20240702122236

Styrelsen för

Harman Connected Services AB
org nr 556250-3515

får härmed avge
Årsredovisning
för räkenskapsåret 1 Januari 2023 - 31 December 2023

Härmed intygas, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 30/06 2024 varvid förslaget till behandling av balanserad vinst i förvaltningsberättelsen fastställdes.

Malmö den 30 / 06 / 2024

(Andrey Ponomarev)

Andrey Ponomarev
Styrelseledamot

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Harman Connected Services AB
556250-3515

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Innehållsförteckning **Sida**

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Harman Connected Services AB
556250-3515

FÖRVALTNINGSBERÄTTELSE

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STYRELSEN FÖR HARMAN CONNECTED SERVICES AB, ORGANISATIONSNUMMER 556250-3515, MED SÄTE I MALMÖ, AVGER HÄRMED SIN ÅRSREDOVISNING FÖR BOLAGET FÖR RÄKENSKAPSÅRET 1 JANUARI 2023 TILL 31 DECEMBER 2023. HARMAN CONNECTED SERVICES AB ÄR PER 31 DECEMBER 2023 TILL 100% ÄGDA AV HARMAN CONNECTED SERVICES INC. ("HCS"), USA. HCS ÄR I SIN TUR MAJORITETSÄGDA AV HARMAN INTERNATIONAL INDUSTRIES INC. ("HII"). HII ÄR EN LJUD, VISUELL, INFOTAINMENT OCH ENTERPRISE AUTOMATION GROUP MED SÄTE I STAMFORD CONNECTICUT, USA. DESSA ÄGS PER 31 DECEMBER AV SAMSUNG ELECTRONICS (KRX: 005.930).

Verksamhetens art och inriktning

Bolaget är världsledande leverantör av produktutvecklingstjänster och lösningar för mobila apparater, originalutrustningstillverkare (OEM) och telekomoperatörer. Företaget levererar högteknologiska lösningar till sina kunder genom att utnyttja de lågprisleveranscentraler som drivs av andra koncernbolag.Bolaget genererade ett förlust på 0.44 mkr före skatt jämfört med en positivt resultant på 0.36 mkr 2022

Risker

Harman försöker vid alla tillfällen att minimera risker, även om vissa risker kan vara svåra att påverka och förutse. Harmans väsentliga affärsrisker inkluderar bland annat risken för minskad efterfrågan på konsulttjänster, kundkoncentration, svårigheter att attrahera och behålla värdefull personal, kreditrisker samt av risker i samband med fastprisuppdrag.

Valutarisk

Med valutarisk avses risken att verkligt värde eller framtida kassaflöden fluktuerar till följd av ändrade valutakurser. Företaget bedriver verksamhet på flera olika geografiska marknader och i olika valutor och är därigenom exponerad för valutarisk. Exponeringen för valutarisk härrör huvudsakligen från betalningsflöden i utländsk valuta, så kallad transaktionsexponering samt från omräkning av balansposter i utländsk valuta.

Företagets utflöden består huvudsakligen av USD samtidigt som företagets inflöden huvudsakligen består av SEK. Företaget är därmed i stor omfattning påverkad av förändringar i dessa valutakurser. Bolaget använder sig inte av några derivatinstrument för att säkra dessa kassaflöden.

Ränterisk

Med ränterisk avses risken att verkligt värde eller framtida kassaflöden fluktuerar till följd av ändrade marknadsräntor. Företaget är huvudsakligen exponerad för ränterisk genom dess lånefinansiering gentemot koncernbolag. Samtliga lån löper med fast ränta.

Utveckling av verksamhet, ställning och resultat

(Mkr)	2023[4]	2022 [4]	2021 [4]	2020 [4]
Nettoomsättning	-	-	-	0.58
Rörelseresultat	(0.32)	0.36	(0.41)	(1.17)
Resultat e. finansiella poster	(0.44)	0.36	(14.35)	30.14
Balansomslutning	331.09	332.63	332.75	380.68
Avkastning på eget kapital [2]	-0.14%	0.11%	-4.34%	7.95%
Avkastning på totalt kapital [3]	-0.13%	0.11%	-4.31%	7.92%

Förändring i eget kapital

(Mkr)

	Aktie-kapital	Reserv-fond	Balanserat resultat inkl. årets resultat	Summa Eget kapital
Vid årets början	153.18	68.00	109.86	331.04
Disposition enl bolagsstämmobeslut				-
Utdelning			(3.43)	(3.43)
Årets resultat			(0.44)	(0.44)
Vid årets slut	153.18	68.00	105.99	327.17

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Vinstdisposition	**SEK**
Till årsstämmans förfogande står följande medel:	
Balanserat resultat	109,864,253
Utdelning	(3,429,030)
Årets resultat	(443,389)
Summa	**105,991,835**
Styrelsen föreslår att den balanserade förlusten disponeras enligt följande:	
Överföres i ny räkning	105,991,835
Summa	**105,991,835**

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar, kassaflödesanalys samt noter. Alla belopp uttrycks i miljontals svenska kronor där ej annat anges.

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Harman Connected Services AB
556250-3515

Resultaträkning

Mkr		2023	2022
Rörelsens intäkter			
Övriga rörelseintäkter		0.35	0.87
Rörelsens kostnader			
Övriga externa kostnader	3	(0.67)	(0.51)
Summa rörelsens kostnader		**(0.32)**	**0.36**
Rörelseresultat		**(0.32)**	**0.36**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter		(0.12)	-
Summa resultat från finansiella poster		**(0.12)**	**-**
Resultat före skatt		**(0.44)**	**0.36**
Årets resultat		**(0.44)**	**0.36**

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Harman Connected Services AB
556250-3515

Balansräkning

Mkr	Not	2023	2022
Tillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	4	324.27	324.27
Andra långfristiga fordringar		2.35	-
Summa finansiella anläggningstillgångar		**326.62**	**324.27**
Summa anläggningstillgångar		**326.62**	**324.27**
Omsättningstillgångar			
Kortfristiga fordringar			
Övriga fordringar		1.08	0.01
Förutbetalda kostnader och upplupna intäkter	5	0.00	-
Summa kortfristiga fordringar		**1.08**	**0.01**
Kassa och bank		3.39	8.35
Summa omsättningstillgångar		**4.47**	**8.37**
Summa tillgångar		**331.09**	**332.63**

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Harman Connected Services AB
556250-3515

Balansräkning

Mkr		2023	2022
Eget kapital och skulder			
Eget kapital	6,7		
Bundet eget kapital			
Aktiekapital		153.18	153.18
Reservfond		68.00	68.00
Summa bundet eget kapital		**221.18**	**221.18**
Fritt eget kapital			
Överkursfond		292.56	292.56
Balanserat resultat		(186.12)	(183.06)
Årets resultat		(0.44)	0.36
Summa fritt eget kapital		**106.00**	**109.86**
Summa eget kapital		**327.18**	**331.04**
Avsättningar			
Övriga avsättningar för pensioner och liknande förpliktelser		2.35	-
Summa avsättningar		**2.35**	-
Kortfristiga skulder			
Leverantörsskulder		0.10	0.04
Skulder till koncernföretag	8	-	0.76
Skatteskulder		-	-
Upplupna kostnader och förutbetalda intäkter	9	1.47	0.80
Summa kortfristiga skulder		**1.57**	**1.59**
Summa eget kapital, avsättningar och skulder		**331.09**	**332.63**

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Harman Connected Services AB
556250-3515

Not 1: Allmän information

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Harman Connected Services AB med organisationsnummer 556250-3515 är ett aktiebolag registrerat i Sverige med säte i Malmö. Adressen till huvudkontoret är Tegelgårdsgatan 3 , 21133 Malmo. Företagets verksamhet omfattar konsulttjänster, direkt eller indirekt via dotterbolag, främst inom utveckling av mjukvara.

Moderföretag i den största koncernen som Harman Connected Services AB är dotterföretag till är Harman Industries Inc., med säte i Stamford Connecticut, USA. Moderföretag i den minsta koncernen som Harman Connected Services AB är dotterföretag till är Harman Connected Services Inc. , org.nr. 32-0016942, med säte i delstaten Delaware, USA. Det utländska moderföretagets koncernredovisning finns tillgänglig på bolagets kontor i Seoul Korea.

Ingen koncernredovisning har upprättats med stöd av Årsredovisningslagen 7 kap. 2 § punkt 1.

Not 2: Redovisningsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 *Årsredovisning och koncernredovisning* ("K3").

Redovisningsprinciperna är oförändrade jämfört med tidigare år.

Intäkter

Intäkter redovisas till det verkliga värdet av den ersättning som erhållits eller kommer att erhållas, med avdrag för mervärdeskatt, rabatter, returer och liknande avdrag.

Harman Connected Services ABs intäkter består i huvudsak av konsulttjänster avseende utveckling av och handel med informationstjänster.

Försäljning av tjänster

Intäkter från försäljning av tjänster på löpande räkning redovisas som intäkt i den period arbetet utförs och material levereras eller förbrukas.

Intäkter från försäljning av tjänster till fast pris redovisas med tillämpning av s.k. successiv vinstavräkning. Det innebär att intäkter och kostnader redovisas i förhållande till uppdragets färdigställandegrad på balansdagen. Färdigställandegraden fastställs genom en beräkning av förhållandet mellan nedlagda uppdragsutgifter för utfört arbete på balansdagen och beräknade totala uppdragsutgifter. En befarad förlust på ett tjänsteuppdrag redovisas omedelbart som en kostnad. När utfallet av ett tjänsteuppdrag inte kan beräknas på ett tillförlitligt sätt sker intäktsredovisning endast med belopp som motsvarar uppkomna uppdragsutgifter som sannolikt kommer att ersättas av beställaren. Uppdragsutgifter redovisas som kostnader i den period då de uppkommer.

Utdelning
Utdelningsintäkter redovisas när ägarens rätt att erhålla betalning har fastställts.

Utländsk valuta

Företagets redovisningsvaluta är svenska kronor (SEK).

Omräkning av poster i utländsk valuta

Vid varje balansdag räknas monetära poster i utländsk valuta om till balansdagens kurs. Icke-monetära poster, som värderas till historiskt anskaffningsvärde i en utländsk valuta, räknas inte om. Valutakursdifferenser redovisas i rörelseresultatet eller som finansiell post utifrån den underliggande affärshändelsen, i den period de uppstår, med undantag för transaktioner som utgör säkring och som uppfyller villkoren för säkringsredovisning av kassaflöden eller av nettoinvesteringar.

Låneutgifter
Låneutgifter redovisas i resultaträkningen i den period de uppkommer.

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Inkomstskatter
Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt

Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt

Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas enligt den s k balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

Det redovisade värdet på uppskjutna skattefordringar omprövas varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.

Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Uppskjuten skatt beräknas baserat på de skattesatser och skatteregler som har beslutats före balansdagen.

Aktuell och uppskjuten skatt för perioden

Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i resultaträkningen, utom när skatten är hänförlig till transaktioner som redovisats direkt mot eget kapital. I sådana fall ska även skatten redovisas direkt mot eget kapital.

Andelar i koncernföretag
Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Likvida medel
Likvida medel inkluderar kassamedel och disponibla tillgodohavanden hos banker och andra kreditinstitut samt andra kortfristiga likvida placeringar som lätt kan omvandlas till kontanter och är föremål för en obetydlig risk för värdefluktuationer. För att klassificeras som likvida medel får löptiden inte överskrida tre månader från tidpunkten för förvärvet.

Aktieägartillskott
Aktieägartillskott som en ägare lämnar redovisas som en ökning av andelens redovisade värde. Aktieägartillskott som en ägare erhåller redovisas direkt i eget kapital.

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Harman Connected Services AB
556250-3515

Not 3: Arvode

Arvode till revisorer

Mkr	2023	2022
PWC		
Revisionsuppdrag	0.08	0.08
Totala arvoden till revisorer	0.08	0.08

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskningen av årsredovisningen och bokföringen, styrelsens förvaltning samt arvode för revisionsrådgivning som lämnats i samband med revisionsuppdraget.

Not 4: Aktier i koncernföretag

Namn på dotterbolag	Organisations-nummer	säte	Antal aktier	%	Redovisat värde	Investeringar under året	Försäljningar under året	Nedskrivninga r under året	Utgående balans
Harman Finland Oy	1482492-4	Finland	50.636	100	3.02				3.02
Harman Connected Services GmbH	HRB24363	Germany	1.000	100	309.20				309.20
Harman Connected Services Poland sp.z.o.o	283968	Polen	1.000	100	0.12				0.12
HCS (Chengdu) Solutions Co Ltd	004386	Kina	1.000	100	11.92				11.92
Total					**324.27**	-	-	-	**324.27**

Not 5: Kortfristiga fordringar

MKr	2023	2022
Övriga fordringar	1.08	0.01
Övriga poster	0.00	0.00
Totalt	**1.08**	**0.01**

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Not 6: Eget kapital

Harman Connected Services ABs aktiekapital är indelat i två serier - A-aktier (antal: 475 555) och B-aktier (antal: 81.495.015). Både A-och B-aktier medför samma rätt till andel i bolagets nettotillgångar och vinst. Men A-aktier berättigar till tio röster vid bolagsstämma, och B-aktien en röst.

Mkr	Ej registrerat aktiekapital	Aktiekapital	Reservfond	Summa Bundet Eget Kapital	Överkurs-fond	Balanserat Resultat	Summa Fritt Eget Kapital	Totalt Eget Kapital
Ingående balans per 1 Jan 2022	-	153.18	68.00	221.18	292.56	(183.06)	109.50	330.68
Aktieägartillskott	-	-	-	-	-	-	-	-
Årets resultat	-	-	-	-	-	0.36	0.36	0.36
Utgående balans per 31 Dec 2022	-	153.18	68.00	221.18	292.56	(182.70)	109.86	331.04
Ingående balans per 1 Jan 2023	-	153.18	68.00	221.18	292.56	(182.70)	109.86	331.04
Utdelning	-	-	-	-	-	(3.43)	(3.43)	(3.43)
Årets resultat	-	-	-	-	-	(0.44)	(0.44)	(0.44)
Utgående balans per 31 Dec 2023	-	153.18	68.00	221.18	292.56	(186.57)	105.99	327.17

Not 7: Vinstdisposition

Mkr	
Till årsstämmans förfogande står följande medel:	
Balanserat resultat	106.43
Årets resultat	-0.44
Summa	**105.99**

Styrelsen föreslår att den balanserade förlusten disponeras enligt följande:

Överföres i ny räkning	105.99
Summa	**105.99**

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar, kassaflödesanalys samt noter. Alla belopp uttrycks i miljontals svenska kronor där ej annat anges.

Not 8: Skulder till koncernföretag

MKr	2023	2022
Kortfristiga		
Harman Connected Services Inc	-	0.76
	-	-
Totalt	**-**	**0.76**

Not 9: Upplupna kostnader och förutbetalda intäkter

MKr	2023	2022
Upplupna löner	-	-
förutbetalda intäkter	-	-
Sociala avgifter	3.62	0.67
Övriga upplupna kostnader	0.19	0.13
Totalt	**3.81**	**0.80**

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Not 10: Ställda säkerheter och eventualförpliktelser

	2023	2022
Ställda säkerheter	Inga	Inga
Eventualförpliktelser	Inga	Inga

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Tamika Avella Frimpong
Styrelseledamot

Vår revisionsberättelse har lämnats den dag som framgår av vår digitala signatur

Öhrlings PricewaterhouseCoopers AB

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HARMAN
Harman Connected Services AB
C/o Notar Advokatbyrå AB
Tegelgårdsgatan 3
211 33 MALMO

Svar på Bolagsverkets brev daterat 2024-11-15
Response to the SCRO letter dated 2024-11-15

Företagsnamn / *Company name:*	Harman Connected Services AB
Ärendenummer / *Case Number:*	9432170/2024
Organisationsnummer / *Organization number:*	556250-3515
Ämne / *Subject:*	Årsredovisning / *Annual report*
Period / *Period:*	2023-01-01 - 2023-12-31

Harman Connected Services AB är ett 100 % helägt dotterbolag till USA-baserade Harman Connected Services Inc. Moderbolaget för Harman Connected Services Inc är USA-baserade Harman International Industries Inc, somär ett dotterbolag till Korea-baserade Samsung Electronics Co., Ltd.. Det yttersta moderbolaget för Harman Connected Services AB är således Samsung Electronics Co., Ltd..

Harman Connected Services AB is a 100% wholly owned subsidiary of the US based Harman Connected Services Inc. The parent company for Harman Connected Services Inc is the US based Harman International Industries Inc, which is the subsidiary of the Korea based Samsung Electronics Co., Ltd. Hence, the ultimate parent company of Harman Connected Services AB is Samsung Electronics Co., Ltd..

I USA är det inte obligatoriskt att revidera räkenskaperna när det kontrolleras av ett utländskt företag. Därför har vi tillhandahållit koncernredovisningen för det yttersta moderbolaget Samsung Electronics Co., Ltd..

