:		
In 2021 - ₩ 1,083 (dividend rate: 1083%)	(7,356,461)	(7,213,815)
In 2020 - ₩ 1,062 (dividend rate: 1062%)		
Profit for the year	30,970,954	15,615,018
Retained earnings available for appropriation	**23,614,523**	**8,401,233**
Transfers from other reserves		
Reserve for business rationalization	-	4,723,057
Appropriations of retained earnings		
Cash dividends:	2,452,976	13,124,260
In 2021: Ordinary shares - ₩ 361 (dividend rate: 361%) Preference shares - ₩ 362 (dividend rate: 362%)		
In 2020: Ordinary shares - ₩ 1,932 (dividend rate: 1932%) Preference shares - ₩ 1,933 (dividend rate: 1933%)		
Reserve for research and human resources development	21,161,517	-
Total appropriations of retained earnings	**23,614,493**	**13,124,260**
Unappropriated retained earnings to be carried forward	**30**	**30**

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

(1) Interim dividends (Record date: March 31, 2021 and 2020, June 30, 2021 and 2020, and September 30, 2021 and 2020)

(In millions of Korean won and number of shares)			**2021**	**2020**
1st 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)		361%	354%
	Dividend amount	Ordinary shares	2,155,092	2,113,303
		Preference shares	297,062	291,302
		Total	2,452,154	2,404,605
2nd 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)		361%	354%
	Dividend amount	Ordinary shares	2,155,092	2,113,303
		Preference shares	297,062	291,302
		Total	2,452,154	2,404,605
3rd 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)		361%	354%
	Dividend amount	Ordinary shares	2,155,092	2,113,303
		Preference shares	297,062	291,302
		Total	2,452,154	2,404,605

(2) Year-end dividends (Record date: December 31, 2021 and 2020)

(In millions of Korean won and number of shares)		**2021**	**2020**
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%	1932%
	Preference shares	362%	1933%
Dividend amount	Ordinary shares	2,155,092	11,533,620
	Preference shares	297,884	1,590,640
	Total	2,452,976	13,124,260

20. Other Components of Equity

Other components of equity as of December 31, 2021 and 2020 consist of the following:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Gain on valuation of financial assets at fair value through other comprehensive income	90,579	190,495
Remeasurement of net defined benefit assets	(2,732,997)	(2,219,688)
Others	1,760,408	1,760,408
Total	(882,010)	(268,785)

21. Expenses by Nature

Expenses by nature for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	2021	2020
Changes in finished goods, work in process, and other	(1,423,122)	(1,102,250)
Raw materials used, merchandise purchased, and other	90,519,249	79,001,881
Wages and salaries	14,870,760	12,510,224
Post-employment benefit	898,132	811,122
Depreciation	20,164,109	16,125,530
Amortization	2,391,770	2,615,225
Welfare	2,630,171	2,327,252
Utilities	2,903,838	2,600,685
Outsourcing	3,106,610	2,989,647
Advertising	1,945,358	1,316,851
Sales promotion expenses	1,066,434	896,646
Other	28,678,234	25,699,404
Total[1]	167,751,543	145,792,217

[1] Equal to sum of cost of sales and selling and administrative expenses in the separate statements of profit or loss.

22. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Selling and administrative expenses		
Wages and salaries	2,396,978	2,178,159
Post-employment benefit	163,395	135,433
Commissions	2,397,640	2,226,051
Depreciation	396,881	429,725
Amortization	220,616	194,890
Advertising	1,945,358	1,316,851
Sales promotion expenses	1,066,434	896,646
Transportation	907,948	759,938
Service charges	1,675,628	1,318,609
Other	1,911,866	1,878,587
Subtotal	13,082,744	11,334,889
Research and development expenses		
Total expenses	19,039,074	17,813,391
Capitalized expenses	(193,708)	(109,482)
Subtotal	18,845,366	17,703,909
Total	31,928,110	29,038,798

23. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	2021	2020
Other non-operating income		
Dividend income	6,560,011	129,569
Rental income	164,197	167,239
Gain on disposal of property, plant and equipment	278,849	306,182
Other	355,947	194,504
Total	7,359,004	797,494

(In millions of Korean won)	2021	2020
Other non-operating expenses		
Loss on disposal of property, plant and equipment	13,366	9,831
Donations	195,457	254,791
Other	537,155	592,620
Total	745,978	857,242

24. Financial Income and Expenses

Details of financial income and expenses for the years ended December 31, 2021 and 2020 are as follows:

(*In millions of Korean won*)	2021	2020
Financial income		
Interest income	260,396	507,947
Interest income from financial assets measured at amortized cost	260,396	507,947
Foreign exchange differences	3,497,401	5,168,930
Gain from derivatives	39,182	-
Total	3,796,979	5,676,877

(*In millions of Korean won*)	2021	2020
Financial expenses		
Interest expenses	149,984	189,301
Interest expenses from financial liabilities measured at amortized cost	49,982	44,725
Other financial liabilities	100,002	144,576
Foreign exchange differences	3,485,602	5,494,879
Losses from derivatives	63,089	-
Total	3,698,675	5,684,180

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

25. Income Tax Expense

(A) Income tax expense for the years ended December 31, 2021 and 2020 consists of the following:

