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Styrelsen för

Harman Connected Services AB

org nr 556250-3515

får härmed avge

Årsredovisning

för räkenskapsåret 1 Januari 2021 - 31 December 2021

Härmed intygas, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 30/6-2022 varvid förslaget till behandling av balanserad vinst i förvaltningsberättelsen fastställdes.

Malmö den 30/6/ 2022

Andrey Ponomarev
Styrelseledamot

Harman Connected Services AB
556250-3515

Innehållsförteckning **Sida**

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Harman Connected Services AB
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Harman Connected Services AB
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FÖRVALTNINGSBERÄTTELSE

STYRELSEN FÖR HARMAN CONNECTED SERVICES AB, ORGANISATIONSNUMMER 556250-3515, MED SÄTE I MALMÖ, AVGER HÄRMED SIN ÅRSREDOVISNING FÖR BOLAGET FÖR RÄKENSKAPSÅRET 1 JANUARI 2021 TILL 31 DECEMBER 2021. HARMAN CONNECTED SERVICES AB ÄR PER 31 DECEMBER 2021 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. Större kunder inkluderar fortfarande Huawei Technologies, FCR Media, Maincare, Renault.Bolaget genererade en Förlust på 14.35 mkr före skatt jämfört med en vinst på 30,14 mkr i slutet av 2020.

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)	2021 [4]	2020 [4]	2019 [4]	2018 (4)
Nettoomsättning	-	0,58	15.02	46.25
Rörelseresultat	0.67	(1.17)	(0.01)	7.36
Resultat e. finansiella poster	(14,35)	30,14	27,83	(140,26)
Balansomslutning	332,75	380,68	357,56	505,32
Avkastning på eget kapital [2]	-4,34%	7,95%	6,78%	-38,50%
Avkastning på totalt kapital [3]	-4,31%	7,92%	7,78%	-29,8%
Medelantal anställda	-	-	-	3

Förändring i eget kapital

(Mkr)	Aktie-kapital	Reserv-fond	Balanserat resultat inkl, årets resultat	Summa Eget kapital
Vid årets början	153,18	68,00	157,68	378 85
Disposition enl bolagsstämmobeslut			(33.83)	(33,83)
Aktieägartillskott				
Årets resultat			(14,35)	(14,35)
Vid årets slut	153,18	68.00	109,51	330,68

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Vinstdisposition	**SEK**
Till årsstämmans förfogande står följande medel:	
Balanserat resultat	157,677,894
Balanserat resultat inkl. årets resultat	(33,825,760)
Årets resultat	(14,348,304)
Summa	**109,503,830**
Styrelsen föreslår att den balanserade förlusten disponeras enligt följande:	
Överföres i ny räkning	109,503,830
Summa	**109,503,830**

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
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Resultaträkning

Mkr		**2021**	**2020**
Omsättning		-	0.58
Rörelsens kostnader			
Övriga externa kostnader	-5.6	0.67	(0.23)
Personalkostnader	7.8	-	(1.51)
Avskrivningar av immateriella anläggningstillgångar	9	-	-
Avskrivningar av materiella anläggningstillgångar	10	-	(0.01)
Summa rörelsens kostnader		**0.67**	**(1.75)**
Rörelseresultat	11	**0.67**	**(1.17)**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	12	1.90	31.31
Nedskrivning av finansiella anläggningstillgångar	13	(15.84)	-
Övriga ränteintäkter och liknande intäkter	13.1	-	-
Summa resultat från finansiella poster		**(13.94)**	**31.31**
Resultat före skatt		**(13.27)**	**30.14**
Skatt på årets resultat		-	-
skatt hänförlig till tidigare år	14	(1.08)	
Årets resultat		**(14.35)**	**30.14**

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Harman Connected Services AB
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Balansräkning