In the United States, it is not mandatory to have accounts audited when it is controlled by a foreign company. Hence, we have provided you the consolidated accounts statement of ultimate parent company Samsung Electronics Co., Ltd.

Datum / *Date*: 10 December 2024

För Harman Connected Services AB / *On behalf of Harman Connected Services AB*

[Mark Hartje]

20240702122553

Revisionsberättelse

Till bolagsstämman i Harman Connected Services AB, org.nr 556250-3515

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Harman Connected Services AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Harman Connected Services ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Harman Connected Services AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Harman Connected Services AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Harman Connected Services AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Harman Connected Services AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

20240702122254

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den dag som framgår av vår elektroniska signatur

Öhrlings PricewaterhouseCoopers AB

Jeanette Sergel
Auktoriserad revisor

Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID — *2024-06-30 12:51:25 UTC*

Namn returnerat från Svenskt BankID: Jeanette Maria Annelie Sergel — Datum

Jeanette Sergel
Auktoriserad revisor

Leveranskanal: E-post

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SAMSUNG ELECTRONICS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

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KPMG SAMJONG

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Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1) Valuation of memory semiconductor inventory at net realizable value

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

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

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

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

2) Sales deduction related to sales promotion activities

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

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

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

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

Other Matters

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where appliable, 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG Samjong Accounting Corp.

Seoul, Korea
February 19, 2024

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		KRW	KRW	USD	USD
Assets					
Current assets					
Cash and cash equivalents	4, 28	69,080,893	49,680,710	52,890,158	38,036,865
Short-term financial instruments	4, 28	22,690,924	65,102,886	17,372,771	49,844,491
Short-term financial assets at amortized cost	4, 28	608,281	414,610	465,716	317,436
Short-term financial assets at fair value through profit or loss	4, 6, 28	27,112	29,080	20,758	22,264
Trade receivables	4, 5, 7, 28	36,647,393	35,721,563	28,058,213	27,349,373
Non-trade receivables	4, 7, 28	6,633,248	6,149,209	5,078,590	4,707,997
Prepaid expenses		3,366,130	2,867,823	2,577,198	2,195,681
Inventories	8	51,625,874	52,187,866	39,526,134	39,956,410
Other current assets	4, 28	5,038,838	6,316,834	3,857,868	4,836,335
Assets held-for-sale	33	217,864	-	166,802	-
		195,936,557	**218,470,581**	**150,014,208**	**167,266,852**
Non-current assets					
Financial assets at fair value through other comprehensive income	4, 6, 28	7,481,297	11,397,012	5,727,879	8,725,854
Financial assets at fair value through profit or loss	4, 6, 28	1,431,394	1,405,468	1,095,913	1,076,063
Investments in associates and joint ventures	9	11,767,444	10,893,869	9,009,466	8,340,634
Property, plant and equipment	10	187,256,262	168,045,388	143,368,344	128,659,991
Intangible assets	11	22,741,862	20,217,754	17,411,771	15,479,247
Net defined benefit assets	14	4,905,219	5,851,972	3,755,565	4,480,424
Deferred income tax assets	25	10,211,797	5,101,318	7,818,422	3,905,704
Other non-current assets	4, 7, 28	14,174,148	7,041,145	10,852,104	5,390,887
		259,969,423	**229,953,926**	**199,039,464**	**176,058,804**
Total assets		**455,905,980**	**448,424,507**	**349,053,672**	**343,325,656**

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		KRW	KRW	USD	USD
Liabilities and Equity					
Current liabilities					
Trade payables	4, 28	11,319,824	10,644,686	8,666,757	8,149,853
Short-term borrowings	4, 5, 12, 28	7,114,601	5,147,315	5,447,127	3,940,920
Other payables	4, 28	15,324,119	17,592,366	11,732,551	13,469,180
Advances received	17	1,492,602	1,314,934	1,142,776	1,006,748
Withholdings	4, 28	892,441	1,298,244	683,276	993,970
Accrued expenses	4, 17, 28	26,013,273	29,211,487	19,916,449	22,365,087
Current income tax liabilities		3,358,715	4,250,397	2,571,521	3,254,216
Current portion of long-term liabilities	4, 12, 13, 28	1,308,875	1,089,162	1,002,109	833,891
Provisions	15	6,524,876	5,844,907	4,995,618	4,475,015
Other current liabilities	4, 17, 28	2,308,472	1,951,354	1,767,427	1,494,008
Liabilities held-for-sale	33	61,654	-	47,204	-
		75,719,452	**78,344,852**	**57,972,815**	**59,982,888**
Non-current liabilities					
Debentures	4, 13, 28	537,618	536,093	411,615	410,447
Long-term borrowings	4, 12, 28	3,724,850	3,560,672	2,851,844	2,726,145
Long-term other payables	4, 28	5,488,283	2,753,305	4,201,975	2,108,003
Net defined benefit liabilities	14	456,557	268,370	349,552	205,471
Deferred income tax liabilities	25	620,549	5,111,332	475,109	3,913,371
Long-term provisions	15	2,878,450	1,928,518	2,203,817	1,476,524
Other non-current liabilities	4, 17, 28	2,802,356	1,171,761	2,145,558	897,132
		16,508,663	**15,330,051**	**12,639,470**	**11,737,093**
Total liabilities		**92,228,115**	**93,674,903**	**70,612,285**	**71,719,981**

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		KRW	KRW	USD	USD
Equity attributable to owners of the parent company					
Preference shares	18	119,467	119,467	91,467	91,467
Ordinary shares	18	778,047	778,047	595,693	595,693
Share premium		4,403,893	4,403,893	3,371,737	3,371,737
Retained earnings	19	346,652,238	337,946,407	265,406,117	258,740,703
Other components of equity	20, 33	1,280,130	1,938,328	980,102	1,484,036
		353,233,775	**345,186,142**	**270,445,116**	**264,283,636**
Non-controlling interests	31	10,444,090	9,563,462	7,996,271	7,322,039
Total equity		**363,677,865**	**354,749,604**	**278,441,387**	**271,605,675**
Total liabilities and equity		**455,905,980**	**448,424,507**	**349,053,672**	**343,325,656**

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Notes	For the years ended December 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Revenue	29	258,935,494	302,231,360	198,247,859	231,396,319
Cost of sales	21	180,388,580	190,041,770	138,110,266	145,501,003
Gross profit		**78,546,914**	**112,189,590**	**60,137,593**	**85,895,316**
Selling and administrative expenses	21, 22	71,979,938	68,812,960	55,109,743	52,685,021
Operating profit	29	**6,566,976**	**43,376,630**	**5,027,850**	**33,210,295**
Other non-operating income	23	1,180,448	1,962,071	903,782	1,502,213
Other non-operating expense	23	1,083,327	1,790,176	829,424	1,370,606
Share of net profit of associates and joint ventures	9	887,550	1,090,643	679,532	835,025
Financial income	24	16,100,148	20,828,995	12,326,699	15,947,229
Financial expense	24	12,645,530	19,027,689	9,681,752	14,568,101
Profit before income tax		**11,006,265**	**46,440,474**	**8,426,687**	**35,556,055**
Income tax benefit	25	(4,480,835)	(9,213,603)	(3,430,646)	(7,054,178)
Profit for the year		**15,487,100**	**55,654,077**	**11,857,333**	**42,610,233**
Profit attributable to					
Owners of the parent company		14,473,401	54,730,018	11,081,218	41,902,749
Non-controlling interests		1,013,699	924,059	776,115	707,484
Earnings per share (in Korean won, in US dollars)	26				
- Basic		2,131	8,057	1.63	6.17
- Diluted		2,131	8,057	1.63	6.17

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	For the years ended December 31, 2023	2022	2023	2022
		KRW	KRW	USD	USD
Profit for the year		**15,487,100**	**55,654,077**	**11,857,333**	**42,610,233**
Other comprehensive income					
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	1,481,091	(1,969,498)	1,133,962	(1,507,900)
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	9, 20	13,150	(6,318)	10,068	(4,837)
Remeasurement of net defined benefit liabilities (assets), net of tax	14, 20	(828,298)	1,153,679	(634,167)	883,287
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	9, 20	61,962	(44,192)	47,440	(33,835)
Foreign currency translation differences for foreign operations, net of tax	20	2,621,479	4,884,886	2,007,074	3,739,998
Gain (loss) on valuation of cash flow hedge derivatives	20	927	(12,893)	710	(9,871)
Other comprehensive income for the year, net of tax		**3,350,311**	**4,005,664**	**2,565,087**	**3,066,842**
Total comprehensive income for the year		**18,837,411**	**59,659,741**	**14,422,420**	**45,677,075**
Comprehensive income attributable to:					
Owners of the parent company		17,845,661	58,745,107	13,663,110	44,976,807
Non-controlling interests		991,750	914,634	759,310	700,268

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

For the year ended December 31, 2022	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2022		119,467	778,047	4,403,893	293,064,763	(2,128,473)	296,237,697	8,662,234	304,899,931
Profit for the year		-	-	-	54,730,018	-	54,730,018	924,059	55,654,077
Loss on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	(38,937)	(1,867,530)	(1,906,467)	(63,031)	(1,969,498)
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	9, 20	-	-	-	-	(51,848)	(51,848)	1,338	(50,510)
Foreign currency translation differences for foreign operations translation, net of tax	20	-	-	-	-	4,863,930	4,863,930	20,956	4,884,886
Remeasurement of net defined benefit liabilities, net of tax	14, 20	-	-	-	-	1,122,367	1,122,367	31,312	1,153,679
Loss on valuation of cash flow hedge derivatives	20	-	-	-	-	(12,893)	(12,893)	-	(12,893)
Total comprehensive income for the year		-	-	-	**54,691,081**	**4,054,026**	**58,745,107**	**914,634**	**59,659,741**
Dividends declared	19	-	-	-	(9,809,437)	-	(9,809,437)	(5,523)	(9,814,960)
Capital transaction under common control		-	-	-	-	-	-	(176)	(176)
Changes in consolidated entities		-	-	-	-	-	-	124	124
Other		-	-	-	-	12,775	12,775	(7,831)	4,944
Total transactions with owners		-	-	-	**(9,809,437)**	**12,775**	**(9,796,662)**	**(13,406)**	**(9,810,068)**
Balance as of December 31, 2022		119,467	778,047	4,403,893	337,946,407	1,938,328	345,186,142	9,563,462	354,749,604

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.18))

For the year ended December 31, 2022	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2022		**91,467**	**595,693**	**3,371,737**	**224,378,130**	**(1,629,615)**	**226,807,412**	**6,632,035**	**233,439,447**
Profit for the year		-	-	-	41,902,749	-	41,902,749	707,484	42,610,233
Loss on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	(29,812)	(1,429,830)	(1,459,642)	(48,258)	(1,507,900)
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	9, 20	-	-	-	-	(39,696)	(39,696)	1,024	(38,672)
Foreign currency translation differences for foreign operations, net of tax	20	-	-	-	-	3,723,953	3,723,953	16,045	3,739,998
Remeasurement of net defined benefit liabilities, net of tax	14, 20	-	-	-	-	859,314	859,314	23,973	883,287
Loss on valuation of cash flow hedge derivatives	20	-	-	-	-	(9,871)	(9,871)	-	(9,871)
Total comprehensive income for the year		**-**	**-**	**-**	**41,872,937**	**3,103,870**	**44,976,807**	**700,268**	**45,677,075**
Dividends declared	19	-	-	-	(7,510,364)	-	(7,510,364)	(4,229)	(7,514,593)
Capital transaction under common control		-	-	-	-	-	-	(135)	(135)
Changes in consolidated entities		-	-	-	-	-	-	95	95
Other		-	-	-	-	9,781	9,781	(5,995)	3,786
Total transactions with owners		**-**	**-**	**-**	**(7,510,364)**	**9,781**	**(7,500,583)**	**(10,264)**	**(7,510,847)**
Balance as of December 31, 2022		**91,467**	**595,693**	**3,371,737**	**258,740,703**	**1,484,036**	**264,283,636**	**7,322,039**	**271,605,675**

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

For the year ended December 31, 2023	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2023		**119,467**	**778,047**	**4,403,893**	**337,946,407**	**1,938,328**	**345,186,142**	**9,563,462**	**354,749,604**
Profit for the year		-	-	-	14,473,401	-	14,473,401	1,013,699	15,487,100
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	4,041,867	(2,554,690)	1,487,177	(6,086)	1,481,091
Share of other comprehensive income of associates and joint ventures, net of tax	9, 20	-	-	-	-	70,157	70,157	4,955	75,112
Foreign currency translation differences for foreign operations, net of tax	20	-	-	-	-	2,611,915	2,611,915	9,564	2,621,479
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(797,916)	(797,916)	(30,382)	(828,298)
Gain on valuation of cash flow hedge derivatives	20	-	-	-	-	927	927	-	927
Total comprehensive income for the year		**-**	**-**	**-**	**18,515,268**	**(669,607)**	**17,845,661**	**991,750**	**18,837,411**
Dividends declared	19	-	-	-	(9,809,437)	-	(9,809,437)	(101,984)	(9,911,421)
Capital transactions under common control		-	-	-	-	-	-	(9,368)	(9,368)
Changes in consolidated entities		-	-	-	-	-	-	230	230
Others		-	-	-	-	11,409	11,409	-	11,409
Total transactions with owners		**-**	**-**	**-**	**(9,809,437)**	**11,409**	**(9,798,028)**	**(111,122)**	**(9,909,150)**
Balance as of December 31, 2023		**119,467**	**778,047**	**4,403,893**	**346,652,238**	**1,280,130**	**353,233,775**	**10,444,090**	**363,677,865**

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.18))

For the year ended December 31, 2023	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2023		**91,467**	**595,693**	**3,371,737**	**258,740,703**	**1,484,036**	**264,283,636**	**7,322,039**	**271,605,675**
Profit for the year		-	-	-	11,081,218	-	11,081,218	776,115	11,857,333
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	3,094,560	(1,955,938)	1,138,622	(4,660)	1,133,962
Share of other comprehensive income of associates and joint ventures, net of tax	9, 20	-	-	-	-	53,714	53,714	3,794	57,508
Foreign currency translation differences for foreign operations, net of tax	20	-	-	-	-	1,999,752	1,999,752	7,322	2,007,074
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(610,906)	(610,906)	(23,261)	(634,167)
Gain on valuation of cash flow hedge derivatives	20	-	-	-	-	710	710	-	710
Total comprehensive income for the year		-	-	-	**14,175,778**	**(512,668)**	**13,663,110**	**759,310**	**14,422,420**
Dividends declared	19	-	-	-	(7,510,364)	-	(7,510,364)	(78,082)	(7,588,446)
Capital transactions under common control		-	-	-	-	-	-	(7,172)	(7,172)
Changes in consolidated entities		-	-	-	-	-	-	176	176
Others		-	-	-	-	8,734	8,734	-	8,734
Total transactions with owners		-	-	-	(7,510,364)	8,734	(7,501,630)	(85,078)	(7,586,708)
Balance as of December 31, 2023		**91,467**	**595,693**	**3,371,737**	**265,406,117**	**980,102**	**270,445,116**	**7,996,271**	**278,441,387**

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	For the years ended December 31, 2023	2022	2023	2022
		KRW	KRW	USD	USD
Operating activities					
Profit for the year		15,487,100	55,654,077	11,857,333	42,610,233
Adjustments	27	36,519,534	33,073,439	27,960,321	25,321,899
Changes in assets and liabilities arising from operating activities	27	(5,458,745)	(16,998,948)	(4,179,359)	(13,014,844)
Cash generated from operations		**46,547,889**	**71,728,568**	**35,638,295**	**54,917,288**
Interest received		4,786,010	2,136,795	3,664,296	1,635,987
Interest paid		(844,691)	(714,543)	(646,718)	(547,073)
Dividends received		269,169	529,421	206,083	405,339
Income tax paid		(6,620,950)	(11,498,895)	(5,069,175)	(8,803,859)
Net cash from operating activities		**44,137,427**	**62,181,346**	**33,792,781**	**47,607,682**
Investing activities					
Net decrease in short-term financial instruments		39,421,565	15,214,321	30,182,192	11,648,486
Net decrease (increase) in short-term financial assets at amortized cost		(195,616)	3,050,104	(149,769)	2,335,240
Net decrease in short-term financial assets at fair value through profit or loss		2,718	11,677	2,081	8,940
Disposal of long-term financial instruments		4,565,426	8,272,909	3,495,411	6,333,958
Acquisition of long-term financial instruments		(5,307,770)	(4,393,754)	(4,063,769)	(3,363,974)
Disposal of financial assets at fair value through other comprehensive income		6,521,568	496,090	4,993,085	379,820
Acquisition of financial assets at fair value through other comprehensive income		(124,488)	(37,687)	(95,311)	(28,854)
Disposal of financial assets at fair value through profit or loss		63,962	166,315	48,971	127,335
Acquisition of financial assets at fair value through profit or loss		(130,459)	(158,244)	(99,883)	(121,156)
Disposal of investment in associates and joint ventures		33,457	13,233	25,616	10,132
Acquisition of investment in associates and joint ventures		(78,690)	(907,958)	(60,247)	(695,157)
Disposal of property, plant and equipment		98,341	217,878	75,292	166,813
Acquisition of property, plant and equipment		(57,611,292)	(49,430,428)	(44,108,728)	(37,845,242)
Disposal of intangible assets		11,744	23,462	8,992	17,963
Acquisition of intangible assets		(2,922,875)	(3,696,304)	(2,237,830)	(2,829,988)
Cash outflow from business combinations		(356,511)	(31,383)	(272,954)	(24,028)
Cash outflow from other investing activities		(913,897)	(413,035)	(699,705)	(316,230)
Net cash used in investing activities		**(16,922,817)**	**(31,602,804)**	**(12,956,556)**	**(24,195,942)**