(In millions of Korean won)	**2021**	**2020**
Current taxes		
Current tax on profits for the year	8,041,604	4,823,845
Adjustments recognized in the current year	(321,952)	249,914
Subtotal	7,719,652	5,073,759
Deferred taxes		
Changes in deferred taxes arising from unused tax credits	(332,351)	(34,673)
Changes in deferred taxes arising from temporary differences	346,237	(202,181)
Subtotal	13,886	(236,854)
Items charged directly to equity	-	-
Income tax expense	7,733,538	4,836,905

(B) The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the Company as follows:

(In millions of Korean won)	**2021**	**2020**
Profit before income tax	38,704,492	20,451,923
Tax calculated at tax rates applicable to profits[1]	10,643,735	5,624,279
Adjustments:		
Non-taxable income	(34,706)	(94,157)
Disallowed expense	651,517	9,073
Tax credits	(3,420,702)	(940,044)
Other	(106,306)	237,754
Subtotal	(2,910,197)	(787,374)
Income tax expense	7,733,538	4,836,905

[1] The statutory tax rate regulated by tax law as of December 31, 2021 and 2020 is applied.

(C) The movement in deferred income tax assets and liabilities resulting from the tax effect of temporary differences for the years ended December 31, 2021 and 2020 are as follows:

(1) 2021

	Temporary differences			Deferred tax assets (liabilities)		
(In millions of Korean won)	**Balance as of January 1**	**Increase (Decrease)**	**Balance as of December 31**	**Balance as of January 1**	**Increase (Decrease)**	**Balance as of December 31**
Deferred tax arising from temporary differences						
Revaluation of land	(3,420,886)	14,261	(3,406,625)	(940,744)	3,922	(936,822)
Investments in subsidiaries, associates and joint ventures[1]	(3,994,444)	157,076	(3,837,368)	(909,018)	55,853	(853,165)
Accumulated depreciation and other	(514,103)	(1,942,199)	(2,456,302)	(141,379)	(534,104)	(675,483)
Accrued income	(112,810)	58,703	(54,107)	(31,023)	16,144	(14,879)
Provisions, accrued expenses, and other	9,540,744	1,557,561	11,098,305	2,623,704	428,330	3,052,034
Foreign currency translation	(51,955)	46,642	(5,313)	(14,288)	12,827	(1,461)
Asset impairment losses	1,744,851	(648,554)	1,096,297	399,268	(178,352)	220,916
Post-employment benefits	(4,223,358)	(1,869,997)	(6,093,355)	(1,161,424)	(514,249)	(1,675,673)
Valuation effects from spin-off[2]	10,586,822	-	10,586,822	-	-	-
Other	1,038,962	2,858,629	3,897,591	115,053	363,392	478,445
Subtotal	10,593,823	232,122	10,825,945	(59,851)	(346,237)	(406,088)
Deferred tax arising from unused tax credits						
Unused tax credits	282,542	389,511	672,053	282,542	332,351	614,893
Deferred tax recognized in equity						
Loss (gain) on valuation of financial assets at fair value through other comprehensive income and other	(262,753)	137,815	(124,938)	(72,257)	37,899	(34,358)
Remeasurement of net defined benefit assets	3,061,640	708,012	3,769,652	841,951	194,702	1,036,653
Subtotal	2,798,887	845,827	3,644,714	769,694	232,601	1,002,295
Total				-	-	1,211,100

[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 will not reverse in the foreseeable future, deferred tax assets were not recognized.

(2) 2020

(In millions of Korean won)	Temporary differences			Deferred tax assets (liabilities)		
	Balance as of January 1	Increase (Decrease)	Balance as of December 31	Balance as of January 1	Increase (Decrease)	Balance as of December 31
Deferred tax arising from temporary differences						
Revaluation of land	(3,417,804)	(3,082)	(3,420,886)	(939,896)	(848)	(940,744)
Investments in subsidiaries, associates and joint ventures[1]	(3,994,444)	-	(3,994,444)	(909,018)	-	(909,018)
Accumulated depreciation and other	108,447	(622,550)	(514,103)	29,823	(171,202)	(141,379)
Accrued income	(155,013)	42,203	(112,810)	(42,628)	11,605	(31,023)
Provisions, accrued expenses, and other	7,244,548	2,296,196	9,540,744	1,992,251	631,453	2,623,704
Foreign currency translation	(124,453)	72,498	(51,955)	(34,224)	19,936	(14,288)
Asset impairment losses	1,611,087	133,764	1,744,851	443,049	(43,781)	399,268
Post-employment benefits	(2,702,738)	(1,520,620)	(4,223,358)	(743,253)	(418,171)	(1,161,424)
Valuation effects from spin-off[2]	10,586,822	-	10,586,822	-	-	-
Other	466,776	572,186	1,038,962	(58,136)	173,189	115,053
Subtotal	9,623,228	970,595	10,593,823	(262,032)	202,181	(59,851)
Deferred tax arising from unused tax credits						
Unused tax credits	247,870	34,672	282,542	247,869	34,673	282,542
Deferred tax recognized in equity						
Loss on valuation of financial assets at fair value through other comprehensive income and other	(134,131)	(128,622)	(262,753)	(36,886)	(35,371)	(72,257)
Remeasurement of net defined benefit assets	2,175,363	886,277	3,061,640	598,225	243,726	841,951
Subtotal	2,041,232	757,655	2,798,887	561,339	208,355	769,694
Total				547,176	445,209	992,385

[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 a 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 will not reverse in the foreseeable future, deferred tax assets were not recognized.