Mkr	**Not**	**2021**	**2020**
Tillgångar			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Programvara	9	-	-
Summa immateriella anläggningstillgångar			-
Materiella anläggningstillgångar			
Förbättringsutgifter på annans fastighet	10	-	-
Inventarier och kontorsmaskiner	10	-	-
Summa materiella anläggningstillgångar			-
Finansiella anläggningstillgångar			
Andelar i koncernföretag	16	324.27	340.11
Fordringar hos koncernföretag	15	-	
Uppskjuten skattefordran	14	-	-
Summa finansiella anläggningstillgångar		**324.27**	**340.11**
Summa anläggningstillgångar		**324.27**	**340.11**
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		(0.00)	(0.00)
Pågående arbete för annans räkning	23	0.00	(0.60)
Fordringar hos koncernföretag	15	-	0.47
Övriga fordringar		0.04	1.13
Förutbetalda kostnader och upplupna intäkter	17	0.09	0.03
Summa kortfristiga fordringar		**0.12**	**1.03**
Kortfristiga placeringar			
Övriga kortfristiga placeringar		-	-
Summa kortfristiga placeringar			
Kassa och bank		8.36	39.55
Summa omsättningstillgångar		**8.49**	**40.58**
Summa tillgångar		**332.75**	**380.68**

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Harman Connected Services AB
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Balansräkning

Mkr		2021	2020
Eget kapital och skulder			
Eget kapital	18,19		
Bundet eget kapital			
Ej registrerat aktiekapital			
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		(168.72)	(165.02)
Årets resultat		(14.35)	30.14
Summa fritt eget kapital		**109.50**	**157.68**
Summa eget kapital		**330.68**	**378.86**
Avsättningar			
Avsättning för pensioner			
Summa avsättningar			-
Långfristiga skulder			
Skulder till koncernföretag	20		-
Summa långfristiga skulder		-	-
Kortfristiga skulder			
Leverantörsskulder		0.24	0.19
Skulder till koncernföretag	20	-	-
Skatteskulder		-	-
Övriga skulder		0.01	0.05
Upplupna kostnader och förutbetalda intäkter	21	1.82	1.59
Summa kortfristiga skulder		**2.07**	**1.82**
Summa eget kapital, avsättningar och skulder		**332.75**	**380.68**

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Harman Connected Services AB
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Kassaflödesanalys

Mkr	**NOT**	**2021**	**2020**
Den löpande verksamheten			
Resultat efter finansiella poster		(14.35)	30.14
Justering för poster som inte ingår i kassaflödet	22	15.84	0.01
Betald skatt			
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapitalet		**1.49**	**30.14**
Förändring i rörelsekapital			
Kortfristiga icke räntebärande fordringar		0.90	2.02
Kortfristiga icke räntebärande skulder		0.25	(7.01)
Förändringar i rörelsekapital		**1.15**	**(4.99)**
Kassaflöde från den löpande verksamheten		**2.64**	**25.15**
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar			
Avyttring av materiella anläggningstillgångar			
Förvärv av immateriella anläggningstillgångar			
Förändring av övriga finansiella anläggningstillgångar		-	-
Kassaflöde från investeringsverksamheten		-	-
Kassaflöde efter investeringsverksamheten		**2.64**	**25.15**
Finansieringsverksamheten			
återbetalning av aktieägartillskott		(33.83)	
Kassaflöde från finansieringsverksamheten		**(33.83)**	-
Förändring av likvida medel		**(31.19)**	**25.15**
Likvida medel vid årets början		39.55	14.40
Likvida medel vid årets slut		**8.36**	**39.55**

Korfristiga placeringar kortare än 3 månader uppgår till 0 Mkr (0).

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Harman Connected Services AB
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Not 1: Allmän information

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.

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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.

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.

Kassaflödesanalys
Kassaflödesanalysen visar företagets förändringar av företagets likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- och utbetalningar.