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	For the years ended December 31, 2023	2022	2023	2022
		KRW	KRW	USD	USD
Financing activities					
Net increase (decrease) in short-term borrowings	27	2,145,400	(8,339,149)	1,642,575	(6,384,673)
Increase in long-term borrowings	27	354,712	271,997	271,577	208,248
Repayment of debentures and long-term borrowings	27	(1,219,579)	(1,508,465)	(933,742)	(1,154,921)
Dividends paid		(9,864,474)	(9,814,426)	(7,552,502)	(7,514,184)
Net decrease in non-controlling interests		(9,118)	(6)	(6,981)	(4)
Net cash used in financing activities		**(8,593,059)**	**(19,390,049)**	**(6,579,073)**	**(14,845,534)**
Reclassification to assets held-for-sale	33	(14,153)	-	(10,836)	-
Effect of foreign exchange rate changes		792,785	(539,198)	606,977	(412,822)
Net increase in cash and cash equivalents		**19,400,183**	**10,649,295**	**14,853,293**	**8,153,384**
Cash and cash equivalents					
Beginning of the year		49,680,710	39,031,415	38,036,865	29,883,483
End of the year		**69,080,893**	**49,680,710**	**52,890,158**	**38,036,867**

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

1. General Information

1.1 Company Overview

Samsung Electronics Co., Ltd. ("SEC") was incorporated under the laws of the Republic of Korea in 1969 and listed its shares on the Korea Stock Exchange in 1975. SEC and its subsidiaries (collectively referred to as the "Company") operate four business divisions: DX, DS, SDC and Harman. DX (Device eXperience) division comprises businesses for digital televisions, refrigerators, smartphones and communication systems. DS (Device Solutions) division comprises businesses for memory, foundry, and system Large Scale Integration (LSI). SDC includes display panels products. Harman division includes connected car systems, audio and visual products, enterprise automation solutions and connected services. SEC is domiciled in the Republic of Korea and is located in Suwon, the Republic of Korea.

These consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("Korean IFRS") 1110, *Consolidated Financial Statements*. SEC, as the controlling company, consolidates its 232 subsidiaries, including Samsung Display and Samsung Electronics America. The Company also applies the equity method of accounting for its 37 associates and joint ventures, including Samsung Electro-Mechanics Co., Ltd.

1.2 Consolidated Subsidiaries

The consolidated subsidiaries as of December 31, 2023 are as follows:

Region	Subsidiaries	Business	Percentage of ownership (%)(*)
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)	Venture capital investment fund	100.0
	NeuroLogica Corp.	Manufacture and sale of medical equipment	100.0
	Samsung HVAC America, LLC	Sale of air conditioning products	100.0
	Joyent, Inc.	Cloud services	100.0
	SmartThings, Inc.	Sale of smart home electronics	100.0
	TeleWorld Solutions, Inc. (TWS)	Installation of network devices	100.0
	Samsung Semiconductor, Inc. (SSI)	Sale of semiconductor and display panels	100.0
	Samsung Federal, Inc. (SFI)	R&D	100.0
	Samsung Austin Semiconductor LLC. (SAS)	Manufacture of semiconductors	100.0
	Samsung Oak Holdings, Inc. (SHI)	Management of overseas subsidiaries	100.0
	SEMES America, Inc.	Semiconductor equipment maintenance	100.0
	Samsung Display America Holdings, Inc. (SDAH)	Management of overseas subsidiaries	100.0
	eMagin Corporation	Development and manufacture of display panels	100.0
	Samsung Electronics Canada, Inc. (SECA)	Sale of electronic devices	100.0
	AdGear Technologies Inc.	Digital advertising platforms	100.0

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

Region	Subsidiaries	Business	Percentage of ownership (%)(*)
America	Samsung Eletronica da Amazonia Ltda. (SEDA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Mexico S.A. De C.V. (SEM)	Sale of electronic devices	100.0
	Samsung Electronics Digital Appliance Mexico, SA de CV(SEDAM)	Manufacture of home appliances	100.0
	Samsung Electronics Latinoamerica(Zona Libre), S. A. (SELA)	Sale of electronic devices	100.0
	Samsung Electronics Latinoamerica Miami, Inc. (SEMI)	Sale of electronic devices	100.0
	Samsung Electronica Colombia S.A. (SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronics Argentina S.A. (SEASA)	Marketing and related services	100.0
	Samsung Electronics Chile Limitada (SECH)	Sale of electronic devices	100.0
	Samsung Electronics Peru S.A.C. (SEPR)	Sale of electronic devices	100.0
	Samsung Electronics Venezuela, C.A. (SEVEN)	Marketing and related services	100.0
	Samsung Electronics Panama, S.A. (SEPA)	Consulting	100.0
	Harman International Industries, Inc.	Management of overseas subsidiaries	100.0
	Harman Becker Automotive Systems, Inc.	Manufacture and sale of audio products, R&D	100.0
	Harman Connected Services, Inc.	Connected service provider	100.0
	Harman Connected Services Engineering Corp.	Connected service provider	100.0
	Harman da Amazonia Industria Eletronica e Participacoes Ltda.	Manufacture and sale of audio products	100.0
	Harman de Mexico, S. de R.L. de C.V.	Manufacture of audio products	100.0
	Harman do Brasil Industria Eletronica e Participacoes Ltda.	Sale of audio products, R&D	100.0
	Harman Financial Group LLC	Management company	100.0
	Harman International Industries Canada Ltd.	Sale of audio products	100.0
	Harman International Mexico, S. de R.L. de C.V.	Sale of audio products	100.0
	Harman KG Holding, LLC	Management of overseas subsidiaries	100.0
	Harman Professional, Inc.	Sale of audio products, R&D	100.0
	Roon Labs, LLC.	Sale of audio products	100.0
	Beijing Integrated Circuit Industry International Fund, L.P	Venture capital investment fund	61.4
	China Materialia New Materials 2016 Limited Partnership	Venture capital investment fund	99.0

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

Region	Subsidiaries	Business	Percentage of ownership (%)(*)
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., v likvidacii (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
	SAMSUNG 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 R&D Institute Ukraine (SRUKR)	R&D	100.0
	Samsung Electronics Central Eurasia LLP (SECE)	Sale of electronic devices	100.0
	Samsung Electronics Overseas B.V. (SEO)	Sale of electronic devices	100.0
	Samsung R&D Institute Rus LLC (SRR)	R&D	100.0
	Samsung Electronics Caucasus Co. Ltd (SECC)	Marketing	100.0
	Samsung Electronics Uzbekistan Ltd. (SEUZ)	Marketing	100.0

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

Region	Subsidiaries	Business	Percentage of ownership (%)(*)
Europe & CIS	AKG Acoustics GmbH	Manufacture and sale of audio products	100.0
	Apostera UA, LLC	Connected Service Provider	100.0
	Harman Audio Iberia Espana Sociedad Limitada	Sale of audio products	100.0
	Harman Becker Automotive Systems GmbH	Manufacture and sale of audio products, R&D	100.0
	Harman Becker Automotive Systems Italy S.R.L.	Sale of audio products	100.0
	Harman Becker Automotive Systems Manufacturing Kft	Manufacture of audio products, R&D	100.0
	Harman Belgium SA	Sale of audio products	100.0
	Harman Connected Services AB.	Connected service provider	100.0
	Harman Finland Oy	Connected service provider	100.0
	Harman Connected Services GmbH	Connected service provider	100.0
	Harman Connected Services Poland Sp.zoo	Connected service provider	100.0
	Harman Connected Services UK Ltd.	Connected service provider	100.0
	Harman Consumer Nederland B.V.	Sale of audio products	100.0
	Harman Deutschland GmbH	Sale of audio products	100.0
	Harman France SNC	Sale of audio products	100.0
	Harman Holding GmbH & Co. KG	Management company	100.0
	Harman Hungary Financing Ltd.	Financing company	100.0
	Harman Inc. & Co. KG	Management of overseas subsidiaries	100.0
	Harman International Estonia OU	R&D	100.0
	Harman International Industries Limited	Sale of audio products, R&D	100.0
	Harman International Romania SRL	R&D	100.0
	Harman Management GmbH	Management of overseas subsidiaries	100.0
	Harman Professional Kft	Manufacture of audio products, R&D	100.0
	Harman Professional Denmark ApS	Sale of audio products, R&D	100.0
	Red Bend Software SAS	Software design	100.0
	Studer Professional Audio GmbH	Sale of audio products, R&D	100.0
	Harman Connected Services OOO	Connected service provider	100.0
	Harman RUS CIS LLC	Sale of audio products	100.0

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

Region	Subsidiaries	Business	Percentage of ownership (%)*
Middle East & Africa	Samsung Gulf Electronics Co., Ltd. (SGE)	Sale of electronic devices	100.0
	Samsung Electronics Turkiye (SETK)	Sale of electronic devices	100.0
	Samsung Electronics Industry and Commerce Ltd. (SETK-P)	Manufacture of electronic devices	100.0
	Samsung Electronics Levant Co., Ltd. (SELV)	Sale of electronic devices	100.0
	Samsung Electronics Maghreb Arab (SEMAG)	Sale of electronic devices	100.0
	Samsung Electronics Egypt S.A.E (SEEG)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Israel Ltd. (SEIL)	Marketing	100.0
	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
	DOWOOINSYS VINA COMPANY LIMITED	Manufacture of display panel components	100.0
	PT Samsung Electronics Indonesia (SEIN)	Manufacture and sale of electronic devices	100.0
	PT Samsung Telecommunications Indonesia (STIN)	Sale of electronic devices and services	100.0
	Thai Samsung Electronics Co., Ltd. (TSE)	Manufacture and sale of electronic devices	91.8
	Laos Samsung Electronics Sole Co., Ltd (LSE)	Marketing	100.0
	Samsung Electronics Philippines Corporation (SEPCO)	Sale of electronic devices	100.0
	Samsung Electronics Australia Pty. Ltd. (SEAU)	Sale of electronic devices	100.0
	Samsung Electronics New Zealand Limited (SENZ)	Sale of electronic devices	100.0
	Samsung India Electronics Private Ltd. (SIEL)	Manufacture and sale of electronic devices	100.0
	Red Brick Lane Marketing Solutions Pvt. Ltd.	Marketing	100.0
	Samsung Display Noida Private Limited (SDN)	Manufacture of display panels	100.0
	Samsung R&D Institute India-Bangalore Private Limited (SRI-Bangalore)	R&D	100.0
	Samsung R&D Institute Bangladesh Limited (SRBD)	R&D	100.0
	Samsung Nepal Services Pvt. Ltd. (SNSL)	Service	100.0
	Samsung Japan Corporation (SJC)	Sale of semiconductor and display panels	100.0

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

Region	Subsidiaries	Business	Percentage of ownership (%)(*)
Asia (Excluding China)	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
China	Samsung (CHINA) Investment Co., Ltd. (SCIC)	Sale of electronic devices	100.0
	Samsung Electronics Hong Kong Co., Ltd. (SEHK)	Sale of electronic devices	100.0
	Samsung Electronics Taiwan Co., Ltd. (SET)	Sale of electronic devices	100.0
	Tianjin Samsung Electronics Co., Ltd. (TSEC)	Manufacture of TV and monitors	91.2
	Suzhou Samsung Electronics Co., Ltd. (SSEC)	Manufacture of home appliances	88.3
	Samsung Suzhou Electronics Export Co., Ltd. (SSEC-E)	Manufacture of home appliances	100.0
	Samsung Electronics Suzhou Computer Co., Ltd. (SESC)	R&D	100.0
	Tianjin Samsung Telecom Technology Co., Ltd. (TSTC)	Manufacture of communication equipment	90.0
	Beijing Samsung Telecom R&D Center (SRC-Beijing)	R&D	100.0
	Samsung Electronics China R&D Center (SRC-Nanjing)	R&D	100.0
	Samsung Mobile R&D Center China-Guangzhou (SRC-Guangzhou)	R&D	100.0
	Samsung R&D Institute China-Shenzhen (SRC-Shenzhen)	R&D	100.0
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	Sale of semiconductor and display panels	100.0
	Samsung (China) Semiconductor Co., Ltd. (SCS)	Manufacture of semiconductors	100.0
	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
	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/FPD equipment services	100.0
	Samsung Semiconductor Investment L.P.I	Venture capital investment fund	99.0
	Harman (China) Technologies Co., Ltd.	Manufacture of audio products	100.0
	Harman (Suzhou) Audio and Infotainment Systems Co., Ltd.	Sale of audio products	100.0
	Harman Automotive Electronic Systems (Suzhou) Co., Ltd.	Manufacture of audio products, R&D	100.0
	Harman Commercial (Shanghai) Co., Ltd.	Sale of audio products	100.0
	Harman Connected Services Solutions (Chengdu) Co., Ltd.	Connected service provider	100.0
	Harman Holding Limited	Sale of audio products	100.0
	Harman International (China) Holdings Co., Ltd.	Sale of audio products, R&D	100.0
	Harman Technology (Shenzhen) Co., Ltd.	Sale of audio products, R&D	100.0

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

Region	Subsidiaries	Business	Percentage of ownership (%)(*)
Domestic	Samsung Display Co., Ltd.	Manufacture and sale of display panels	84.8
	SU Materials	Manufacture of display panel 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
	Stella Forest of Hope	Manufacture of food	100.0
	Mirero System Co., Ltd.	Development and supply of semiconductor process defect and quality control software	99.9
	Dowooinsys Co., Ltd.	Manufacture of display panel components	69.0
	Gf-System Co., Ltd.	Manufacture of display panel components	100.0
	Harman International Korea	Software development and supply	100.0
	Samsung Venture Capital Union #21	Venture capital investment fund	99.0
	Samsung Venture Capital Union #22	Venture capital investment fund	99.0
	Samsung Venture Capital Union #26	Venture capital investment fund	99.0
	Samsung Venture Capital Union #28	Venture capital investment fund	99.0
	Samsung Venture Capital Union #29	Venture capital investment fund	99.0
	Samsung Venture Capital Union #32	Venture capital investment fund	99.0
	Samsung Venture Capital Union #33	Venture capital investment fund	99.0
	Samsung Venture Capital Union #37	Venture capital investment fund	99.0
	Samsung Venture Capital Union #40	Venture capital investment fund	99.0
	Samsung Venture Capital Union #42	Venture capital investment fund	99.0
	Samsung Venture Capital Union #43	Venture capital investment fund	99.0
	Samsung Venture Capital Union #45	Venture capital investment fund	99.0
	Samsung Venture Capital Union #48	Venture capital investment fund	99.0
	Samsung Venture Capital Union #52	Venture capital investment fund	99.0
	Samsung Venture Capital Union #55	Venture capital investment fund	99.0
	Samsung Venture Capital Union #56	Venture capital investment fund	99.0
	Samsung Venture Capital Union #57	Venture capital investment fund	99.0
	Samsung Venture Capital Union #62	Venture capital investment fund	99.0
	Growth Type Private Equity Trust Specialized in Semiconductors	Investment in semiconductor industry	66.7
	System LSI Mutual Benefit Private Equity Trust	Investment in semiconductor industry	62.5
	Semiconductor Ecosystem Private Equity Trust	Investment in semiconductor industry	66.7

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 Summary of Financial Data of Major Consolidated Subsidiaries

Summary of financial data of major consolidated subsidiaries is as follows:

(1) 2023

(In millions of Korean won)

Major subsidiaries[*1]	As of December 31, 2023		For the year ended December 31, 2023	
	Assets	Liabilities	Sales	Profit (loss) for the year
Samsung Display Co., Ltd.	65,328,568	7,266,213	27,083,336	8,268,314
Samsung Electronics America, Inc. (SEA)	41,926,899	15,322,780	39,551,809	477,338
Samsung Asia Pte. Ltd. (SAPL)	22,234,942	282,614	-	14,140,195
Harman and its subsidiaries[*2]	17,956,557	6,009,675	14,367,766	896,384
Samsung Austin Semiconductor LLC. (SAS)	16,714,945	7,791,914	4,109,744	301,778
Samsung (China) Semiconductor Co., Ltd. (SCS)	15,808,283	870,453	8,693,788	877,892
Samsung Semiconductor, Inc. (SSI)	12,796,440	6,276,293	23,465,031	136,458
Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	12,554,481	3,593,527	30,639,349	2,240,480
Samsung (CHINA) Investment Co., Ltd. (SCIC)	10,222,557	8,797,991	3,148,858	189,887
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	9,660,481	4,585,806	-	103,387
Samsung India Electronics Private Ltd. (SIEL)	7,738,259	3,373,730	15,216,331	1,153,256
Samsung Display Vietnam Co., Ltd. (SDV)	7,383,485	1,570,459	24,200,246	1,143,824
Samsung Electronics Vietnam Co., Ltd. (SEV)	7,301,860	2,215,062	20,154,119	1,476,382
Samsung Eletronica da Amazonia Ltda. (SEDA)	5,542,627	1,587,911	7,222,304	333,812
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	5,262,086	4,552,030	15,649,307	244,210
Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	4,043,677	843,736	6,152,983	402,418
Thai Samsung Electronics Co., Ltd. (TSE)	3,039,379	640,512	4,213,492	150,510
Samsung Electronics (UK) Ltd. (SEUK)	2,902,722	1,976,067	5,859,133	185,113
SEMES Co., Ltd.	2,187,919	659,607	2,502,143	58,754
Samsung Electronics Mexico S.A. De C.V. (SEM)	2,153,032	1,038,115	3,638,080	148,873
Samsung Electronics GmbH (SEG)	2,097,706	2,033,152	6,374,670	(3,157)
Samsung International, Inc. (SII)	1,879,442	383,763	6,553,383	141,226
Samsung Electronics Taiwan Co., Ltd. (SET)	1,797,627	1,139,056	4,108,479	56,467
Samsung Electronics Benelux B.V. (SEBN)	1,794,552	639,120	2,833,717	140,313
Samsung Electronics Europe Logistics B.V. (SELS)	1,639,004	1,443,005	15,462,852	4,984

[*1] Summary of condensed financial information is based on separate financial statements of each subsidiary.
[*2] Consolidated financial data of an intermediate company, Harman International Industries, Inc. and its subsidiaries.