(D) Details of period when the deferred tax assets (liabilities) are recovered (settled) as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Net deferred tax assets (liabilities) to be recovered (settled) within 12 months	2,837,162	2,168,431
Net deferred tax assets (liabilities) to be recovered (settled) after more than 12 months	(1,626,062)	(1,176,046)
Total	1,211,100	992,385

26. Earnings per Share

(A) Basic earnings per share

Basic earnings per share for the years ended December 31, 2021 and 2020 are calculated as follows:

(1) Ordinary shares

(In millions of Korean won, thousands of number of shares)	**2021**	**2020**
Profit for the year	30,970,954	15,615,018
Profit for the year available for ordinary shares	27,218,306	13,722,639
Weighted-average number of ordinary shares outstanding	5,969,783	5,969,783
Basic earnings per ordinary share *(in Korean won)*	4,559	2,299

(2) Preference shares

(In millions of Korean won, thousands of number of shares)	**2021**	**2020**
Profit for the year	30,970,954	15,615,018
Profit for the year available for preference shares	3,752,648	1,892,379
Weighted-average number of preference shares outstanding	822,887	822,887
Basic earnings per preference share *(in Korean won)*	4,560	2,300

(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, 2021 and 2020.

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, 2021 and 2020 are as follows:

- Adjustments

(In millions of Korean won)	**2021**	**2020**
Adjustments :		
Income tax expense	7,733,538	4,836,905
Financial income	(514,303)	(932,340)
Financial expenses	636,934	773,679
Post-employment benefits	898,132	811,122
Depreciation	20,164,109	16,125,530
Amortization	2,391,770	2,615,225
Bad debt expenses (reversal)	19,235	(489)
Dividends income	(6,560,011)	(129,569)
Gain on disposal of property, plant and equipment	(278,849)	(306,182)
Loss on disposal of property, plant and equipment	13,366	9,831
Loss (gain) on valuation of inventories	696,536	145,280
Others	(32,395)	370,850
Total	25,168,062	24,319,842

- Changes in assets and liabilities arising from operating activities

(In millions of Korean won)	**2021**	**2020**
Changes in assets and liabilities :		
Decrease (increase) in trade receivables	(8,102,318)	1,680,321
Decrease in non-trade receivables	54,306	468,606
Increase in prepaid expenses	(198,371)	(86,681)
Decrease (increase) in inventories	(2,732,143)	(1,680,513)
Increase (decrease) in trade payables	4,935,529	(867,032)
Increase in other payables	1,004,128	296,526
Increase in advances received	50,363	68,806
Increase (decrease) in withholdings	191,872	49,264
Increase (decrease) in accrued expenses	920,919	2,030,147
Increase (decrease) in provisions	1,570,118	1,216,028
Payment of post-employment benefits	(405,203)	(410,608)
Increase in plan assets	(2,363,367)	(1,964,705)
Other	(707,488)	(1,193,365)
Total	(5,781,655)	(393,206)

(B) Significant non-cash investing and financing transactions for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Valuation of financial assets at fair value through other comprehensive income	(137,815)	128,622
Reclassification of construction in progress to property, plant and equipment	36,663,946	30,550,917
Acquisition of right-of-use assets (new lease contracts established)	451,828	61,789
Reclassification of current portion of debentures	5,810	5,318
Reclassification of current portion of long-term borrowings	133,518	82,253

(C) Changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020 are as follows:

(1) 2021

(In millions of Korean won)	**As of January 1**	**Cash flows from financing activities**	**Non-cash transactions: New lease contracts**	**Non-cash transactions: Other[1]**	**As of December 31**
Short-term borrowings	12,520,367	(3,288,858)	-	(27,241)	9,204,268
Debentures and long-term borrowings	269,877	(117,963)	451,828	(3,451)	600,291
Total	12,790,244	(3,406,821)	451,828	(30,692)	9,804,559

[1] Other includes amortization and effects of changes in foreign currency exchange rates.

(2) 2020

(In millions of Korean won)	**As of January 1**	**Cash flows from financing activities**	**Non-cash transactions: New lease contracts**	**Non-cash transactions: Other[1]**	**As of December 31**
Short-term borrowings	10,228,216	2,326,350	-	(34,199)	12,520,367
Debentures and long-term borrowings	368,113	(134,443)	61,789	(25,582)	269,877
Total	10,596,329	2,191,907	61,789	(59,781)	12,790,244

[1] Other includes amortization, effects of changes in foreign currency exchange rates and the cumulative effect of changes in accounting policies.

(D) For the years ended December 31, 2021 and 2020, cash outflows from repayment of the principal (financial activities) were ₩ 112,523 million and ₩ 128,575 million, respectively, while cash outflows due to interest expenses (operating activities) in relation to the lease liabilities amount to ₩ 4,939 million and ₩ 4,696 million, respectively.

(E) The Company reported cash receipts and payments arising from transactions occurring frequently, of large gross amounts, and with short-term maturities, such as short-term financial instruments, borrowings and other, on a net basis. As of December 31, 2021, most of the Company's cash and cash equivalents consist of bank deposits.