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Not 3: Viktiga uppskattningar och bedömningar

Viktiga källor till osäkerhet i uppskattningar

Förändringar och skulder i den löpande service kommissionen ger provisioner som uppgår till stora belopp. Uppskattningar av risker inom kommissionen och uppfylld mål baseras på tidigare erfarenheter av liknande projekt tillsammans med de specifika förutsättningarna för projektet. Balansräkningen består av flera uppdrag, och ingen provision utgör en central del. En felaktig uppskattning av en viss del kommer inte att stå för en väsentlig effekt på värdet av pågående arbeten. En allmän felaktig uppskattning kan ha viktiga konsekvenser för hela, men en sådan händelse anses inte troligt.

Viktiga bedömningar vid tillämpning av bolagets redovisningsprinciper

Bedömningarna och antagandena utvärderas löpande och baseras på historisk erfarenhet och andra faktorer, inklusive förväntningar på framtida händelser som sägs vara rimliga under rådande förhållanden. Som en riktning att arbeta ut med redovisningen, är uppskattningar och antaganden om framtiden. De uppskattningar för målen för redovisning som är resultatet av dessa kommer, definitionsmässigt, inte alltid vara i överensstämmelse med det verkliga resultatet.

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Not 5: Operativa leasingavtal

På balansdagen hade bolaget icke-uppsägningsbara operationella leasingavtal med följande förfallotid:

Mkr	2021	2020
Inom 1 år	0,0	0,0
1-5 år	0,0	0,0
Efter 5 år	0,0	0,0
	0,0	0,0

Not 6: Arvode

Arvode till revisorer

Mkr	2021	2020
PWC		
Revisionsuppdrag	0,11	0,11
Totala arvoden till revisorer	0,11	0,11

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 7: Löner och andra ersättningar

Löner och ersättningar, Mkr	2021 Styrelse och VD	2021 varav fantiem och motsvarande ersättningar	2021 övriga anställda	2020 Styrelse och VD	2020 varav fantiem och motsvarande ersättningar	2020 övriga anställda
Totalt	*	*	*	*	*	*

Löner och andra ersättningar, alla anställda, inkl. Styrelsen, Mkr	2021 Löner och andra ersättningar	2021 Sociala avgifter	2021 Pensionskostnader	2020 Löner och andra ersättningar	2020 Sociala avgifter	2020 Pensionskostnader
Totalt	*	*	*	*	*	*
Total	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**

Bolaget har ingen VD och styrelsen erhåller ersättning från annat koncernbolag.

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Not 8: Personal, antal anställda

	2021			2020		
Antal anställda	Anställda 31-dec	Antal anställda medeltal	Varav män	Anställda 31-dec	Antal anställda medeltal	Varav män
Totalt	0	0	0	0	0	0

Manlig / kvinnlig representation	2021		2020	
Ledningen, 31 Dec	Män	Kvinnor	Män	Kvinnor
Styrelse	0%	0%	100%	-
VD och övriga medlemmar av ledningsgruppen	0%	0%	0%	-

Not 12: Resultat från andelar i koncernföretag

MKr	2021	2020
Resultat från försäljning av koncernföretag	(1,90)	(31,31)
Nedskrivning av aktier i dottetbolag	-	-
Totalt	**(1,90)**	**(31,31)**

Not 13:Nedskrivning av finansiella anläggningstillgångar

MKr	2021	2020
Nedskrivning av finansiella anläggningstillgångar	15,84	-
	-	-
Totalt	**15,84**	-

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Not 14: Skatter

Skattekostnad, MKr	2021	2020
Uppskjuten skatt hänförlig till underskottsavdrag	0,00	0,00
Aktuell skattekostnad	0,00	0,00
Summa skattekostnad	**0,00**	**0,00**
* Varav skatt på koncernbidrag	-	-