(2) 2022

(In millions of Korean won)

Major subsidiaries (*1)	As of December 31, 2022		For the year ended December 31, 2022	
	Assets	Liabilities	Sales	Profit (loss) for the year
Samsung Display Co., Ltd.	57,302,567	7,282,718	30,779,405	4,365,588
Samsung Electronics America, Inc. (SEA)	37,883,156	12,258,315	46,738,920	219,670
Samsung Asia Pte. Ltd. (SAPL)	26,894,611	2,678,285	-	8,699,679
Harman and its subsidiaries (*2)	17,102,324	6,380,456	13,211,151	631,019
Samsung (China) Semiconductor Co., Ltd. (SCS)	17,095,000	2,970,835	9,679,757	638,385
Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	15,718,299	2,358,140	36,336,963	2,721,701
Samsung (CHINA) Investment Co., Ltd. (SCIC)	13,830,988	9,764,636	2,865,831	257,878
Samsung Semiconductor, Inc. (SSI)	12,199,102	5,930,369	43,009,331	88,467
Samsung Electronics Vietnam Co., Ltd. (SEV)	10,931,037	1,408,387	23,667,565	1,646,165
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	10,841,515	6,272,800	-	57,997
Samsung Austin Semiconductor LLC. (SAS)	9,301,017	828,494	3,663,909	208,879
Samsung Display Vietnam Co., Ltd. (SDV)	7,471,680	1,608,448	25,773,970	1,301,926
Samsung India Electronics Private Ltd. (SIEL)	6,772,537	3,571,863	16,180,492	508,510
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	5,067,891	2,858,382	21,370,622	318,578
Samsung Eletronica da Amazonia Ltda. (SEDA)	4,600,508	1,342,517	7,485,104	(38,490)
Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	3,732,057	980,448	6,253,401	386,119
Thai Samsung Electronics Co., Ltd. (TSE)	3,263,473	486,820	4,824,734	168,524
Samsung Electronics (UK) Ltd. (SEUK)	2,819,792	1,708,064	5,929,357	243,396
Samsung Electronics Benelux B.V. (SEBN)	2,377,730	597,044	2,834,008	25,411
Samsung Electronics Hungarian Private Co. Ltd. (SEH)	2,374,317	452,628	3,935,745	199,742
Samsung Electronics Europe Logistics B.V. (SELS)	2,194,975	2,021,491	15,409,984	20,347
Samsung Display Dongguan Co., Ltd. (SDD)	2,135,132	265,835	2,556,608	111,643
SEMES Co., Ltd.	2,065,558	602,323	2,889,238	185,762
Samsung Electronics GmbH (SEG)	1,968,273	1,907,132	6,567,011	3,695
Samsung Electronics Mexico S.A. De C.V. (SEM)	1,816,895	996,002	3,270,016	110,386

(*1) Summary of condensed financial information is based on separate financial statements of each subsidiary.
(*2) Consolidated financial data of an intermediate company, Harman International Industries, Inc. and its subsidiaries.

1.4 Changes in Consolidation Scope

Changes in consolidation scope during the year ended December 31, 2023 are as follows:

Change	Area	Subsidiary	Description
Included	Domestic	Samsung Venture Capital Union #62	Establishment
		Semiconductor Ecosystem Private Equity Trust	Establishment
	America	Samsung Federal, Inc. (SFI)	Establishment
		Samsung Display America Holdings, Inc. (SDAH)	Establishment
		eMagin Corporation	Acquisition
		Roon Labs, LLC.	Acquisition
Excluded	America	Dacor Holdings, Inc.	Merger
		Dacor, Inc.	Merger
	Europe & CIS	Red Bend Software Ltd.	Liquidation
		Harman Finance International GP S.a.r.l	Liquidation
		Harman Finance International, SCA	Liquidation
		Harman Automotive UK Limited	Liquidation

2. Material Accounting Policies

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

2.1 Basis of Presentation

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

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

2.2 Changes in Accounting Policies and Disclosures

(A) New and amended standards adopted by the Company

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

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

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

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

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

Amendments to Korean IFRS 1012, *Income Tax*

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

Amendments to Korean IFRS 1012, *Income Tax*

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

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

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

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

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

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

Amendments to Korean IFRS 1116, *Leases*

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

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

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

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

2.3 Consolidation

The Company prepares its consolidated financial statements in accordance with Korean IFRS 1110, *Consolidated Financial Statements*.

(A) Non-controlling interests

Each component of profit or loss and other comprehensive income is attributable to the owners of the parent and the non-controlling interests, and total comprehensive income is attributable to the owners of the parent and the non-controlling interests, even if the non-controlling interests have a negative balance.

(B) Elimination of intercompany transactions

Intercompany transactions, balances, income and expenses and unrealized gains and losses (excluding foreign exchange gains and losses) are eliminated on consolidation. The Company's share of unrealized losses on transactions with associates accounted for using the equity method are eliminated in the same way as unrealized gains unless there is evidence of impairment of the asset.

2.4 Functional and Presentation Currency

(A) Functional and presentation currency

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

(B) Translation into the presentation currency

The results and financial position of all entities subjected to consolidation that have a functional currency different from the parent's presentation currency are translated into the parent's presentation currency as follows:

(1) Assets and liabilities are translated at the closing rate at the end of the reporting date.
(2) Income and expenses in the statement of profit or loss are translated at average exchange rates for the period. However, if this average rate is not a reasonable approximation of the cumulative effect of the exchange rates at the dates of the transactions, the transactions are translated at the exchange rates at the dates of transactions.
(3) Exchange differences arising on translation in (1) and (2) above are recognized in other comprehensive income.

2.5 Cash and Cash Equivalents

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

2.6 Financial Assets

(A) Classification

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

(B) Impairment

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

2.7 Trade Receivables

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

2.8 Inventories

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

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

2.9 Property, Plant and Equipment

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

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

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

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

2.10 Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of subsidiaries, associates and joint ventures, businesses and other entities acquired at the date of acquisition and is recognized as an intangible assets in respect of acquisitions of businesses of subsidiaries and as an investment in associates and joint ventures in respect of acquisitions of interests in associates and joint ventures.

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

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

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

	Estimated useful lives
Patents, trademarks and other intangible assets	3 - 25 years

2.11 Financial Liabilities

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

2.12 Employee Benefits

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

2.13 Income Tax Expense

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

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

2.14 Derivative Instruments

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

The Company applies cash flow hedge accounting for hedges of risks including changes in the price of inventories. The effective portion of the change in fair value of a derivative that is designated as a cash flow hedge is recognized in other comprehensive income, while the ineffective portion is recognized in 'financial income' or 'financial expense'.

2.15 Revenue Recognition

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

(A) Identification of performance obligations

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

(B) Performance obligations satisfied at a point of time

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

(C) Performance obligations satisfied over time

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

(D) Variable consideration

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

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

2.16 Leases

(A) Lessee accounting

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

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

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

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

(B) Lessor accounting

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

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

2.17 Government Grants

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

2.18 Convenience Translation into United States Dollar Amounts

The US dollar amounts provided in the consolidated financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in US dollar at the rate of ₩ 1,306.1 to $1, the average exchange rate for the year ended December 31, 2023. Such presentation is not in accordance with generally accepted accounting principles and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in US dollars at this or any other rate.

2.19 Approval of the Consolidated Financial Statements

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

3. Material Accounting Estimates and Assumptions

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

(A) Revenue recognition

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

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

(B) Provision for warranty

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

(C) Fair value of financial instruments

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

(D) Impairment of financial assets

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

(E) Lease

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

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

(F) Net defined benefit liabilities (assets)

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

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

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

(H) Income taxes

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

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

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

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

4. Financial Instruments by Category

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

(1) As of December 31, 2023

(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	Other financial assets(*)	Total
Financial assets					
Cash and cash equivalents	69,080,893	-	-	-	69,080,893
Short-term financial instruments	22,690,924	-	-	-	22,690,924
Short-term financial assets at amortized cost	608,281	-	-	-	608,281
Short-term financial assets at fair value through profit or loss	-	-	27,112	-	27,112
Trade receivables	36,647,393	-	-	-	36,647,393
Financial assets at fair value through other comprehensive income	-	7,481,297	-	-	7,481,297
Financial assets at fair value through profit or loss	-	-	1,431,394	-	1,431,394
Other	14,294,254	-	475,244	70,777	14,840,275
Total	**143,321,745**	**7,481,297**	**1,933,750**	**70,777**	**152,807,569**

(*) Other financial assets include derivatives designated as hedging instruments.

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities(*)	Total
Financial liabilities				
Trade payables	11,319,824	-	-	11,319,824
Short-term borrowings	504,552	-	6,610,049	7,114,601
Other payables	13,996,395	-	-	13,996,395
Current portion of long-term liabilities	310,436	-	998,439	1,308,875
Debentures	537,618	-	-	537,618
Long-term borrowings	-	-	3,724,850	3,724,850
Long-term other payables	4,907,875	-	-	4,907,875
Other	11,330,545	49,904	33,559	11,414,008
Total	**42,907,245**	**49,904**	**11,366,897**	**54,324,046**

(*) Other financial liabilities include lease liabilities, which are not subject to categorization, collateralized borrowings and derivatives designated as hedging instruments.

(2) As of December 31, 2022

(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	Other financial assets(*)	Total
Financial assets					
Cash and cash equivalents	49,680,710	-	-	-	49,680,710
Short-term financial instruments	65,102,886	-	-	-	65,102,886
Short-term financial assets at amortized cost	414,610	-	-	-	414,610
Short-term financial assets at fair value through profit or loss	-	-	29,080	-	29,080
Trade receivables	35,721,563	-	-	-	35,721,563
Financial assets at fair value through other comprehensive income	-	11,397,012	-	-	11,397,012
Financial assets at fair value through profit or loss	-	-	1,405,468	-	1,405,468
Other	9,945,209	-	334,263	61,404	10,340,876
Total	**160,864,978**	**11,397,012**	**1,768,811**	**61,404**	**174,092,205**

(*) Other financial assets include derivatives designated as hedging instruments.

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities(*)	Total
Financial liabilities				
Trade payables	10,644,686	-	-	10,644,686
Short-term borrowings	1,577,958	-	3,569,357	5,147,315
Other payables	16,328,237	-	-	16,328,237
Current portion of long-term liabilities	215,143	-	874,019	1,089,162
Debentures	536,093	-	-	536,093
Long-term borrowings	33,846	-	3,526,826	3,560,672
Long-term other payables	2,289,236	-	-	2,289,236
Other	12,047,761	334,415	27,353	12,409,529
Total	**43,672,960**	**334,415**	**7,997,555**	**52,004,930**

(*) Other financial liabilities include lease liabilities, which are not subject to categorization, collateralized borrowings and derivatives designated as hedging instruments.

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

(1) 2023

(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	Other financial assets(*)	Total
Financial assets					
Gain on valuation (other comprehensive income)	-	1,481,091	-	58,290	1,539,381
Gain (loss) on valuation/disposal (profit or loss)	(64,758)	-	213,308	436	148,986
Reclassification from other comprehensive income to profit or loss	-	-	-	1,169	1,169
Interest income	4,357,792	-	230	-	4,358,022
Foreign exchange differences (profit or loss)	(98,522)	-	-	-	(98,522)
Dividend income	-	161,509	2,694	-	164,203
Impairment/reversal (profit or loss)	(74,594)	-	-	-	(74,594)

(*) Other financial assets include derivatives designated as hedging instruments.

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities(*)	Total
Financial liabilities				
Loss on valuation (other comprehensive income)	-	-	(16,809)	(16,809)
Loss on valuation/disposal (profit or loss)	-	(116,167)	(126)	(116,293)
Reclassification from other comprehensive income to profit or loss	-	-	(337)	(337)
Interest expense	(510,865)	-	(419,388)	(930,253)
Foreign exchange differences (profit or loss)	162,844	-	61,920	224,764

(*) Other financial liabilities include lease liabilities, which are not subject to categorization, collateralized borrowings and derivatives designated as hedging instruments.

(2) 2022

(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	Other financial assets(*)	Total
Financial assets					
Gain (loss) on valuation (other comprehensive income)	-	(1,969,498)	-	53,180	(1,916,318)
Gain (loss) on valuation/disposal (profit or loss)	(36,550)	-	83,332	474	47,256
Reclassification from other comprehensive income to profit or loss	-	-	-	310	310
Interest income	2,720,213	-	266	-	2,720,479
Foreign exchange differences (profit or loss)	(822,011)	-	-	-	(822,011)
Dividend income	-	413,467	1,134	-	414,601
Impairment/reversal (profit or loss)	(19,124)	-	-	-	(19,124)

(*)Other financial assets include derivatives designated as hedging instruments.

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities(*)	Total
Financial liabilities				
Loss on valuation (other comprehensive loss)	-	-	(10,621)	(10,621)
Loss on valuation/disposal (profit or loss)	-	(91,056)	(45)	(91,101)
Reclassification from other comprehensive income to profit or loss	-	-	59	59
Interest expense	(322,529)	-	(440,486)	(763,015)
Foreign exchange differences (profit or loss)	574,771	-	155,952	730,723

(*) Other financial liabilities include lease liabilities, which are not subject to categorization, collateralized borrowings and derivatives designated as hedging instruments

5. Transfer of Financial Assets

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

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

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Carrying amount of the discounted trade receivables (*)	6,610,049	3,569,357
Carrying amount of the associated liabilities	6,610,049	3,569,357

(*) Discounted trade receivables includes trade receivables between consolidated entities.