28. Financial Risk Management

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

The finance team mainly carries out the Company's financial risk management. After implementing the global financial risk management policies, the finance team periodically measures, evaluates, and hedges the financial risk and also establishes and implements the global financial risk management policy.

The Company also manages the foreign exchange risk by monitoring the foreign exchange rate fluctuations at local finance centers across major regions (United States, United Kingdom, Singapore, China, Brazil, and Russia) and acting as an agent of foreign exchange transactions. In addition, the Company manages the liquidity risk by utilizing a globally integrated finance structure.

The Company's financial assets that are under the financial risk management are comprised of cash and cash equivalents, short-term financial instruments, trade receivables and others. The Company's financial liabilities under financial risk management are comprised of trade payables, borrowings, and others.

(A) Market risk

(1) Foreign exchange risk

The Company is exposed to the foreign exchange risk arising from its global operations performed in currencies other than its functional currency. The major currencies that are exposed to the foreign exchange risk are the US dollar, Euro, and Indian Rupee.

The Company focuses on minimizing the impact of the foreign exchange fluctuation by maintaining the equal amount of assets and liabilities denominated in each foreign currency, irrespective of the foreign exchange fluctuation considerations. To prevent the exchange position, the Company's foreign exchange management policy requires the normal business transactions, including imports and exports, as well as the financing transactions such as depositing and borrowing, to be in local currency or for the cash-in currency to be matched up with the cash-out currency. 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, 2021 and 2020, when the currency rates change by 5%, the impact on profit or loss (before income tax effects) arising from financial assets and liabilities denominated in foreign currencies other than the functional currency are as follows:

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Increase**	**Decrease**	**Increase**	**Decrease**
USD	119,312	(119,312)	25,761	(25,761)
EUR	(33,776)	33,776	(22,112)	22,112
INR	25,057	(25,057)	21,948	(21,948)

(2) Interest rate risk

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

(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, 2021 and 2020, price fluctuation of marketable equity securities (listed stocks) by 1% would result in changes in other comprehensive income (before income tax) of ₩ 15,443 million and ₩ 14,125 million, respectively.

(B) Credit risk

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

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

As of December 31, 2021 and 2020, the Company estimates that its maximum exposure to credit risk is the carrying amount of its financial assets, net of impairment losses.

(C) Liquidity risk

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

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

For the need of large scale of liquidity, the Company secures the credit limit for overseas subsidiaries through payment guarantees.

As of December 31, 2021 and 2020, the following table is an undiscounted cash flow analysis for financial liabilities according to their remaining contractual maturity.

	December 31, 2021				
(In millions of Korean won)	**Less than 3 months**	**4 – 6 months**	**7 – 12 months**	**1 - 5 years**	**More than 5 years**
Financial liabilities	35,764,225	435,581	728,627	2,798,560	87,798

	December 31, 2020				
(In millions of Korean won)	**Less than 3 months**	**4 – 6 months**	**7 – 12 months**	**1 - 5 years**	**More than 5 years**
Financial liabilities	31,594,935	131,341	608,538	1,121,448	35,383

The table above shows the Company's financial liabilities based on the remaining period at the separate statement of financial position date until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The maximum liquidity risk exposure from those other than the above financial liabilities (e.g., payment guarantees for affiliated companies, performance bonds, and other) as of December 31, 2021 and 2020 are ₩ 10,211,619 million and ₩ 9,374,823 million, respectively.

(D) Capital risk management

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

The Company has maintained an AA- and Aa3 credit ratings from S&P and Moody's, respectively.

The debt ratio as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Total liabilities	57,918,452	46,347,703
Total equity	193,193,732	183,316,724
Debt ratio	30.0%	25.3%

(E) Fair value estimation

(1) Carrying amounts and fair value of financial instruments by category as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	3,918,872	(*1)	989,045	(*1)
Short-term financial instruments	15,000,576	(*1)	29,101,284	(*1)
Trade receivables	33,088,247	(*1)	24,736,740	(*1)
Financial assets at fair value through other comprehensive income	1,662,532	1,662,532	1,539,659	1,539,659
Financial assets at fair value through profit or loss	2,135	2,135	3,107	3,107
Other	5,076,418	(*1)	4,149,950	(*1)
Total financial assets	58,748,780		60,519,785	
Financial liabilities				
Trade payables	11,557,441	(*1)	6,599,025	(*1)
Short-term borrowings	9,204,268	(*1)	12,520,367	(*1)
Other payables	12,948,960	(*1)	9,671,280	(*1)
Current portion of long-term liabilities	139,328	6,276	87,571	5,318
- Current portion of long-term borrowing	133,518	(*2)	82,253	(*2)
- Current portion of debentures	5,810	6,276	5,318	5,318
Debentures	29,048	35,863	31,909	36,507
Long-term borrowings	431,915	(*2)	150397	(*2)
Long-term other payables	2,335,218	(*1)	935,038	(*1)
Other	3,056,156	(*1)	3,423,251	(*1)
Total financial liabilities	39,702,334		33,418,838	

(*1) Assets and liabilities whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

(*2) 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.*

(2) Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value disclosed as of December 31, 2021 and 2020 are as follows:

	December 31, 2021			
(In millions of Korean won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
1) Assets				
Financial assets at fair value through other comprehensive income	1,544,320	-	118,212	1,662,532
Financial assets at fair value through profit or loss	-	-	2,135	2,135
2) Liabilities				
Current portion of debentures	-	6,276	-	6,276
Debentures	-	35,863	-	35,863