Förhållandet mellan skatte-kostnad för året och redovisat resultat, MKr	2021	2020
Resultat före skatt	**-13,27**	**30,14**
Skatt, baserad på en skattesats om 20,6% (f.å. 21,4%)	-2,73	6,45
Justering av skattekostnad från tidigare år	0,00	0,00
Nedskrivning uppskjuten skattfordran	0,00	0,00
Skatteeffekt av ej avdragsgilla kostnader	0,00	0,00
Skatteeffekt av ej skattepliktiga intäkter	0,00	0,00
Justering för utländska dotterbolags skattesatser	0,00	0,00
Skattemässiga underskott för vilka uppskjuten skattefordran ej redovisas	2,73	-6,45
Omvärdering av tidigare skattemässiga förluster	0,00	0,00
Skatteeffekt på ej reglerade skattemässiga förluster	0,00	0,00
skatt hänförlig till tidigare år	1,08	0,00
Utländsk skatt	0,00	0,00
Total skattekostnad	**1,08**	**0,00**

Uppskjuten skattefordran, MKr	2021	2020
Ingående balans	0,00	0,00
Utnyttjande av uppskjuten skattfordran	0,00	0,00
Nedskrivning uppskjuten skattfordran	0,00	0,00
Utgående balans	**0,00**	**0,00**

Not 15: Fordringar hos koncernföretag

MKr,	2021	2020
Långfristiga		
	0,00	0,00
Totalt	**0,00**	**0,00**
Nedskrivning långfristiga fordringar		
	0,00	0,00
Totalt	**0,00**	**0,00**
Totalt långfristiga fordringar	**0,00**	**0,00**

MKr,	2021	2020
Kortfristiga		
Harman Finland Oy	-	0,43
Harman Connected Services Corp India (4041)	-	0,00
Harman Connected Services Corp India (4023)	-	0,03
Harman Connected Services Corp India (4003)	-	0,00
Totalt	**0,00**	**0,47**
Nedskrivning kortfristiga fordringar		
	0,00	0,00
Totalt	**0,00**	**0,47**
Totalt kortfristiga fordringar	**0,00**	**0,47**

ank=20220712;20220713107

Not 16: Aktier i koncernföretag

Namn på dotterbolag	Organisations-nummer	säte	Antal aktier	%	Redovisat värde	Investeringar under året	Försäljningar under året	Nedskrivningar 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	27,76			(15,84)	11,92
Total					**340,11**	-	-	**(15,84)**	**324,27**

Not 17: Förutbetalda kostnader och upplupna intäkter

MKr	2021	2020
Förutbetalda hyror	0,00	0,00
Övriga poster	0,09	0,03
Totalt	**0,09**	**0,03**

Not 18: 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 2020	-	**153,18**	**68,00**	**221,18**	**292,56**	**(165,02)**	**127,54**	**348,72**
Aktieägartillskott	-	-	-	-	-	-	-	-
Årets resultat	-	-	-	-	-	30,14	30,14	30,14
Utgående balans per 31 Dec 2020	**-**	**153,18**	**68,00**	**221,18**	**292,56**	**(134,88)**	**157,68**	**378,85**
Ingående balans per 1 Jan 2021	-	153,18	68,00	221,18	292,56	(134,88)	157,68	378,85
Aktieägartillskott	-	-	-	-	-	(33,83)	(33,83)	(33,83)
Årets resultat	-	-	-	-	-	(14,35)	(14,35)	(14,35)
Utgående balans per 31 Dec 2021	-	**153,18**	**68,00**	**221,18**	**292,56**	**(183,06)**	**109,50**	**330,68**

Not 19: Vinstdisposition

Mkr	
Till årsstämmans förfogande står följande medel:	
Balanserat resultat	157,68
Balanserat resultat inkl. årets resultat	-33,83
Årets resultat	-14,35
Summa	**109,50**

Styrelsen föreslår att den balanserade förlusten disponeras enligt följande:

Överföres i ny räkning	109,50
Summa	109,50

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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Not 20: Skulder till koncernföretag