6. Financial Assets at Fair Value

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

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

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Non-current		
Equity instruments	7,481,297	11,397,012

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

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Current		
Debt instruments	27,112	29,080
Non-current		
Equity instruments	812,358	773,063
Debt instruments	619,036	632,405
Subtotal	1,431,394	1,405,468
Total	**1,458,506**	**1,434,548**

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

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	11,397,012	13,965,839
Acquisition	124,897	35,013
Disposal	(5,918,616)	(20,913)
Fair value valuation gain (loss)	1,548,022	(2,636,448)
Other	329,982	53,521
Balance as of December 31	**7,481,297**	**11,397,012**

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	1,405,468	1,525,344
Acquisition	146,392	158,244
Disposal	(81,113)	(80,718)
Fair value valuation gain (loss)	(38,110)	(198,594)
Other	(1,243)	1,192
Balance as of December 31	**1,431,394**	**1,405,468**

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	3,636,478	6,222,980
Fair value valuation gain (loss)	1,548,022	(2,636,448)
Reclassification to retained earnings due to disposals	(4,935,379)	49,946
Balance as of December 31	249,121	3,636,478
Income tax effects on equity	(54,702)	(887,369)
Total	**194,419**	**2,749,109**

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

	December 31, 2023				December 31, 2022
(In millions of Korean won, number of shares and percentage)	**Number of shares owned**	**Percentage of ownership(*) (%)**	**Acquisition cost**	**Carrying amount (Market value)**	**Carrying amount (Market value)**
Samsung Heavy Industries Co., Ltd.	134,027,281	15.2	932,158	1,038,711	684,879
Hotel Shilla Co., Ltd.	2,004,717	5.1	13,957	131,108	166,592
iMarketKorea Inc.	647,320	1.9	324	5,560	6,538
SFA Engineering Corporation	2,100,000	5.8	22,050	63,840	132,642
Wonik Holdings Co., Ltd.	3,518,342	4.6	30,821	11,857	11,945
Wonik IPS Co., Ltd.	3,701,872	7.5	32,428	125,679	91,621
Wacom Co., Ltd.	8,398,400	5.3	62,013	50,358	46,750
Corning Incorporated	80,000,000	9.4	3,980,636	3,140,978	3,238,205
Other			561,530	1,030,123	5,142,573
Total			**5,635,917**	**5,598,214**	**9,521,745**

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

7. Trade and Non-Trade Receivables

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

	December 31, 2023		December 31, 2022	
(In millions of Korean won)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Receivables	37,026,738	7,474,967	36,238,032	7,051,536
Less: Loss allowance	(355,456)	(82,224)	(312,221)	(78,101)
Subtotal	36,671,282	7,392,743	35,925,811	6,973,435
Less: Non-current	(23,889)	(759,495)	(204,248)	(824,226)
Current	**36,647,393**	**6,633,248**	**35,721,563**	**6,149,209**

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

	2023		2022	
(In millions of Korean won)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Balance as of January 1	312,221	78,101	310,880	72,805
Bad debt expense (reversal)	62,964	(297)	8,784	7,312
Write-off	(18,875)	(124)	(3,557)	(6,154)
Other	(854)	4,544	(3,886)	4,138
Balance as of December 31	**355,456**	**82,224**	**312,221**	**78,101**

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

	December 31, 2023		December 31, 2022	
(In millions of Korean won)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Receivables not past due	33,633,006	7,077,413	33,177,298	5,890,018
Past due:				
Less than 31 days past due(*)	2,262,296	269,390	2,206,622	981,889
31 days to 90 days past due	478,371	15,369	642,859	52,972
More than 90 days past due	653,065	112,795	211,253	126,657
Subtotal	3,393,732	397,554	3,060,734	1,161,518
Total	**37,026,738**	**7,474,967**	**36,238,032**	**7,051,536**

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

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

8. Inventories

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

	December 31, 2023			December 31, 2022		
(In millions of Korean won)	**Gross amount**	**Valuation allowance**	**Carrying amount**	**Gross amount**	**Valuation allowance**	**Carrying amount**
Finished goods	16,120,367	(1,567,353)	14,553,014	17,526,178	(1,493,952)	16,032,226
Work in process	26,501,664	(4,303,216)	22,198,448	21,612,965	(1,535,446)	20,077,519
Raw materials and supplies	15,222,937	(1,525,583)	13,697,354	16,268,974	(1,289,694)	14,979,280
Materials in transit	1,177,058	-	1,177,058	1,098,841	-	1,098,841
Total	**59,022,026**	**(7,396,152)**	**51,625,874**	**56,506,958**	**(4,319,092)**	**52,187,866**

Inventories recognized as an expense for the year ended December 31, 2023 amount to ₩ 177,539,372 million (2022: ₩ 186,396,549 million). The amount includes a loss on the valuation of inventories.

9. Investments in Associates and Joint Ventures

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	10,893,869	8,932,251
Acquisition	78,690	1,006,998
Disposal	(33,464)	(20,894)
Share of profit	887,550	1,090,643
Other(*)	(59,201)	(115,129)
Balance as of December 31	**11,767,444**	**10,893,869**

(*) Other consists of dividends, (reversal of) impairment, and reclassification.

(B) Major investments in associates and joint ventures as of December 31, 2023 are as follows:

(1) Investments in associates

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.	Investment in new business	31.2	Korea	December
Samsung SDI Co., Ltd.(*2)	Manufacture and supply electronic parts 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 ordinary shares issued by each entity.
(*2) The Company's ownership of ordinary shares outstanding is 20.6%.

(2) Investments in joint ventures

Investee	**Nature of relationship with joint venture**	**Percentage of ownership (%)(*1)**	**Principal business location**	**Fiscal period-end**
Samsung Corning Advanced Glass, LLC	Manufacture and supply industrial glass products	50.0	Korea	December

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

(C) Details of investments in associates and joint ventures as of December 31, 2023 and 2022 are as follows:

(1) Investments in associates

(In millions of Korean won)

	December 31, 2023		
Investee	**Acquisition cost**	**Net asset value of equity shares(*)**	**Carrying amount**
Samsung Electro-Mechanics Co., Ltd.	359,237	1,837,925	1,841,393
Samsung SDS Co., Ltd.	147,963	1,955,699	1,966,206
Samsung Biologics Co., Ltd.	1,424,358	3,068,636	3,073,595
Samsung SDI Co., Ltd.	1,242,605	3,726,675	2,912,564
Cheil Worldwide, Inc.	506,162	368,875	669,363
Other	690,481	844,645	1,093,799
Total	**4,370,806**	**11,802,455**	**11,556,920**

(*) The Company's portion of net asset value of associates is based on the Company's percentage of ownership.

(In millions of Korean won)

	December 31, 2022		
Investee	**Acquisition cost**	**Net asset value of equity shares(*)**	**Carrying amount**
Samsung Electro-Mechanics Co., Ltd.	359,237	1,765,507	1,764,249
Samsung SDS Co., Ltd.	147,963	1,857,481	1,870,338
Samsung Biologics Co., Ltd.	1,424,358	2,804,547	2,808,673
Samsung SDI Co., Ltd.	1,242,605	3,318,875	2,691,223
Cheil Worldwide, Inc.	506,162	347,510	649,161
Other	645,255	718,801	907,333
Total	**4,325,580**	**10,812,721**	**10,690,977**

(*) The Company's portion of net asset value of associates is based on the Company's percentage of ownership.

(2) Investments in joint ventures

(In millions of Korean won)

	December 31, 2023		
Investee	**Acquisition cost**	**Net asset value of equity shares (*)**	**Carrying amount**
Samsung Corning Advanced Glass LLC	215,000	138,939	138,938
Other	259,994	72,215	71,586
Total	**474,994**	**211,154**	**210,524**

(*) The Company's portion of net asset value of joint ventures is based on the Company's percentage of ownership.

(In millions of Korean won)

	December 31, 2022		
Investee	**Acquisition cost**	**Net asset value of equity shares (*)**	**Carrying amount**
Samsung Corning Advanced Glass LLC	215,000	137,727	137,745
Other	259,994	67,632	65,147
Total	**474,994**	**205,359**	**202,892**

(*) The Company's portion of net asset value of joint ventures is based on the Company's percentage of ownership.

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

(1) For the year ended December 31, 2023

(In millions of Korean won)	Balance as of January 1	Share of profit	Share of other comprehensive income (loss)	Other(*)	Balance as of December 31
Samsung Electro-Mechanics Co., Ltd.	1,764,249	106,455	7,844	(37,155)	1,841,393
Samsung SDS Co., Ltd.	1,870,338	154,282	(2,503)	(55,911)	1,966,206
Samsung Biologics Co., Ltd.	2,808,673	267,614	(2,692)	-	3,073,595
Samsung SDI Co., Ltd.	2,691,223	214,702	20,506	(13,867)	2,912,564
Cheil Worldwide, Inc.	649,161	53,690	(94)	(33,394)	669,363
Samsung Corning Advanced Glass LLC	137,745	1,336	(124)	(19)	138,938
Other	972,480	89,471	52,175	51,259	1,165,385
Total	**10,893,869**	**887,550**	**75,112**	**(89,087)**	**11,767,444**

(*) Other consists of acquisitions, disposals, dividends, impairment and reclassification.

(2) For the year ended December 31, 2022

(In millions of Korean won)	Balance as of January 1	Share of profit	Share of other comprehensive income (loss)	Other(*)	Balance as of December 31
Samsung Electro-Mechanics Co., Ltd.	1,556,386	242,139	2,880	(37,156)	1,764,249
Samsung SDS Co., Ltd.	1,652,155	241,962	18,154	(41,933)	1,870,338
Samsung Biologics Co., Ltd.	1,577,664	250,028	(183)	981,164	2,808,673
Samsung SDI Co., Ltd.	2,529,650	194,242	(19,207)	(13,462)	2,691,223
Cheil Worldwide, Inc.	621,292	55,476	1,140	(28,747)	649,161
Samsung Corning Advanced Glass LLC	135,580	1,999	144	22	137,745
Other	859,524	104,797	(53,438)	61,597	972,480
Total	**8,932,251**	**1,090,643**	**(50,510)**	**921,485**	**10,893,869**

(*) Other consists of acquisitions, disposals, dividends, impairment, and reclassification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(E) Summary of the condensed financial information of major associates and joint ventures

(1) Summary of condensed financial information of major associates and dividends received from associates as of December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022 are as follows:

	2023				
(In millions of Korean won)	Samsung Electro-Mechanics Co., Ltd.	Samsung SDS Co., Ltd.	Samsung Biologics Co., Ltd.	Samsung SDI Co., Ltd.	Cheil Worldwide, Inc.
1. Condensed financial information					
Condensed statements of financial position:					
Current assets	5,208,418	8,160,300	5,521,988	9,187,029	2,372,420
Non-current assets	6,449,453	4,160,724	10,524,209	24,851,831	517,085
Current liabilities	2,900,460	2,391,861	4,157,861	8,518,933	1,375,034
Non-current liabilities	727,087	953,592	2,057,844	5,612,677	216,707
Non-controlling interests	182,613	317,562	-	1,395,877	11,206
Condensed statements of comprehensive income:					
Revenue	8,909,348	13,276,844	3,694,589	22,708,300	4,138,275
Profit from continuing operations, net of tax (*1)	430,839	693,422	857,691	2,009,207	187,302
Loss from discontinued operations, net of tax (*1)	(7,883)	-	-	-	-
Other comprehensive income (loss) (*1)	45,054	(11,085)	(11,673)	85,394	3,685
Total comprehensive income (*1)	468,010	682,337	846,018	2,094,601	190,987
2. Reconciliation to the carrying amount of investments in associates					
Net assets (a)	7,847,711	8,658,009	9,830,492	18,511,373	1,286,558
Ownership percentage (b) (*2)	23.4%	22.6%	31.2%	20.1%	28.7%
Net assets of equity shares (a x b)	1,837,925	1,955,699	3,068,636	3,726,675	368,875
Goodwill	7,081	26,801	3,645	-	298,779
Intercompany transactions and other (*3)	(3,613)	(16,294)	1,314	(814,111)	1,709
Carrying amount of associates	1,841,393	1,966,206	3,073,595	2,912,564	669,363
3. Dividends from associates					
Dividends	37,155	55,911	-	13,867	33,394

(*1) Profit (loss) attributable to owners of the investee

(*2) Ownership percentage includes ordinary and preference shares.

(*3) Consists of uSnrealized gains and losses and other differences.

(In millions of Korean won)	2022				
	Samsung Electro-Mechanics Co., Ltd.	Samsung SDS Co., Ltd.	Samsung Biologics Co., Ltd.	Samsung SDI Co., Ltd.	Cheil Worldwide, Inc.
1. Condensed financial information					
Condensed statements of financial position:					
Current assets	4,888,319	8,005,764	6,457,657	9,651,702	2,193,979
Non-current assets	6,108,852	3,946,660	10,124,394	20,605,823	557,466
Current liabilities	2,525,123	2,493,323	4,181,542	8,006,939	1,335,643
Non-current liabilities	778,563	992,132	3,416,034	5,033,084	194,373
Non-controlling interests	154,991	243,777	-	731,779	9,388
Condensed statements of comprehensive income:					
Revenue	9,441,276	17,234,750	3,001,295	20,124,070	4,253,367
Profit from continuing operations, net of tax (*1)	1,009,739	1,099,745	798,056	1,952,149	193,732
Loss from discontinued operations, net of tax (*1)	(29,187)	-	-	-	-
Other comprehensive income (loss) (*1)	(2,215)	80,368	6,995	(139,877)	(1,122)
Total comprehensive income (*1)	978,337	1,180,113	805,051	1,812,272	192,610
2. Reconciliation to the carrying amount of investments in associates					
Net assets (a)	7,538,494	8,223,192	8,984,475	16,485,723	1,212,041
Ownership percentage (b) (*2)	23.4%	22.6%	31.2%	20.1%	28.7%
Net assets of equity shares (a x b)	1,765,507	1,857,481	2,804,547	3,318,875	347,510
Goodwill	7,081	26,801	3,645	-	298,779
Intercompany transactions and other (*3)	(8,339)	(13,944)	481	(627,652)	2,872
Carrying amount of associates	1,764,249	1,870,338	2,808,673	2,691,223	649,161
3. Dividends from associates					
Dividends	37,155	41,933	-	13,463	28,748

(*1) Profit (loss) attributable to owners of the investee.

(*2) Ownership percentage includes ordinary and preference shares.

(*3) Consists of unrealized gains and losses and other differences.

(2) Summary of condensed financial information of major joint ventures and dividends received from joint ventures as of December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022 are as follows:

	Samsung Corning Advanced Glass, LLC	
(In millions of Korean won)	**2023**	**2022**
1. Condensed financial information		
Condensed statements of financial position:		
Current assets	116,372	170,103
Non-current assets	185,100	125,507
Current liabilities	22,684	19,794
Non-current liabilities	911	363
Condensed statements of comprehensive income:		
Revenue	122,446	133,634
Profit from continuing operations, net of tax(*1)	2,672	3,998
Other comprehensive income (loss) (*1)	-	288
Total comprehensive income(*1)	2,672	4,286
2. Reconciliation to the carrying amount of investments in joint ventures		
Net assets (a)	277,877	275,453
Ownership percentage (b)	50.0%	50.0%
Net assets of equity shares (a x b)	138,939	137,727
Intercompany transactions and other(*2)	(1)	18
Carrying amount of joint ventures	138,938	137,745
3. Dividends from joint ventures		
Dividends	-	-

(*1) Profit (loss) attributable to owners of the parent company.
(*2) Consists of unrealized gains and losses and other differences.

(3) Profit (loss) attributable to owners of the parent company from associates and joint ventures which are not individually material for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
(In millions of Korean won)	**Associates**	**Joint ventures**	**Associates**	**Joint ventures**
Profit from continuing operations	87,072	2,399	102,930	1,867
Other comprehensive income (loss)	50,260	1,915	(50,761)	(2,677)
Total comprehensive income (loss)	**137,332**	**4,314**	**52,169**	**(810)**

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

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

(G) Other matters

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

To prove justification of its accounting treatment, Samsung Biologics Co., Ltd. filed a suit for cancellation of the aforementioned measures to the Seoul Administrative Court, which is currently in progress. On September 24, 2021, the Seoul Administrative Court announced a decision to cancel the first measure charged by the Korea Securities and Futures Commission, and suspended its execution until the final rulings of the appeal. On October 16, 2021, the Korea Securities and Futures Commission appealed and the litigation is in progress at Seoul High Court. Samsung Biologics Co., Ltd. also filed for suspending the execution of the initial and second measures. On January 22, 2019 and February 19, 2019, the Seoul Administrative Court pronounced decisions to suspend the second and initial measure, respectively, until the final rulings. The Korea Securities and Futures Commission immediately appealed against the decisions but the appeals were dismissed by the Seoul High Court on May 13, 2019 and May 24, 2019, in relation to the second and first measures, respectively. On May 23, 2019 and June 10, 2019, the Korea Securities and Futures Commission re-appealed against the dismissals relating to the second and first measures, respectively. On September 6, 2019 and October 11, 2019, the Supreme Court of Korea dismissed the Korea Securities and Futures Commission's re-appeal relating to the second and first measures, respectively, and confirmed the decision to suspend the execution of these measures.

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

10. Property, Plant and Equipment

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

	2023					
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Construction in progress**	**Other**	**Total**
Balance as of January 1	9,892,167	40,706,918	79,714,631	33,607,564	4,124,108	168,045,388
Acquisition cost	10,024,569	67,713,808	303,000,627	33,607,564	13,248,490	427,595,058
Accumulated depreciation and impairment	(132,402)	(27,006,890)	(223,285,996)	-	(9,124,382)	(259,549,670)
Acquisitions and capital expenditures(*1)	172,262	6,498,611	33,641,691	13,141,766	1,462,032	54,916,362
Acquisitions through business combinations	-	18,125	20,140	34,698	165	73,128
Depreciation	(49,367)	(3,884,333)	(30,031,617)	-	(1,567,094)	(35,532,411)
Disposals/scrap	(25,934)	(181,700)	(37,681)	(256)	(30,547)	(276,118)
Impairment (reversal)	-	(30,864)	(47,044)	-	(7,449)	(85,357)
Reclassify as held-for-sale	(6,615)	(54,318)	(37,101)	(6,255)	(14,100)	(118,389)
Other(*2)	16,864	165,676	86,149	(57,189)	22,159	233,659
Balance as of December 31	**9,999,377**	**43,238,115**	**83,309,168**	**46,720,328**	**3,989,274**	**187,256,262**
Acquisition cost	10,157,963	73,689,951	328,561,492	46,720,328	14,058,654	473,188,388
Accumulated depreciation and impairment	(158,586)	(30,451,836)	(245,252,324)	-	(10,069,380)	(285,932,126)

(*1) Acquisition cost and capital expenditures include amounts reclassified from constructions in progress. Capitalized borrowing costs amount to ₩ 204,814 million and the capitalization interest rate used to calculate the capitalized borrowing costs ranged from 3.9%~5.8%.