	December 31, 2020			
(In millions of Korean won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
1) Assets				
Financial assets at fair value through other comprehensive income	1,412,524	-	127,135	1,539,659
Financial assets at fair value through profit or loss	-	-	3,107	3,107
2) Liabilities				
Current portion of debentures	-	5,318	-	5,318
Debentures	-	36,507	-	36,507

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

(3) Valuation technique and the inputs

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

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

(In millions of Korean won, and percentage)

Classification	Fair value	Valuation technique	Level 3 inputs	Input range (Weighted average)
Financial assets at fair value through other comprehensive income				
Samsung Venture Investment	22,198	Discounted cash flow	Permanent growth rate	-1.0%~1.0%(0.0%)
			Weighted average cost of capital	19.7%~21.7%(20.7%)
MiCo Ceramics Co., Ltd.,	24,636	Discounted cash flow, and etc.	Permanent growth rate	-1.0%~1.0%(0.0%)
			Weighted average cost of capital	14.7%~16.7%(15.7%)

(4) Changes in Level 3 instruments:

(In millions of Korean won)	2021	2020
Financial assets		
Balance as of January 1	130,242	84,536
Acquisitions	-	39,239
Disposals	(912)	(74)
Amount recognized in other comprehensive income	2,736	6,541
Other	(11,719)	-
Balance as of December 31	120,347	130,242

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

(In millions of Korean won)	**Favorable changes**		**Unfavorable changes**	
Classification	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
Financial assets at fair value through other comprehensive income[1]	-	1,721	-	(1,346)

[1] For equity securities, changes in fair value are calculated with the correlation between the growth rate (-1% ~1%) and the discount rate, which are significant unobservable inputs.

29. Segment Information

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

Sales 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 CE, IM, DS (Semiconductor), 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, 2021

(In millions of Korean won)	**CE**	**IM**	**DS**	**Total[1]**
Sales	33,729,352	73,506,114	94,373,136	199,744,705
Depreciation	96,931	206,276	19,457,650	20,164,109
Amortization	58,754	1,251,306	891,431	2,391,770
Operating profit	(712,563)	7,118,710	25,592,201	31,993,162

[1] Other operating segments are not separately disclosed.

(2) For the year ended December 31, 2020

(In millions of Korean won)	**CE**	**IM**	**DS**	**Total[1]**
Sales	30,618,259	64,473,747	70,874,770	166,311,191
Depreciation	98,409	202,568	15,413,851	16,125,530
Amortization	50,762	1,373,849	1,021,608	2,615,225
Operating profit	592,493	4,285,747	15,633,976	20,518,974

[1] Other operating segments are not separately disclosed.

30. Related Party Transactions

(A) Subsidiaries

List of subsidiaries as of December 31, 2021 are as follows:

Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
America	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)	Technology business, venture capital investments	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
	Dacor Holdings, Inc.	Management of overseas subsidiaries	100.0
	Dacor, Inc.	Manufacture and sale of home appliances	100.0
	Dacor Canada Co.	Sale of home appliances	100.0
	SmartThings, Inc.	Sale of smart home electronics	100.0
	TeleWorld Solutions, Inc. (TWS)	Installation & optimization of network devices	100.0
	Samsung Semiconductor, Inc. (SSI)	Sale of semiconductor and display panels	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 services	100.0
	Samsung Electronics Canada, Inc. (SECA)	Sale of electronic devices	100.0
	AdGear Technologies Inc.	Digital advertising platforms	100.0
	Samsung Electronica 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, S.A. de C.V. (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 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 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
	Harman Connected Services Engineering Corp.	Connected service provider	100.0

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

Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
America	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
	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
	Beijing Integrated Circuit Industry International Fund, L.P	Venture capital investments	61.4
	China Materialia New Materials 2016 Limited Partnership	Venture capital investments	99.0
	Harman da Amazonia Industria Eletronica e Participacoes Ltda.	Manufacture and sale of audio products	100.0
Europe & CIS	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. (SDSK)	Toll processing of display panels	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
	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
	Zhilabs, S.L.	Development and sale of network solutions	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 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

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

Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Europe & CIS	AKG Acoustics GmbH	Manufacture and sale of audio products	100.0
	AMX UK Limited	Sale of audio products	100.0
	Harman Audio Iberia Espana Sociedad Limitada	Sale of audio products	100.0
	Harman Automotive UK Limited	Manufacture 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. Zo.o	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
	Harman Deutschland GmbH	Sale of audio products	100.0
	Harman Finance International GP S.a.r.l	Management of overseas subsidiaries	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 Finance International, SCA	Financing company	100.0
	Harman International s.r.o.	Manufacture of audio products	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 Ltd.	Software design	100.0
	Red Bend Software S.A.S	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
	AKG Acoustics GmbH	Manufacture and sale of audio products	100.0
	AMX UK Limited	Sale of audio products	100.0
	Harman Audio Iberia Espana Sociedad Limitada	Sale of audio products	100.0
	Harman Automotive UK Limited	Manufacture of audio products	100.0

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

Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Middle East & Africa	Samsung Gulf Electronics Co., Ltd. (SGE)	Sale of electronic devices	100.0
	Samsung Electronics Turkey (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
	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
	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
Asia (Excluding China)	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
	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
	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
	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