MKr	2021	2020
Långfristiga		
	-	-
Totalt	-	-

Write Down during the year

	-	-
Totalt	-	-

MKr	2021	2020
Kortfristiga		
	-	-
Totalt	-	-

Not 21: Upplupna kostnader och förutbetalda intäkter

MKr	2021	2020
Upplupna löner	-	-
förutbetalda intäkter	0,60	
Sociala avgifter	1,07	1,40
Övriga upplupna kostnader	0,15	0,19
Totalt	**1,82**	**1,59**

Not 22: Kassaflödesanalys

Justering för icke kassaflödespåverkande poster,

MKr	2021	2020
Avskrivningar / nedskrivningar	-	0,01
Nedskrivningar andelar i dotterföretag	15,84	-
Nedskrivning av finansiella anläggningstillgångar		
Resultat vid försäljning av koncernföretag		
Avsättningar för pensioner		
Övriga ej kassaflödespåverkande poster		
Orealiserade valutakursdifferenser		
Totalt	**15,84**	**0,01**

Not 23 : Pågående arbete för annans räkning

MKr	2021	2020
WIP		0,00
Deferred Income	0,0	-0,6
Totalt	**0,00**	**-0,60**

Not 24 Händelser efter balansdagen

Effekterna av COVID-19 känns över hela världen och påverkar teknologisektorn. Från och med datumet för revisionsberättelsen har emellertid ingen väsentlig påverkan finansiella rapporter på Harman Connected Services AB.

Not 25 Ställda säkerheter och eventualförpliktelser

	2021	2020
Ställda säkerheter	Inga	Inga
Eventualförpliktelser	Inga	Inga

Malmö den 30/6 2022

Andrey Ponomarev
Styrelseledamot

Michelle Taigman
Ordförande

Vår revisionsberättelse har lämnats den 30/6 - 2022

Öhrlings PricewaterhouseCoopers AB

Jennette Sergel
Auktoriserad revisor

ank-20220712:20220713103741

ank=20220713:10742

Not 25 Ställda säkerheter och eventualförpliktelser

	2021	2020
Ställda säkerheter	Inga	Inga
Eventualförpliktelser	Inga	Inga

Malmö den 30/6 -2022

Michelle Epstein Tafgman
Ordförande

Andrey Ponomarev
Styrelseledamot

Vår revisionsberättelse har lämnats den 2022

Öhrlings PricewaterhouseCoopers AB

Jeanette Sergel
Auktoriserad revisor

ank=20220713:10743

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 2021.

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 2021 och av dess finansiella resultat och kassaflöde 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 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

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Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot 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.

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
- 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 30 juni 2022

Öhrlings PricewaterhouseCoopers AB

Jeanette Sergel
Auktoriserad revisor

2022102000480

CONSOLIDATED FINANCIAL STATEMENTS OF

SAMSUNG ELECTRONICS CO., LTD. AND ITS SUBSIDIARIES

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202102000481

Independent Auditors' Report

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

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

Audit Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Audit Opinion

We conducted our audits in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Key Audit Matters

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

(A) Sales deduction related to sales promotion activities

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

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

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

How the Key Audit Matter was addressed in the audit

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

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

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

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRS, and for such internal control as they determine 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 of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the 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 audit 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 Company's internal control.

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

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- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