(*2) Other includes effects of changes in foreign currency exchange rates.

	2022					
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Construction in progress**	**Other**	**Total**
Balance as of January 1	9,830,154	38,869,440	79,526,297	18,009,324	3,693,324	149,928,539
Acquisition cost	9,943,570	62,651,459	274,909,571	18,009,324	11,958,070	377,471,994
Accumulated depreciation and impairment	(113,416)	(23,782,019)	(195,383,274)	-	(8,264,746)	(227,543,455)
Acquisitions and capital expenditures(*1)	138,925	5,302,095	31,010,080	16,675,741	2,100,119	55,226,960
Depreciation	(49,516)	(3,533,917)	(30,761,685)	-	(1,606,980)	(35,952,098)
Disposals, scrap	(57,596)	(127,935)	(35,098)	(193)	(34,208)	(255,030)
Impairment (reversal)	-	(2,255)	(11,815)	-	(12,323)	(26,393)
Other[2]	30,200	199,490	(13,148)	(1,077,308)	(15,824)	(876,590)
Balance as of December 31	**9,892,167**	**40,706,918**	**79,714,631**	**33,607,564**	**4,124,108**	**168,045,388**
Acquisition cost	10,024,569	67,713,808	303,000,627	33,607,564	13,248,490	427,595,058
Accumulated depreciation and impairment	(132,402)	(27,006,890)	(223,285,996)	-	(9,124,382)	(259,549,670)

(*1) Acquisition cost and capital expenditures include amounts reclassified from constructions in progress. Capitalized borrowing costs amount to ₩ 41,634 million and the capitalization interest rate used to calculate the capitalized borrowing costs ranged from 2.1~4.1%.

(*2) Other includes effects of changes in foreign currency exchange rates and effects of the deduction of government grants.

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

	2023				
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Balance as of January 1	503,203	3,451,596	175,151	787,659	4,917,609
Acquisition	38,677	1,594,886	10,058	158,842	1,802,463
Depreciation	(49,367)	(871,275)	(47,174)	(147,178)	(1,114,994)
Cancellation of contracts	(12,461)	(174,426)	(279)	(6,904)	(194,070)
Reclassify as held-for-sale	(4,305)	(17)	-	(414)	(4,736)
Other(*)	5,863	33,288	(182)	3,791	42,760
Balance as of December 31	**481,610**	**4,034,052**	**137,574**	**795,796**	**5,449,032**

(*) Other includes effects of changes in foreign currency exchange rates.

	2022				
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Balance as of January 1	525,954	2,841,970	191,059	391,584	3,950,567
Acquisition	32,632	1,542,889	29,098	507,041	2,111,660
Depreciation	(49,516)	(823,543)	(58,000)	(116,287)	(1,047,346)
Cancellation of contracts	(13,741)	(111,145)	(263)	(4,220)	(129,369)
Other(*)	7,874	1,425	13,257	9,541	32,097
Balance as of December 31	**503,203**	**3,451,596**	**175,151**	**787,659**	**4,917,609**

(*) Other includes effects of changes in foreign currency exchange rates.

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

(In millions of Korean won)	**2023**	**2022**
Cost of sales	31,647,926	32,285,800
Selling and administrative expenses and other	3,884,485	3,666,298
Total	**35,532,411**	**35,952,098**

11. Intangible Assets

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

	2023					
(In millions of Korean won)	**Intellectual property rights**	**Development cost**	**Membership**	**Goodwill**	**Other**	**Total**
Balance as of January 1	4,278,750	85,018	253,554	6,014,422	9,586,010	20,217,754
External acquisitions	401,561	-	6,251	-	4,608,488	5,016,300
Acquisition through business combinations	3,944	-	-	315,136	37,758	356,838
Amortization	(276,781)	(85,018)	-	-	(2,772,349)	(3,134,148)
Disposals/scrap	(41,492)	-	(8,656)	-	(44)	(50,192)
Impairment(reversal)	(6,265)	-	3,738	-	(2,900)	(5,427)
Reclassify as held-for-sale	(2)	-	-	(58,455)	(4,405)	(62,862)
Other(*)	64,851	-	1,972	186,516	150,260	403,599
Balance as of December 31	**4,424,566**	**-**	**256,859**	**6,457,619**	**11,602,818**	**22,741,862**

(*) Other includes the cumulative effect of changes in foreign currency exchange rates and others.

	2022					
(In millions of Korean won)	**Intellectual property rights**	**Development cost**	**Membership**	**Goodwill**	**Other**	**Total**
Balance as of January 1	4,153,236	236,910	241,219	5,844,259	9,760,620	20,236,244
External acquisitions	299,484	-	8,905	-	2,375,986	2,684,375
Amortization	(268,070)	(151,892)	-	-	(2,735,599)	(3,155,561)
Disposals/scrap	(50,979)	-	(417)	-	(402)	(51,798)
Impairment(reversal)	-	-	(509)	-	(5,753)	(6,262)
Other(*)	145,079	-	4,356	170,163	191,158	510,756
Balance as of December 31	**4,278,750**	**85,018**	**253,554**	**6,014,422**	**9,586,010**	**20,217,754**

(*) Other includes the cumulative effect of changes in foreign currency exchange rates and others.

(B) Goodwill

Goodwill is allocated to each cash-generating unit. Details of goodwill as of December 31, 2023 and 2022 are as follows:

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
DX	1,256,815	1,249,290
DS	164,607	159,359
SDC	343,967	138,754
Harman	4,691,440	4,466,339
Other	790	680
Total	**6,457,619**	**6,014,422**

The Company tests goodwill for impairment annually and the recoverable amount of each cash-generating units is determined based on value-in-use calculations. The value-in-use calculation is based on estimates of pre-tax cash flows based on financial budgets approved by management for the next five years (or longer if the medium and long-term plans are reasonable, such as in new technology business). A constant growth rate assumption (but not exceeding the industry average growth rate) has been used to calculate the perpetual cash flows for periods beyond the fiver-year period.

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

(In millions of Korean won)	**2023**	**2022**
Cost of sales	2,197,662	2,211,481
Selling and administrative expenses and other	936,486	944,080
Total	**3,134,148**	**3,155,561**

12. Borrowings

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

(In millions of Korean won)	Financial institutions	Interest rates (%) as of Dec 31, 2023	December 31, 2023	December 31, 2022
Short-term borrowings				
Collateralized borrowings[*1]	Woori Bank and others	0.0~17.3	6,610,049	3,569,357
Non-collateralized borrowings	Citibank and others	0.0~62.2	504,552	1,577,958
Total			**7,114,601**	**5,147,315**
Current portion of long-term borrowings				
Bank borrowings	BNP and others	36.1~61.5	304,082	208,915
Lease liabilities[*2]	CSSD and others	4.3	998,439	874,019
Total			**1,302,521**	**1,082,934**
Long-term borrowings				
Bank borrowings	-	-	-	33,846
Lease liabilities[*2]	CSSD and others	4.3	3,724,850	3,526,826
Total			**3,724,850**	**3,560,672**

[*1] Collateralized borrowings are secured by trade receivables.

[*2] Interest expenses arising from the lease liabilities for the years ended December 31, 2023 and 2022 amount to ₩ 197,202 million and ₩ 140,111 million, respectively, which were determined using the weighted average incremental borrowing rate. Short-term lease payments and low-valued asset lease payments that are not included in lease liabilities during the years ended December 31, 2023 and 2022 amount to ₩ 158,395 million and ₩ 211,283 million, respectively.

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

(In millions of Korean won)	Lease liabilities
Repayment in	
2024	1,171,751
2025	965,266
2026	821,551
2027	625,811
2028 and thereafter	1,822,019
Total	5,406,398

13. Debentures

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

(In millions of Korean won)	Issue date	Due date	Interest rate (%) as of Dec 31, 2023	December 31, 2023	December 31, 2022
US dollar denominated straight bonds(*1)	Oct. 2, 1997	Oct. 1, 2027	7.7	25,788 (US $ 20 million)	31,683 (US $ 25 million)
US dollar denominated debenture bonds(*2)	May 11, 2015	May 15, 2025	4.2	515,760 (US $ 400 million)	506,920 (US $ 400 million)
Less: Discounts				(370)	(543)
Add: Premium				2,794	4,261
Less: Current portion				(6,354)	(6,228)
Total				**537,618**	**536,093**

(*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 in arrears.

(*2) Harman International Industries, Inc. issued US dollar denominated debenture bonds. These debentures are repaid on the maturity and interest is paid semi-annually in arrears.

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

(In millions of Korean won)	Debentures
Repayment in	
2024	6,447
2025	522,207
2026	6,447
2027	6,447
Total	**541,548**

14. Net Defined Benefit Liabilities (Assets)

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

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Present value of funded defined benefit obligations	15,403,976	13,639,460
Present value of unfunded defined benefit obligations	319,689	370,848
Subtotal	15,723,665	14,010,308
Fair value of plan assets	(20,172,327)	(19,593,910)
Total	**(4,448,662)**	**(5,583,602)**

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

(In millions of Korean won)	**2023**	**2022**
Current service cost	1,294,308	1,365,600
Net interest income	(354,220)	(99,356)
Past service cost	4,839	(253)
Other	9,491	28,713
Total	**954,418**	**1,294,704**

The amount recognized as expenses of defined contribution plans for the years ended December 31, 2023 and 2022 are ₩ 203,004 million and ₩ 145,395 million, respectively.

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

(In millions of Korean won)	**2023**	**2022**
Cost of sales	378,104	514,589
Selling and administrative expenses and other	576,314	780,115
Total	**954,418**	**1,294,704**

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	14,010,308	14,658,185
Current service cost	1,294,308	1,365,600
Interest cost	805,084	528,884
Past service cost	4,839	(253)
Remeasurement:		
Actuarial gains or losses arising from changes in demographic assumptions	62,291	34,917
Actuarial gains or losses arising from changes in financial assumptions	266,505	(2,496,879)
Other	123,165	521,452
Benefits paid	(846,457)	(630,019)
Other(*)	3,622	28,421
Balance as of December 31	**15,723,665**	**14,010,308**

(*) Other includes effects of changes in foreign currency exchange rates and reclassifications as held for sales.

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	19,593,910	17,001,891
Interest income on plan assets	1,159,304	628,240
Remeasurement of plan assets	(654,005)	(312,565)
Contributions by employer	746,068	2,741,417
Benefits paid	(687,125)	(498,246)
Other(*)	14,175	33,173
Balance as of December 31	**20,172,327**	**19,593,910**

(*) Other includes effects of changes in foreign currency exchange rates and reclassifications as held for sales.

The reasonable estimate of the employer contributions expected to be paid in 2024 in respect of the defined benefit plans as of December 31, 2023 is ₩ 1,757,413 million.

(F) Plan assets as of December 31, 2023 and 2022 consist of the following:

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Principal guaranteed fixed income financial instruments and other	18,178,623	18,766,006
Other	1,993,704	827,904
Total	**20,172,327**	**19,593,910**

Plan assets are mostly invested in instruments which have a quoted price in active markets.

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

(In percentage)	December 31, 2023	December 31, 2022
Discount rate	3.9~5.9	4.3~6.4
Salary growth rate (including the effects of inflation)	3.0~6.3	2.0~6.4

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

	Defined benefit obligations	
(In millions of Korean won)	December 31, 2023	December 31, 2022
Discount rate		
1% p increase	14,291,442	12,920,156
1% p decrease	17,385,125	15,268,164
Salary growth rate		
1% p increase	17,365,127	15,261,609
1% p decrease	14,280,988	12,900,865

(I) The weighted average maturity of the defined benefit obligations is 9.84 years as of December 31, 2023.

15. Provisions

Changes in provisions for the year ended December 31, 2023 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	2,309,726	1,546,606	783,263	3,133,830	7,773,425
Charged to profit or loss	2,456,609	595,307	468,745	2,012,062	5,532,723
Payment	(2,279,281)	(299,250)	(261,622)	(1,125,666)	(3,965,819)
Other(*)	53,158	(4,611)	3,365	11,085	62,997
Balance as of December 31	**2,540,212**	**1,838,052**	**993,751**	**4,031,311**	**9,403,326**

(*) Other includes effects of changes in foreign currency exchange rates.

(A) The Company accrues warranty provisions for estimated costs of quality assurance, exchanges, repairs, recalls, and future services based on historical experience and terms of warranty programs.

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

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

(D) The Company records provisions for estimated losses from contracts associated with discontinued products.

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

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

(In million metric tons)	**December 31, 2023**
Emission rights allocated free of charge(*)	18.06
Estimated volume of emission	17.66

(*) As of December 31, 2023, emission rights allocated free of charge for the remainder of the plan period are 32.60 million metric tons (2024: 16.30 million metric tons, 2025: 16.30 million metric tons).

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	19,567	46,073
Increase	1,272	1,872
Utilization	(17,702)	(28,378)
Balance as of December 31(*)	**3,137**	**19,567**

(*) The quantity of emission rights is 56.25 million metric tons and there is no emission rights provided as provision of collateral as of December 31, 2023.

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

(In millions of Korean won)	**2023**	**2022**
Balance as of January 1	32,838	45,049
Charged to profit or loss	(15,210)	16,167
Utilization	(17,491)	(28,378)
Balance as of December 31	**137**	**32,838**

16. Commitments and Contingencies

(A) Litigation

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

(B) Other commitments

(1) As of December 31, 2023, the Company has trade financing agreements, trade notes receivable discounting facilities, and loan facilities secured by accounts receivable with 28 financial institutions, including Woori Bank, with a combined limit of ₩ 21,762,600 million. In addition, the Company has a trade financing agreement with 23 financial institutions, including Shinhan Bank, with a limit of ₩ 15,958,875 million, and loan facilities secured by trade receivables with 13 banks, including Woori Bank, with a limit of ₩ 2,149,320 million.

(2) As of December 31, 2023, contractual commitments for the acquisition of property, plant and equipment and intangible assets amount to ₩ 9,783,549 million.

17. Contract Liabilities

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

(In millions of Korean won)	December 31, 2023	December 31, 2022
Contract liabilities(*)	13,327,724	13,255,682

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

The revenue recognized for the year ended December 31, 2023 in relation to the contract liabilities carried forward as of January 1, 2023 amounts to ₩ 1,156,619 million.

18. Share Capital

As of December 31, 2023, the parent company's total number of authorized shares is 25,000,000,000 shares (₩ 100 per share). As well as its ordinary shares, the parent company also has non-cumulative preference shares that are eligible for an additional 1% cash dividend over par value per annum compared to ordinary shares, but without voting rights. The parent company has issued 5,969,782,550 shares of ordinary shares and 822,886,700 shares of preference shares as of December 31, 2023, excluding the number of retired shares. As of the December 31, 2023, the number of shares outstanding is the same as the number of shares aforementioned with no changes during the years ended December 31, 2023 and 2022. Due to the retirement of shares, the total par value of the shares issued which excludes the number of retired shares is ₩ 679,267 million (ordinary shares of ₩ 596,978 million and preference shares of ₩ 82,289 million), which does not agree with paid-in capital of ₩ 897,514 million.