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

Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
	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)	Manufacture of electronic devices	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
	Samsung SemiConductor Xian Co., Ltd. (SSCX)	Sale of semiconductor and display panels	100.0
	Samsung Electronics Suzhou Semiconductor Co., Ltd. (SESS)	Toll processing of semiconductors	100.0
China	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	Technology business, venture capital investments	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
	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

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

Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Domestic	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
	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, etc.	100.0
	Samsung Venture Capital Union #21	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #22	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #26	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #28	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #29	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #32	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #33	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #37	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #40	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #42	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #43	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #45	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #48	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #52	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #55	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #56	Technology business, Venture capital investments	99.0
	Growth type private equity trust specialized in semiconductors	Investment on semiconductor industry	66.7
	System LSI mutual benefit private equity trust	Investment on semiconductor industry	62.5

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

(B) Sale and purchase transactions

Sale and purchase transactions with related parties for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	Name of company[1]	December 31, 2021 Sales and other	Disposal of non-current assets	Purchases and other	Purchase of non-current assets
Subsidiaries	Samsung Display Co., Ltd.	234,883	2,475	916,709	-
	Samsung Electronics America, Inc. (SEA)	32,860,328	-	165,629	-
	Samsung (China) Semiconductor Co., Ltd. (SCS)	167,937	190,056	7,340,085	9,857
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	9,380,604	686	21,146,962	1,111
	Harman and its subsidiaries[2]	65	-	48,387	-
	Samsung Electronics Vietnam Co., Ltd. (SEV)	6,652,988	1,716	15,387,219	317
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	1,525,639	-	9,019	-
	Samsung Semiconductor, Inc. (SSI)	31,894,007	-	409,852	-
	Samsung Asia Pte. Ltd. (SAPL)	18	-	22,855	-
	Samsung Austin Semiconductor LLC. (SAS)	598	1,183	3,703,472	7,511
	Samsung India Electronics Private Ltd. (SIEL)	4,327,075	2,609	3,373,962	-
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	25,683,936	-	3,885	-
	Samsung Display Vietnam Co., Ltd. (SDV)	1,314,121	-	-	-
	Samsung Eletronica da Amazonia Ltda. (SEDA)	3,151,503	403	8,600	-
	Samsung Electronics (UK) Ltd. (SEUK)	1,535,053	-	91,821	1
	Samsung International, Inc. (SII)	417,680	-	7,721,915	-
	Thai Samsung Electronics Co., Ltd. (TSE)	1,459,938	-	2,489,534	-
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	652,277	3,222	5,183,912	900
	Samsung Electronics Taiwan Co., Ltd. (SET)	4,853,191	-	674	-
	Samsung Electronics Hungarian Private Co. Ltd. (SEH)	547,190	-	547	-
	Samsung Electronics Europe Logistics B.V. (SELS)	4,294,662	-	11,007	-
	Samsung Electronics Benelux B.V. (SEBN)	365,818	-	2,695	-
	Samsung Electronics GmbH (SEG)	3,332,793	-	7,646	-
	Samsung Display Dongguan Co., Ltd. (SDD)	288,980	-	-	-
	Other	53,602,392	10,982	15,648,603	3,784
	Total	188,543,676	213,332	83,694,990	23,481
Associates and joint ventures	Samsung SDS Co.,Ltd	141,014	-	1,542,039	530,412
	Samsung Electro-Mechanics Co., Ltd	45,303	-	975,086	-
	Samsung SDI Co., Ltd	49,995	269	360,350	30,627
	Cheil Worldwide Inc	26,794	-	720,533	16
	Other	595,551	68	773,381	8,011
	Total	858,657	337	4,371,389	569,066
Other related parties	Samsung C&T Co., Ltd	66,745	-	78,054	3,902,417
	Other	303,093	-	564,706	92,577
	Total	369,838	-	642,760	3,994,994
Other[3]	Samsung Engineering Co., Ltd	598	-	38,556	2,106,166
	S-1	7,132	-	401,224	27,744
	Other	106,714	2,371	200,387	38,531
	Total	114,444	2,371	640,167	2,172,441

[1] Transactions with separate entities that are related parties of the Company.

[2] Transactions with the intermediate parent company, including Harman International Industries, Inc. and its subsidiaries.

[3] Although these entities are not related parties of the Company in accordance with *Korean IFRS 1024*, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