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

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

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

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

Deloitte Anjin LLC

Seoul, Korea

February 16, 2022

Notice to Readers

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

20221020000485

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		KRW	KRW	USD	USD
Assets					
Current assets					
Cash and cash equivalents	4, 28	39,031,415	29,382,578	34,115,412	25,681,845
Short-term financial instruments	4, 28	81,708,986	92,441,703	71,417,748	80,798,680
Short-term financial assets at amortized cost	4, 28	3,369,034	2,757,111	2,944,705	2,409,853
Short-term financial assets at fair value through profit or loss	4, 6, 28	40,757	71,451	35,624	62,452
Trade receivables	4, 5, 7, 28	40,713,415	30,965,058	35,585,565	27,065,012
Non-trade receivables	4, 7, 28	4,497,257	3,604,539	3,930,828	3,150,548
Prepaid expenses		2,336,252	2,266,100	2,042,001	1,980,685
Inventories	8	41,384,404	32,043,145	36,172,043	28,007,314
Other current assets	4, 28	5,081,665	3,754,462	4,441,629	3,281,589
Assets held-for-sale	32	-	929,432	-	812,370
		218,163,185	**198,215,579**	**190,685,555**	**173,250,348**
Non-current assets					
Financial assets at fair value through other comprehensive income	4, 6, 28	13,965,839	12,575,216	12,206,843	10,991,369
Financial assets at fair value through profit or loss	4, 6, 28	1,525,344	1,202,969	1,333,227	1,051,455
Investment in associates and joint ventures	9	8,932,251	8,076,779	7,807,235	7,059,510
Property, plant and equipment	10	149,928,539	128,952,892	131,045,055	112,711,289
Intangible assets	11	20,236,244	18,468,502	17,687,491	16,142,396
Net defined benefit assets	14	2,809,590	1,355,502	2,455,722	1,184,777
Deferred income tax assets	25	4,261,214	4,275,000	3,724,515	3,736,564
Other non-current assets	4, 7, 28	6,798,952	5,113,279	5,942,625	4,469,261
		208,457,973	**180,020,139**	**182,202,713**	**157,346,621**
Total assets		**426,621,158**	**378,235,718**	**372,888,268**	**330,596,969**

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

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Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		KRW	KRW	USD	USD
Liabilities and Equity					
Current liabilities					
Trade payables	4, 28	13,453,351	9,739,222	11,758,903	8,512,568
Short-term borrowings	4, 5, 12, 28	13,687,793	16,553,429	11,963,817	14,468,526
Other payables	4, 28	15,584,866	11,899,022	13,621,954	10,400,341
Advances received	17	1,224,812	1,145,423	1,070,547	1,001,157
Withholdings	4, 28	1,294,052	974,521	1,131,066	851,780
Accrued expenses	4, 17, 28	27,928,031	24,330,339	24,410,498	21,265,935
Current income tax liabilities		6,749,149	4,430,272	5,899,094	3,872,280
Current portion of long-term liabilities	4, 12, 13, 28	1,329,968	716,099	1,162,459	625,906
Provisions	15	5,372,872	4,349,563	4,696,159	3,801,736
Other current liabilities	4, 17, 28	1,492,239	1,127,719	1,304,292	985,685
Liabilities held-for-sale	32	-	338,742	-	296,077
		88,117,133	**75,604,351**	**77,018,789**	**66,081,991**
Non-current liabilities					
Debentures	4, 13, 28	508,232	948,137	444,220	828,719
Long-term borrowings	4, 12, 28	2,866,156	1,999,716	2,505,164	1,747,852
Long-term other payables	4, 28	2,991,440	1,682,910	2,614,668	1,470,948
Net defined benefit liabilities	14	465,884	464,458	407,206	405,960
Deferred income tax liabilities	25	23,198,205	18,810,845	20,276,394	16,441,621
Long-term provisions	15	2,306,994	1,051,428	2,016,428	919,001
Other non-current liabilities	4, 17, 28	1,267,183	1,725,857	1,107,582	1,508,485
		33,604,094	**26,683,351**	**29,371,662**	**23,322,586**
Total liabilities		**121,721,227**	**102,287,702**	**106,390,451**	**89,404,577**