19. Retained Earnings

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

(In millions of Korean won)	December 31, 2023	December 31, 2022
Discretionary reserve and other	208,198,003	192,294,496
Unappropriated retained earnings	138,454,235	145,651,911
Total	**346,652,238**	**337,946,407**

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

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

(In millions of Korean won and number of shares)			2023	2022
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)	Ordinary/Preference	361%	361%
	Dividend amount	Ordinary shares	2,155,092	2,155,092
		Preference shares	297,062	297,062
		Total	**2,452,154**	**2,452,154**
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)	Ordinary/Preference	361%	361%
	Dividend amount	Ordinary shares	2,155,092	2,155,092
		Preference shares	297,062	297,062
		Total	**2,452,154**	**2,452,154**
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)	Ordinary/Preference	361%	361%
	Dividend amount	Ordinary shares	2,155,092	2,155,092
		Preference shares	297,062	297,062
		Total	**2,452,154**	**2,452,154**

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

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

20. Other Components of Equity

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

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Gain on valuation of financial assets at fair value through other comprehensive income	194,419	2,749,109
Share of other comprehensive income of associates and joint ventures	185,144	114,987
Foreign currency translation differences for foreign operations	3,651,112	1,039,197
Remeasurement of net defined benefit assets	(2,849,526)	(2,051,610)
Other	98,981	86,645
Total	**1,280,130**	**1,938,328**

21. Expenses by Nature

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

(In millions of Korean won)	**2023**	**2022**
Changes in finished goods, work in process, and other	(644,905)	(10,355,548)
Raw materials used, merchandise purchased, and other	96,219,181	112,591,917
Wages and salaries	30,405,245	30,078,623
Post-employment benefit	1,157,422	1,440,099
Depreciation	35,532,411	35,952,098
Amortization	3,134,148	3,155,561
Welfare	6,472,979	6,091,626
Utilities	7,502,408	6,142,317
Outsourcing	7,058,833	6,597,467
Advertising	5,213,896	6,112,951
Sales promotion	6,894,395	7,110,649
Other	53,422,505	53,936,970
Total(*)	**252,368,518**	**258,854,730**

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

22. Selling and Administrative Expenses

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

(In millions of Korean won)	2023	2022
Selling and administrative expenses		
Wages and salaries	8,324,562	7,763,588
Post-employment benefit	299,369	330,115
Commissions	8,753,442	7,457,896
Depreciation	1,649,335	1,574,757
Amortization	688,786	664,346
Advertising	5,213,896	6,112,951
Sales promotion	6,894,395	7,110,649
Transportation	1,721,614	3,214,301
Service	3,968,816	3,671,913
Other	6,125,999	5,993,246
Subtotal	43,640,214	43,893,762
Research and development expenses		
Research and development	28,339,724	24,919,198
Total	**71,979,938**	**68,812,960**

23. Other Non-Operating Income and Expenses

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

(In millions of Korean won)	2023	2022
Other non-operating income		
Dividend income	164,203	414,601
Rental income	150,273	140,908
Gain on disposal of property, plant and equipment	104,663	159,123
Other	761,309	1,247,439
Total	**1,180,448**	**1,962,071**

(In millions of Korean won)	2023	2022
Other non-operating expenses		
Loss on disposal of property, plant and equipment	85,799	61,256
Donations	243,377	305,941
Other	754,151	1,422,979
Total	**1,083,327**	**1,790,176**

24. Financial Income and Expenses

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

(In millions of Korean won)	**2023**	**2022**
Financial income		
Interest income	4,358,022	2,720,479
Financial assets measured at amortized cost	4,357,792	2,720,213
Financial assets measured at fair value through profit or loss	230	266
Foreign exchange differences	10,608,661	16,537,855
Gain from derivatives	1,133,465	1,570,661
Total	**16,100,148**	**20,828,995**

(In millions of Korean won)	**2023**	**2022**
Financial expenses		
Interest expenses	930,253	763,015
Financial liabilities measured at amortized cost	510,865	322,529
Other financial liabilities	419,388	440,486
Foreign exchange differences	10,711,058	16,809,703
Loss from derivatives	1,004,219	1,454,971
Total	**12,645,530**	**19,027,689**

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, 2023 and 2022 consists of the following:

(In millions of Korean won)	**2023**	**2022**
Current taxes		
Current tax on profits for the year	5,660,505	7,391,099
Adjustments recognized in the current year	(725,524)	(501,683)
Subtotal	4,934,981	6,889,416
Deferred taxes		
Changes in deferred taxes arising from unused tax credits	(5,346,657)	(1,080,068)
Changes in deferred taxes arising from temporary differences	(3,061,001)	(15,407,692)
Changes in deferred taxes arising from unused tax losses	(1,041,996)	160,123
Other	33,838	224,618
Subtotal	(9,415,816)	(16,103,019)
Income tax expense	**(4,480,835)**	**(9,213,603)**

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

(In millions of Korean won)	**2023**	**2022**
Profit before income tax	11,006,265	46,440,474
Tax calculated at weighted average of applicable tax rates(*)	1,901,195	13,652,900
Adjustments:		
Permanent differences	219,374	(2,090,031)
Temporary differences for which no deferred income tax was recognized	(12,588)	769,211
Tax credits and exemptions	(6,706,820)	(5,185,576)
Results of interest in subsidiaries, etc.	(389,305)	(16,186,745)
Impact of changes in tax rates	(3,926)	(376)
Other	511,235	(172,986)
Subtotal	(6,382,030)	(22,866,503)
Income tax expense	**(4,480,835)**	**(9,213,603)**

(*) The statutory tax rate is the weighted average of the statutory tax rates applicable to the Company's year-end profits as of December 31, 2023 and 2022, which vary by tax jurisdictions.

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

	2023			2022		
(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	(898,505)	(182)	(898,687)	(936,822)	38,317	(898,505)
Investments in subsidiaries, associates and joint ventures(*1,2)	(4,960,247)	57,640	(4,902,607)	(20,614,554)	15,654,307	(4,960,247)
Accumulated depreciation and other	(2,566,535)	682,845	(1,883,690)	(1,771,793)	(794,742)	(2,566,535)
Accrued income	39,680	28,042	67,722	6,853	32,827	39,680
Provisions, accrued expenses, and other	5,219,130	1,923,486	7,142,616	4,560,874	658,256	5,219,130
Foreign currency translation	185,900	(12,997)	172,903	12,076	173,824	185,900
Asset impairment losses	234,734	1,011	235,745	258,886	(24,152)	234,734
Other	(969,702)	381,157	(588,545)	(638,757)	(330,945)	(969,702)
Subtotal	(3,715,545)	3,061,002	(654,543)	(19,123,237)	15,407,692	(3,715,545)
Deferred tax arising from tax losses						
Unused tax losses	276,358	1,041,996	1,318,354	436,481	(160,123)	276,358
Deferred tax arising from unused tax credits						
Unused tax credits	2,746,430	5,346,657	8,093,087	1,666,362	1,080,068	2,746,430
Deferred tax recognized in equity						
Loss (gain) on valuation of financial assets at fair value through other comprehensive income and other	(50,392)	(156,443)	(206,835)	(3,155,310)	3,104,918	(50,392)
Remeasurement of net defined benefit assets	733,135	308,050	1,041,185	1,238,713	(505,578)	733,135
Subtotal	682,743	151,607	834,350	(1,916,597)	2,599,340	682,743
Net deferred tax assets (liabilities)	(10,014)	9,601,262	9,591,248	(18,936,991)	18,926,997	(10,014)
Deferred tax assets	5,101,318	5,110,479	10,211,797	4,261,214	840,104	5,101,318
Deferred tax liabilities	(5,111,332)	4,490,783	(620,549)	(23,198,205)	18,086,873	(5,111,332)

(*) 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.

The Company assessed that it is probable that deferred tax asset will be realized to the extent that the Company's expected average annual taxable losses and tax credits that can be utilized in each accounting period. However, the following temporary differences have not been recognized for tax purposes as it is not probable that they will be realized in the future as of December 31, 2023 and 2022 are as follows:

(In millions of Korean won)	2023	2022
Unused tax losses	597,176	594,798
Unused tax credits	118,694	46,550

Expected expiry dates of unused tax losses and credits for which no deferred tax asset is recognized are as follows:

(In millions of Korean won)	**2023**	**2024**	**2025**	**2026 and after**
Unused tax losses	37,899	741	-	558,536
Unused tax credits	7,163	-	110,450	1,081

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

(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	9,392,311	3,249,661
Deferred tax assets to be recovered after 12 months	819,486	1,851,657
Subtotal	**10,211,797**	**5,101,318**
Deferred tax liabilities		
Deferred tax liabilities to be settled after 12 months	(620,549)	(5,111,332)
Total	**9,591,248**	**(10,014)**

(E) Global minimum top-up tax

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

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

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

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

26. Earnings per Share

(A) Basic earnings per share

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

(1) Ordinary shares

(In millions of Korean won, thousands of number of shares)	**2023**	**2022**
Profit for the year attributable to owners of the parent company	14,473,401	54,730,018
Profit for the year available for ordinary shares	12,719,321	48,099,117
Weighted-average number of ordinary shares outstanding	5,969,783	5,969,783
Basic earnings per ordinary share *(in Korean won)*	**2,131**	**8,057**

(2) Preference shares

(In millions of Korean won, thousands of number of shares)	**2023**	**2022**
Profit for the year attributable to owners of the parent company	14,473,401	54,730,018
Profit for the year available for preference shares	1,754,080	6,630,901
Weighted-average number of preference shares outstanding	822,887	822,887
Basic earnings per preference share *(in Korean won)*	**2,132**	**8,058**

(B) Diluted earnings per share

The Company does not have dilutive potential ordinary shares and as a result, basic earnings per share and diluted earnings per share are the same for the years ended December 31, 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Statements of Cash Flows

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

- Adjustments

(In millions of Korean won)	**2023**	**2022**
Adjustments:		
Income tax income	(4,480,835)	(9,213,603)
Financial income	(6,156,093)	(5,778,279)
Financial expenses	3,076,837	4,336,254
Post-employment benefits	1,157,422	1,440,099
Depreciation	35,532,411	35,952,098
Amortization	3,134,148	3,155,561
Bad debt expense	62,964	8,784
Dividend income	(164,203)	(414,601)
Share of profit of associates and joint ventures	(887,550)	(1,090,643)
Gain on disposal of property, plant and equipment	(104,663)	(159,123)
Loss on disposal of property, plant and equipment	85,799	61,256
Loss on valuation of inventories and others	5,037,579	4,408,767
Others	225,718	366,869
Total	**36,519,534**	**33,073,439**

- Changes in assets and liabilities arising from operating activities

(In millions of Korean won)	**2023**	**2022**
Changes in assets and liabilities :		
Decrease (increase) in trade receivables	(90,243)	7,856,258
Decrease (increase) in other receivables	325,894	(1,524,173)
Decrease (increase) in prepaid expenses	(390,636)	3,506
Increase in inventories	(3,206,615)	(13,311,072)
Increase (decrease) in trade payables	318,432	(5,298,547)
Increase (decrease) in other payables	785,534	(1,443,409)
Increase in advances received	138,188	106,977
Increase (decrease) in withholdings	(411,028)	25,392
Increase (decrease) in accrued expenses	(3,704,020)	919,271
Increase (decrease) in provisions	1,566,904	(34,298)
Payment of post-employment benefits	(938,691)	(707,887)
Decrease (increase) in plan assets	100,384	(2,243,171)
Other	47,152	(1,347,795)
Total	**(5,458,745)**	**(16,998,948)**

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

(In millions of Korean won)	2023	2022
Valuation of financial assets at fair value through other comprehensive income	1,548,022	(2,636,448)
Valuation of investments in associates and joint ventures	75,112	(50,510)
Reclassification of construction in progress to property, plant and equipment	39,749,735	36,047,916
New lease contracts established	1,802,463	2,111,660
Reclassification of current portion of debentures and long-term borrowings	1,308,875	1,089,162

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

(1) 2023

(In millions of Korean won)	As of January 1	Cash flows from financing activities	Non-cash transactions		As of December 31
			New lease contracts	Other(*)	
Short-term borrowings	5,147,315	2,145,400	-	(178,114)	7,114,601
Debentures and long-term borrowings	5,185,927	(864,867)	1,497,058	(246,775)	5,571,343
Total	**10,333,242**	**1,280,533**	**1,497,058**	**(424,889)**	**12,685,944**

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

(2) 2022

(In millions of Korean won)	As of January 1	Cash flows from financing activities	Non-cash transactions		As of December 31
			New lease contracts	Other(*)	
Short-term borrowings	13,687,793	(8,339,149)	-	(201,329)	5,147,315
Debentures and long-term borrowings	4,704,356	(1,236,468)	2,111,660	(393,621)	5,185,927
Total	**18,392,149**	**(9,575,617)**	**2,111,660**	**(594,950)**	**10,333,242**

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

For the years ended December 31, 2023 and 2022, cash outflows from repayment of the principal of lease liabilities (financial activities) amount to ₩ 1,098,944 million and ₩ 998,531 million, respectively, while cash outflows due to interest expenses (operating activities) in relation to the lease liabilities amount to ₩ 197,202 million and ₩ 140,111 million, respectively.

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

28. Financial Risk Management

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

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

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

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

(A) Market risk

(1) Foreign exchange risk

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

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

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

	December 31, 2023		December 31, 2022	
(In millions of Korean won)	**Increase**	**Decrease**	**Increase**	**Decrease**
USD	418,776	(418,776)	258,655	(258,655)
EUR	151,740	(151,740)	92,546	(92,546)

(2) Interest rate risk

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

As of December 31, 2023 and 2022, the effect on profit or loss before tax of a 1%p change in interest rates on the Company's variable rate financial assets and liabilities at the reporting date would have been as follows:

	December 31, 2023		December 31, 2022	
(In millions of Korean won)	**Increase**	**Decrease**	**Increase**	**Decrease**
Financial assets	210,617	(210,617)	72,750	(72,750)
Financial liabilities	(6,197)	6,197	(8,427)	8,427
Net effect	**204,420**	**(204,420)**	**64,323**	**(64,323)**

(3) Price risk

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

As of December 31, 2023 and 2022, price fluctuation of marketable equity securities (listed stocks) by 1% would result in changes in other comprehensive income (before income tax) of ₩ 52,510 million and ₩ 92,073 million, respectively, and changes in profit before tax of ₩ 3,472 million and ₩ 3,144 million, respectively.

(B) Credit risk

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

Credit risk can arise from transactions with financial institutions including financial instrument transactions such as cash and cash equivalents, deposits, and derivative instruments. To minimize such risk, the Company has a policy of transacting only with banks that have a strong international credit rating (S&P A and above), and new transactions with financial institutions which the Company does not have an existing relationship are subject to the completion of risk assessments prior to commencement of transactions. The Company generally enters into financial agreements without restrictions, such as debt ratio covenants, provision of collateral and/or repayment of borrowings, and otherwise separate approvals are obtained.

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

(C) Liquidity risk

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

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

In addition, the Company has secured credit lines for its overseas subsidiaries by means of payment guarantees from the head office in the event of large liquidity needs, and, at the end of the period, the Company had investment grade ratings of Aa2 from Moody's and AA- from S&P, enabling it to raise funds on the capital market in a timely manner.

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

	December 31, 2023				
(In millions of Korean won)	**Less than 3 months**	**~ 6 months**	**~1 year**	**1 ~ 5 years**	**More than 5 years**
Financial liabilities	43,302,421	589,743	1,529,785	7,811,246	2,337,792

	December 31, 2022				
(In millions of Korean won)	**Less than 3 months**	**~ 6 months**	**~1 year**	**1 ~ 5 years**	**More than 5 years**
Financial liabilities	42,990,570	733,984	1,925,448	5,402,672	1,562,274

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

The Company's derivative financial liabilities of ₩ 44,252 million (December 31, 2022: ₩ 119,061 million) has been included within the less than 3 months bucket. These are the Company's trading portfolio of derivative instruments, on a net settlement term, of which the contractual maturities are not essential for understanding its cash flows. These contracts are managed on a net fair value basis rather than by the maturity date. Net settled derivatives consist of forwards on currency rates used by the Company to manage the exchange rate profile.

Derivatives that are settled on a gross basis by the delivery of underlying items, including derivatives for hedging, will be settled within the next 48 months from the end of the reporting period. These derivatives are not included in the table above.

There is no maximum liquidity risk exposure from those other than the above financial liabilities (e.g., payment and performance guarantees) as of December 31, 2023.

(D) Derivative financial instruments

The Company uses cash flow hedge accounting to hedges of the exposure to changes in the price of inventories. As of December 31, 2023, the Company's derivative financial instruments designated as cash flow hedges are as follows:

	December 31, 2023		December 31, 2022	
(In millions of Korean won)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Currency forward exchange contracts				
Current	50,018	15,031	44,567	11,035
Non-current	19,853	18,099	15,703	15,813
Total	**69,871**	**33,130**	**60,270**	**26,848**

For the years ended December 31, 2023 and 2022, the Company recognizes the gains and losses relating to the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges in other comprehensive income, which amount to the gain of ₩ 927 million (after tax) and loss of ₩ 12,893 million (after tax), respectively, and recognizes the gains relating to the ineffective portion in profit or loss, which amount to the gain of ₩ 1,304 million (before tax) and gain of ₩ 611 million (before tax), respectively. For the years ended December 31, 2023 and 2022, gains and losses reclassified directly from other comprehensive income to profit or loss amount to the gain of ₩ 6,692 million (after tax) and the loss of ₩ 4,602 million (after tax), respectively, and the gains reclassified from other comprehensive income to the carrying amount of inventory amount to the gain of ₩ 51,614 million (after tax) and the gain of ₩ 55,856 million (after tax), respectively.