(In millions of Korean won)	Name of company[1]	2020 Sales and other	Disposal of non-current assets	Purchases and other	Purchase of non-current assets
Subsidiaries	Samsung Display	196,823	-	1,016,635	99
	Samsung Electronics America. (SEA)	26,957,506	-	169,209	-
	Samsung Electronics Vietnam THAINGUYEN (SEVT)	5,604,586	160	17,562,566	1,666
	Samsung (CHINA) Investment (SCIC)	1,258,362	-	16,121	-
	Harman and its subsidiaries[2]	82	-	96,868	-
	Samsung (China) Semiconductor (SCS)	151,476	266,135	5,321,169	6,447
	Samsung Electronics Vietnam. (SEV)	3,996,320	2,650	13,734,647	1,355
	Samsung Semiconductor, Inc. (SSI)	20,816,043	-	433,784	330
	Samsung Asia Pte. Ltd. (SAPL)	1,623,597	-	30,383	-
	Shanghai Samsung Semiconductor (SSS)	19,538,264	-	205,749	-
	Samsung Display Vietnam (SDV)	1,155,048	-	-	-
	Samsung Austin Semiconductor (SAS)	768	62,423	3,913,100	1,863
	Samsung Eletronica da Amazonia (SEDA)	1,043,819	243	5,089	-
	Samsung India Electronics (SIEL)	3,839,831	-	2,613,913	-
	Thai Samsung Electronics (TSE)	1,234,284	-	2,002,528	-
	Samsung Electronics (UK) (SEUK)	888,317	-	105,904	-
	Samsung Electronics GmbH (SEG)	3,560,864	-	8,158	-
	Samsung Electronics HCMC CE Complex (SEHC)	709,713	-	5,249,002	31
	Samsung Electronics Hungarian (SEH)	884,255	-	1,849	-
	Samsung Electronics Benelux (SEBN)	200,787	-	2,611	-
	Samsung Display Dongguan (SDD)	79,708	-	-	-
	Samsung Electronics Europe Logistics (SELS)	4,047,574	-	8,728	-
	Samsung Electronics France (SEF)	2,034,589	-	4,367	-
	Samsung Japan Corporation (SJC)	2,526,771	-	7,163	-
	Other	42,074,984	13,361	19,651,006	14,732
	Total	144,424,371	344,972	72,160,549	26,523
Associates and joint ventures	Samsung SDS	106,676	77	1,566,150	426,799
	Samsung Electro-Mechanics	36,562	-	1,072,949	-
	Samsung SDI	54,356	272	314,277	69,619
	Cheil Worldwide	26,244	-	620,199	-
	Other	541,318	30	696,055	4,360
	Total	765,156	379	4,269,630	500,778
Other related parties	Samsung C&T	87,844	-	151,612	3,491,244
	Other	264,426	-	535,448	84,663
	Total	352,270	-	687,060	3,575,907
Other[3]	Samsung Engineering	3,906	-	43,472	1,614,571
	S-1	10,933	-	374,209	33,340
	Other	79,524	-	202,874	799
	Total	94,363	-	620,555	1,648,710

[1] Transactions with separate entities that are related parties of the Company.

[2] Transactions with the intermediate parent company, including Harman International Industries, Inc. and its subsidiaries.

[3] Although these entities are not related parties of the Company in accordance with *Korean IFRS 1024*, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

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, 2021 and 2020 are as follows:

(In millions of Korean won)	Name of company[1]	December 31, 2021	
		Receivables and other[2]	Payables and other[3]
Subsidiaries	Samsung Display Co., Ltd.	23,791	119,401
	Samsung Electronics America, Inc. (SEA)	4,708,011	143,310
	Samsung (China) Semiconductor Co., Ltd. (SCS)	59,110	726,945
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	734,283	4,049,400
	Harman and its subsidiaries[4]	-	7,541
	Samsung Electronics Vietnam Co., Ltd. (SEV)	414,781	2,301,949
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	138,307	77,540
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	316	-
	Samsung Semiconductor, Inc. (SSI)	7,320,890	123,555
	Samsung Asia Pte. Ltd. (SAPL)	1,736	2,164
	Samsung Austin Semiconductor LLC. (SAS)	4,645	277,682
	Samsung India Electronics Private Ltd. (SIEL)	1,099,927	463,652
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	4,337,520	217
	Samsung Display Vietnam Co., Ltd. (SDV)	161,441	-
	Samsung Eletronica da Amazonia Ltda. (SEDA)	258,490	1,040
	Samsung Electronics (UK) Ltd. (SEUK)	201,717	19,595
	Samsung International, Inc. (SII)	32,564	259,847
	Thai Samsung Electronics Co., Ltd. (TSE)	132,508	334,943
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	167,225	430,960
	Samsung Electronics Taiwan Co., Ltd. (SET)	372,716	32,145
	Samsung Electronics Hungarian Private Co. Ltd. (SEH)	58,694	99
	Samsung Electronics Europe Logistics B.V. (SELS)	629,882	1,715
	Samsung Electronics Benelux B.V. (SEBN)	45,171	3,351
	Samsung Electronics GmbH (SEG)	223,603	2,272
	Samsung Display Dongguan Co., Ltd. (SDD)	18,025	-
	Other	9,220,424	2,284,643
	Total	30,365,777	11,663,966
Associates and joint ventures	Samsung SDS Co., Ltd	64,364	574,443
	Samsung Electro-Mechanics Co., Ltd	2,415	108,103
	Samsung SDI Co., Ltd	113,845	54,076
	Cheil Worldwide Inc.	59	421,901
	Other	192,550	166,311
	Total	373,233	1,324,834
Other related parties	Samsung C&T Corporation	195,355	1,640,615
	Other	15,839	125,470
	Total	211,194	1,766,085
Other [5]	Samsung Engineering Co., Ltd	289	1,099,881
	S-1 Corporation	2,058	29,620
	Other	4,286	56,476
	Total	6,633	1,185,977

[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, 2021.

[3] Payables and others include lease liabilities.

[4] Transactions with the intermediate parent company, including 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 according to the Monopoly Regulation and Fair Trade Act.