(E) Capital risk management

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

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

(In millions of Korean won)	December 31, 2023	December 31, 2022
Total liabilities	92,228,115	93,674,903
Total equity	363,677,865	354,749,604
Debt ratio	**25.4%**	**26.4%**

(F) Fair value measurement

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

	December 31, 2023		December 31, 2022	
(In millions of Korean won)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	69,080,893	(*1)	49,680,710	(*1)
Short-term financial instruments	22,690,924	(*1)	65,102,886	(*1)
Short-term financial assets at amortized cost	608,281	(*1)	414,610	(*1)
Short-term financial assets at fair value through profit or loss	27,112	27,112	29,080	29,080
Trade receivables	36,647,393	(*1)	35,721,563	(*1)
Financial assets at fair value through other comprehensive income	7,481,297	7,481,297	11,397,012	11,397,012
Financial assets at fair value through profit or loss	1,431,394	1,431,394	1,405,468	1,405,468
Other(*2)	14,840,275	546,021	10,340,876	395,667
Total financial assets	**152,807,569**		**174,092,205**	
Financial liabilities				
Trade payables	11,319,824	(*1)	10,644,686	(*1)
Short-term borrowings	7,114,601	(*1)	5,147,315	(*1)
Other payables	13,996,395	(*1)	16,328,237	(*1)
Current portion of long-term liabilities	1,308,875	6,757	1,089,162	6,580
- Long-term borrowing	1,302,521	(*1)(*3)	1,082,934	(*1)(*3)
- Debentures	6,354	6,757	6,228	6,580
Debentures	537,618	529,254	536,093	521,129
Long-term borrowings	3,724,850	(*1)(*3)	3,560,672	(*1)(*3)
Long-term other payables	4,907,875	(*1)	2,289,236	(*1)
Other(*2)	11,414,008	83,463	12,409,529	361,768
Total financial liabilities	**54,324,046**		**52,004,930**	

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

(*2) Assets measured at the cost of ₩ 14,294,254 million and ₩ 9,945,209 million as at December 31, 2023 and 2022, respectively, and liabilities measured at the cost of ₩ 11,330,545 million and ₩ 12,047,761 million as at December 31, 2023 and 2022, respectively, are excluded as their carrying amounts are a reasonable estimation of fair value.

(*3) Lease liabilities, classified under the current portion of long-term liabilities and long-term borrowings, are excluded from the fair value disclosures in accordance with *Korean* IFRS 1107.

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

	December 31, 2023			
(In millions of Korean won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Assets				
Short-term financial assets at fair value through profit or loss	-	27,112	-	27,112
Financial assets at fair value through other comprehensive income	5,250,993	-	2,230,304	7,481,297
Financial assets at fair value through profit or loss	347,221	-	1,084,173	1,431,394
Other	-	130,364	415,657	546,021
Liabilities				
Current portion of debentures	-	6,757	-	6,757
Debentures	-	529,254	-	529,254
Other	-	83,463	-	83,463

	December 31, 2022			
(In millions of Korean won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Assets				
Short-term financial assets at fair value through profit or loss	-	29,080	-	29,080
Financial assets at fair value through other comprehensive income	9,207,295	-	2,189,717	11,397,012
Financial assets at fair value through profit or loss	314,449	-	1,091,019	1,405,468
Other	-	373,176	22,491	395,667
Liabilities				
Current portion of debentures	-	6,580	-	6,580
Debentures	-	521,129	-	521,129
Other	-	354,364	7,404	361,768

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

(3) Valuation technique and the inputs

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

The following table presents the valuation technique and the inputs used for major financial instruments classified as Level 3 as of December 31, 2023.

(In millions of Korean won and percentage)

Classification	Fair value	Valuation technique	Level 3 inputs	Input range (Weighted average)
Financial assets at fair value through other comprehensive income				
Samsung Venture Investment	32,286	Discounted cash flow	Permanent growth rate	1.0%
			Weighted average cost of capital	17.1%
MiCo Ceramics Co., Ltd.	33,973	Discounted cash flow	Permanent growth rate	0.0%
			Weighted average cost of capital	15.8%
TCL China Star Optoelectronics Technology Co. Ltd. (CSOT)	1,286,007	Discounted cash flow	Permanent growth rate	0.0%
			Weighted average cost of capital	10.6%
China Star Optoelectronics Semiconductor Display Technology Ltd (CSOSDT)	226,531	Discounted cash flow	Permanent growth rate	0.0%
			Weighted average cost of capital	10.6%
Others				
Call option on equity instruments	393,235	Binomial model	Risk-free discount rate	3.2%
			Price volatility	69.5%
Put option on equity instruments	22,422	Binomial model	Risk-free discount rate	3.9%~5.2%, 2.2%
			Price volatility	22.7%, 24.4%

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

(In millions of Korean won)	**2023**	**2022**
Financial assets		
Balance as of January 1	3,303,227	3,430,214
Acquisitions	207,023	207,730
Disposals	(124,477)	(207,252)
Amount recognized in profit or loss	297,680	73,782
Amount recognized in other comprehensive income	46,725	(197,830)
Other	(44)	(3,417)
Balance as of December 31	**3,730,134**	**3,303,227**

(In millions of Korean won)	**2023**	**2022**
Financial Liabilities		
Balance as of January 1	7,404	5,438
Amount recognized in profit or loss	619	1,966
Other	(8,023)	-
Balance as of December 31	**-**	**7,404**

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

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

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

(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]	-	161,758	-	(111,678)
Other [*2]	101,749	-	(101,696)	-

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

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

29. Segment Information

(A) Operating segment information

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

Revenue consists mostly of product sales. The operating segments are product-based and are identified based on the internal organization and revenue streams. As of the reporting date, the operating segments are comprised of DX, DS, SDC, Harman, and others.

The segment information including depreciation, amortization and operating profits is prepared after adjusting intercompany transactions. Total assets and liabilities of each operating segment are excluded from the disclosure as these have not been provided regularly to the Management Committee.

(1) For the year ended December 31, 2023

(In millions of Korean won)	DX	DS	SDC	Harman	Intercompany reconciliations	Total[*]
Revenue	169,992,337	66,594,471	30,975,373	14,388,454	(23,015,141)	258,935,494
Depreciation	2,524,199	29,371,056	3,108,935	327,572	-	35,532,411
Amortization	1,721,938	754,901	222,045	200,896	-	3,134,148
Operating profit	14,384,705	(14,879,458)	5,566,478	1,173,702	-	6,566,976

[*] Other operating segments are not separately disclosed.

Revenue by major product for the year ended December 31, 2022 are as follows:

(In millions of Korean won)	TV, monitor, and other	Smartphone and other	Memory	Display panels	Total[*]
Revenue	30,375,193	108,632,515	44,125,386	30,975,373	258,935,494

[*] Other products are not separately disclosed.

(2) For the year ended December 31, 2022

(In millions of Korean won)	DX	DS	SDC	Harman	Intercompany reconciliations	Total[*]
Revenue	182,489,720	98,455,270	34,382,619	13,213,694	(26,309,943)	302,231,360
Depreciation	2,520,708	28,196,959	4,768,498	331,342	-	35,952,098
Amortization	1,678,572	809,270	237,182	211,549	-	3,155,561
Operating profit	12,746,074	23,815,810	5,952,973	880,548	-	43,376,630

[*] Other operating segments are not separately disclosed.

Revenue by major product for the year ended December 31, 2022 are as follows:

(In millions of Korean won)	TV, monitor, and other	Smartphone and other	Memory	Display panels	Total[*]
Revenue	33,279,488	115,425,375	68,534,930	34,382,619	302,231,360

[*] Other products are not separately disclosed.

(B) Regional information

The regional information provided to the Management Committee for the reportable segments as of and for the years ended December 31, 2023 and 2022 are as follows:

(1) As of and for the year ended December 31, 2023

(In millions of Korean won)	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Revenue	45,599,419	92,136,669	48,108,965	44,814,355	28,276,086	-	258,935,494
Non-current assets[*]	163,312,301	20,346,775	6,288,864	8,737,541	12,191,879	(879,236)	209,998,124

[*] Financial instruments, deferred tax assets, investments in associates and joint ventures, and others are excluded from non-current assets.

(2) As of and for the year ended December 31, 2022

(In millions of Korean won)	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Revenue	48,654,656	118,974,561	50,283,975	48,692,399	35,625,769	-	302,231,360
Non-current assets[*]	144,936,912	14,022,225	5,839,813	9,056,272	15,338,153	(930,233)	188,263,142

[*] Financial instruments, deferred tax assets, investments in associates and joint ventures, and others are excluded from non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related Party Transactions

(A) Sale and purchase transactions

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

(In millions of Korean won)	Name of company[*1]	2023 Sales	2023 Disposal of non-current assets	2023 Purchases	2023 Purchase of non-current assets
Associates and joint ventures	Samsung SDS Co., Ltd.	202,810	-	1,984,263	291,120
	Samsung Electro-Mechanics Co., Ltd.	69,782	-	1,113,058	60
	Samsung SDI Co., Ltd.	110,025	-	754,792	31,750
	Cheil Worldwide Inc.	38,930	-	948,677	4,900
	Other	1,023,702	-	12,540,601	168,977
	Total	**1,445,249**	**-**	**17,341,391**	**496,807**
Other related parties	Samsung C&T Co., Ltd.	49,366	70	270,079	6,149,229
	Other	582,978	-	1,675,564	4,686,787
	Total	**632,344**	**70**	**1,945,643**	**10,836,016**
Other[*2]	Samsung Engineering Co., Ltd.	1,358	-	35,482	2,837,309
	S-1	9,720	-	527,232	40,327
	Other	239,223	-	1,251,775	612,481
	Total	**250,301**	**-**	**1,814,489**	**3,490,117**

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

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

(In millions of Korean won)	Name of company[*1]	2022 Sales	2022 Disposal of non-current assets	2022 Purchases	2022 Purchase of non-current assets
Associates and joint ventures	Samsung SDS Co., Ltd.	214,105	-	1,865,588	378,770
	Samsung Electro-Mechanics Co., Ltd.	62,274	767	1,401,483	120
	Samsung SDI Co., Ltd.	82,062	-	803,556	24,926
	Cheil Worldwide Inc.	31,782	-	964,096	361
	Other	1,353,769	-	15,158,969	125,053
	Total	**1,743,992**	**767**	**20,193,692**	**529,230**
Other related parties	Samsung C&T Co., Ltd.	51,447	-	433,100	7,423,404
	Other	345,901	188	1,595,487	1,910,813
	Total	**397,348**	**188**	**2,028,587**	**9,334,217**
Other[*2]	Samsung Engineering Co., Ltd.	1,666	-	53,793	3,249,254
	S-1	13,634	-	510,311	54,069
	Other	166,052	-	550,757	746,749
	Total	**181,352**	**-**	**1,114,861**	**4,050,072**

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

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

(B) Balances of receivables and payables

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

		December 31, 2023	
(In millions of Korean won)	**Name of company**[*1]	**Receivables**	**Payables**[*2]
Associates and joint ventures	Samsung SDS Co., Ltd.	84,747	458,723
	Samsung Electro-Mechanics Co., Ltd.	1,894	138,405
	Samsung SDI Co., Ltd.	117,690	92,854
	Cheil Worldwide Inc.	137	440,414
	Other	310,708	1,268,131
	Total	**515,176**	**2,398,527**
Other related parties	Samsung C&T Co., Ltd.	213,538	1,955,976
	Other	23,155	318,355
	Total	**236,693**	**2,274,331**
Other[*3]	Samsung Engineering Co., Ltd.	305	807,098
	S-1	1,289	49,955
	Other	16,096	390,073
	Total	**17,690**	**1,247,126**

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

		December 31, 2022	
(In millions of Korean won)	**Name of company**[*1]	**Receivables**	**Payables**[*2]
Associates and joint ventures	Samsung SDS Co., Ltd.	49,792	512,022
	Samsung Electro-Mechanics Co., Ltd.	385	133,952
	Samsung SDI Co., Ltd.	121,605	92,452
	Cheil Worldwide Inc.	223	453,545
	Other	371,575	1,236,017
	Total	**543,580**	**2,427,987**
Other related parties	Samsung C&T Co., Ltd.	217,818	2,783,240
	Other	20,830	250,103
	Total	**238,648**	**3,033,343**
Other[*3]	Samsung Engineering Co., Ltd.	331	1,251,039
	S-1	3,839	73,102
	Other	15,647	545,684
	Total	**19,817**	**1,869,825**

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

(C) For the years ended December 31, 2023 and 2022, the Company invested ₩ 78,690 million and ₩ 907,958 million, respectively, in associates and joint ventures. In addition, the Company has made capital recovery of ₩ 33,457 million and ₩ 13,087 million from its investments in associates and joint ventures during the year ended December 31, 2023 and 2022, respectively.

(D) For the years ended December 31, 2023 and 2022, the Company declared dividend of ₩ 1,650,995 million and ₩ 1,663,149 million, respectively, to related parties. In addition, for the years ended December 31, 2023 and 2022, the Company declared dividends of ₩ 128,232 million and ₩ 128,232 million, respectively, to the entities that are not related parties of the Company in accordance with Korean IFRS 1024, but belong to the same conglomerate according to the Monopoly Regulation and Fair Trade Act. As of December 31, 2023 and 2022, there are no dividends payable to related parties.

(E) For the years ended December 31, 2023 and 2022, the Company entered into lease agreements with its related parties amounting to ₩ 3,791 million and ₩ 25,243 million, respectively, and the lease payments made to the related parties were ₩ 25,443 million and ₩ 22,607 million, respectively.

(F) Key management compensation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Information for Non-Controlling Interests

(A) Changes in non-controlling interests

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Company for the years ended December 31, 2023 and 2022 are as follows:

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**2023**	**2022**
Percentage of non-controlling interests	15.2%	15.2%
Balance as of January 1	8,853,712	8,028,555
Profit for the year	941,786	853,290
Dividends	(43,646)	(3,947)
Other	(24,178)	(24,186)
Balance as of December 31	**9,727,674**	**8,853,712**

(B) The summarized financial information for the subsidiary with non-controlling interests that are material to the Company before the intercompany eliminations for the years ended December 31, 2023 and 2022 are as follows:

(1) Summarized consolidated statements of financial position

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**December 31, 2023**	**December 31, 2022**
Current assets	24,721,411	42,082,412
Non-current assets	46,413,723	23,070,658
Current liabilities	5,821,885	6,294,310
Non-current liabilities	1,485,250	1,220,097
Equity attributable to:	63,827,999	57,638,663
Owners of the parent company	63,769,776	57,552,528
Non-controlling interests	58,223	86,135

(2) Summarized consolidated statements of comprehensive income

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**2023**	**2022**
Sales	30,950,579	34,298,283
Profit for the year	6,331,238	6,614,496
Other comprehensive loss	(108,689)	(67,942)
Total comprehensive income attributable to:	6,222,549	6,546,554
Owners of the parent company	6,217,248	6,539,633
Non-controlling interests	5,301	6,921

(3) Summarized consolidated statements of cash flows

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**2023**	**2022**
Cash flows from operating activities	9,244,331	11,395,827
Cash flows from investing activities	(3,931,091)	(8,654,933)
Cash flows from financing activities	(277,515)	(1,146,117)
Reclassify as held-for-sale	(14,153)	-
Effect of exchange rate changes on cash and cash equivalents	(1,534)	(44,426)
Increase in cash and cash equivalents	5,020,038	1,550,351
Cash and cash equivalents at beginning of the year	2,309,210	758,859
Cash and cash equivalents at end of year	7,329,248	2,309,210

32. Business Combinations

To enhance the competitiveness of Micro-Display, Samsung Display America Holdings, Inc., the Company's subsidiary, acquired 100% of the equity shares of eMagin Corporation on October 18, 2023.

(1) Overview of the acquired company

Name of the acquired company	eMagin Corporation
Headquarters location	New York, USA
Representative director	Andrew G. Sculley Jr.
Industry	Development and manufacture of display panels

(2) Purchase price allocation

(In millions of Korean won)	**Amount**
I. Consideration transferred	
Cash and cash equivalents	295,291
Fair value of additional consideration transferred	15,164
Total consideration transferred	**310,455**
II. Identifiable assets and liabilities	
Cash and cash equivalents	4,473
Trade and other receivables	13,033
Inventory	13,753
Property, plant and equipment	77,500
Intangible assets	15,580
Other assets	1,691
Trade and other payables	(22,370)
Other liabilities	(69,653)
Total net identifiable assets	**34,007**
III. Goodwill (I - II)	**276,448**

Assuming that eMagin Corporation had been consolidated from January 1, 2023, eMagin Corporation's revenue and net loss for the year ended December 31, 2023, would have been ₩ 27,781 million and ₩ 36,021 million, respectively. Revenue and net loss for the period contributed by eMagin Corporation since consolidation amounted to ₩ 4,684 million and ₩ 6,847 million, respectively.

33. Assets and Liabilities Held-for-Sale

During the year ended December 31, 2023, the Company's management decided to sell its 56.8% ownership in Dowooinsys Co., Ltd. to three parties, including New Power Plasma Co., Ltd. The sale and purchase agreement was signed on December 7, 2023, and the sale was completed on January 31, 2024.

(1) Details of assets and liabilities classified as held-for-sale as of December 31, 2023 are as follows:

(In millions of Korean won)	**December 31, 2023**
Assets held-for-sale	
Cash and cash equivalents	14,153
Trade receivables	1,316
Inventories	4,697
Other current assets	13,134
Property, plant and equipment and intangible assets	181,251
Other non-current assets	3,313
Total	**217,864**
Liabilities held-for-sale	
Current liabilities	27,608
Non-current liabilities	34,046
Total	**61,654**

(2) Details of accumulated other comprehensive income attributable to assets held-for-sale are as follows:

(In millions of Korean won)	**December 31, 2023**
Foreign currency translation, net of tax	(217)