(In millions of Korean won)	Name of Company[1]	December 31, 2020	
		Receivables and other[2]	Payables and other[3]
Subsidiaries	Samsung Display	8,791	110,590
	Samsung Electronics America (SEA)	4,386,729	109,808
	Samsung Electronics Vietnam THAINGUYEN (SEVT)	573,990	1,475,012
	Samsung (CHINA) Investment (SCIC)	114,209	63,247
	Harman and its subsidiaries[4]	-	11,649
	Samsung (China) Semiconductor (SCS)	58,124	503,142
	Samsung Electronics Vietnam (SEV)	479,330	1,642,273
	Samsung Electronics Europe Holding (SEEH)	348	-
	Samsung Semiconductor, Inc. (SSI)	3,904,314	119,569
	Samsung Asia Pte. Ltd. (SAPL)	92,692	38,434
	Shanghai Samsung Semiconductor (SSS)	3,310,319	202
	Samsung Display Vietnam (SDV)	118,106	-
	Samsung Austin Semiconductor (SAS)	6,634	297,169
	Samsung Eletronica da Amazonia (SEDA)	368,591	938
	Samsung India Electronics (SIEL)	825,400	283,091
	Thai Samsung Electronics (TSE)	76,754	219,580
	Samsung Electronics (UK) (SEUK)	250,169	27,984
	Samsung Electronics GmbH (SEG)	674,888	1,999
	Samsung Electronics HCMC CE Complex (SEHC)	127,677	502,978
	Samsung Electronics Hungarian (SEH)	83,227	229
	Samsung Electronics Benelux (SEBN)	114,569	3,363
	Samsung Display Dongguan (SDD)	14,237	-
	Samsung Electronics Europe Logistics (SELS)	939,206	1,651
	Samsung Electronics France (SEF)	313,893	340
	Samsung Japan Corporation (SJC)	227,020	57,762
	Other	6,543,308	2,253,734
	Total	23,612,525	7,724,744
Associates and joint ventures	Samsung SDS	36,752	493,346
	Samsung Electro-Mechanics	310	71,041
	Samsung SDI	107,201	58,274
	Cheil Worldwide	76	393,348
	Other	103,652	161,686
	Total	247,991	1,177,695
Other related parties	Samsung C&T	212,894	2,300,740
	Other	16,065	111,425
	Total	228,959	2,412,165
Other[5]	Samsung Engineering	441	523,140
	S-1	1,619	32,165
	Other	3,133	20,697
	Total	5,193	576,002

[1] Transactions with separate entities that are related parties of the Company.

[2] The Company has not recognized any bad debt allowance in relation to the receivables due from subsidiaries as of December 31, 2020.

[3] Payables and others include lease liabilities.

[4] Transactions with the intermediate parent company, including 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 according to the Monopoly Regulation and Fair Trade Act.

(D) For the years ended December 31, 2021 and 2020, the Company invested ₩ 138,858 million and ₩ 163,456 million, respectively, in subsidiaries, and received ₩592,520 million and ₩ 22,057 million in return of investments for the years ended December 31, 2021 and 2020, respectively. In addition, there were no additional investments in associates and joint ventures or return of those investments for the years ended December 31.

(E) For the years ended December 31, 2021 and 2020, the Company declared dividend of ₩ 3,527,449 million and ₩ 1,659,962 million, respectively, to the related parties. In addition, for the years ended December 31, 2021 and 2020, the Company declared ₩ 267,738 million and ₩ 125,744 of dividends to the entities that are not related parties of the Company in accordance with *Korean IFRS 1024*, but belong to the same conglomerate according to the Monopoly Regulation and Fair Trade Act. As of December 31, 2021 and 2020, no dividends declared remains unpaid.

(F) For the years ended December 31, 2021 and 2020, assets leased from related parties amounted to ₩ 63,887 million and ₩ 289 million, respectively, and lease payments made to the related parties amounted to ₩ 51,703 million and ₩ 67,002 million, respectively.

(G) As of December 31, 2021, the Company provides guarantees in relation to borrowings of the related parties (refer to Note 16).

(H) Key management compensation

The compensation paid or payable to key management (executive directors) for their services for the years ended December 31, 2021 and 2020 consists of:

(In millions of Korean won)	**2021**	**2020**
Short-term employee benefits	20,370	13,333
Post-employment benefits	886	987
Other long-term employee benefits	8,092	7,287

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

[English Translation of Independent Auditor's Report on Internal Control over Financial Reporting Originally Issued in Korean on February 16, 2022]

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

Audit Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Samsung Electronics Co., Ltd. (the "Company") as of December 31, 2021, based on 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

In our opinion, the Company's internal control over financial reporting is designed and operated effectively as of December 31, 2021, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2021, and the separate statement of profit or loss, the separate statement of comprehensive income, the separate statement of changes in equity and separate statement of cash flows, for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies, and our report dated February 16, 2022, expressed an unqualified opinion.

Basis for Audit Opinion

We conducted our audit in accordance with the KSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting

Management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying report on effectiveness of the internal control over financial reporting.

Those Charged with Governance is responsible for the oversight of internal control over financial reporting of the Company.

Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with the KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

The audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of whether the risks of a material weakness exist. The audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risks.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Byung Moon Yoo.

Deloitte Anjin LLC

Seoul, Korea

February 16, 2022

<u>Notice to Readers</u>

This report is effective as of February 16, 2022, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the Company's internal control over financial reporting and may result in modifications to the auditor's report.