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

20221020000487

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		KRW	KRW	USD	USD
Equity attributable to owners of the Company					
Preference shares	18	119,467	119,467	104,420	104,420
Ordinary shares	18	778,047	778,047	680,052	680,052
Share premium		4,403,893	4,403,893	3,849,223	3,849,223
Retained earnings	19	293,064,763	271,068,211	256,153,287	236,927,198
Other components of equity	20	(2,128,473)	(8,687,155)	(1,860,392)	(7,593,008)
Accumulated other comprehensive income attributable to assets held-for-sale	32	-	(12,132)	-	(10,604)
		296,237,697	**267,670,331**	**258,926,590**	**233,957,281**
Non-controlling interests	31	8,662,234	8,277,685	7,571,227	7,235,111
Total equity		**304,899,931**	**275,948,016**	**266,497,817**	**241,192,392**
Total liabilities and equity		**426,621,158**	**378,235,718**	**372,888,268**	**330,596,969**

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

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Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Notes	For the years ended December 31, 2021 KRW	2020 KRW	2021 USD	2020 USD
Revenue	29	279,604,799	236,806,988	244,388,604	206,981,172
Cost of sales	21	166,411,342	144,488,296	145,451,851	126,290,010
Gross profit		**113,193,457**	**92,318,692**	**98,936,753**	**80,691,162**
Selling and administrative expenses	21, 22	61,559,601	56,324,816	53,806,176	49,230,711
Operating profit	29	**51,633,856**	**35,993,876**	**45,130,577**	**31,460,451**
Other non-operating income	23	2,205,695	1,384,068	1,927,888	1,209,745
Other non-operating expense	23	2,055,971	2,488,902	1,797,022	2,175,425
Share of net profit of associates and joint ventures	9	729,614	506,530	637,719	442,733
Financial income	24	8,543,187	12,267,600	7,467,173	10,722,497
Financial expense	24	7,704,554	11,318,055	6,734,165	9,892,548
Profit before income tax		**53,351,827**	**36,345,117**	**46,632,170**	**31,767,453**
Income tax expense	25	13,444,377	9,937,285	11,751,059	8,685,685
Profit for the year		**39,907,450**	**26,407,832**	**34,881,111**	**23,081,768**
Profit attributable to					
Owners of the Company		39,243,791	26,090,846	34,301,040	22,804,707
Non-controlling interests		663,659	316,986	580,071	277,061
Earnings per share (in Korean won, in US dollars)	26				
- Basic		5,777	3,841	5.05	3.36
- Diluted		5,777	3,841	5.05	3.36

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

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Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	For the years ended December 31, 2021	2020	2021	2020
		KRW	KRW	USD	USD
Profit for the year		**39,907,450**	**26,407,832**	**34,881,111**	**23,081,768**
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	2,980,896	2,502,733	2,605,452	2,187,514
Share of other comprehensive income of associates and joint ventures, net of tax	9, 20	51,816	5,591	45,290	4,887
Remeasurement of net defined benefit assets, net of tax	14, 20	(524,606)	(719,560)	(458,532)	(628,931)
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	160,163	(48,888)	139,990	(42,731)
Gain (loss) on overseas business translation, net of tax	20	7,283,620	(5,380,375)	6,366,250	(4,702,717)
Gain (loss) on valuation of cash flow hedge derivatives	20	50,410	(33,406)	44,060	(29,199)
Other comprehensive income (loss) for the year, net of tax		**10,002,299**	**(3,673,905)**	**8,742,510**	**(3,211,177)**
Total comprehensive income for the year		**49,909,749**	**22,733,927**	**43,623,621**	**19,870,591**
Comprehensive income attributable to:					
Owners of the Company		49,037,912	22,374,398	42,861,591	19,556,345
Non-controlling interests		871,837	359,529	762,030	314,246

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)

2020 KRW	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2020		**119,467**	**778,047**	**4,403,893**	**254,582,894**	**(4,968,829)**	**-**	**254,915,472**	**7,964,949**	**262,880,421**
Profit for the year		-	-	-	26,090,846	-	-	26,090,846	316,986	26,407,832
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	13,713	2,402,226	-	2,415,939	86,794	2,502,733
Share of other comprehensive income of associates and joint ventures, net of tax	9, 20	-	-	-	-	(45,894)	-	(45,894)	2,597	(43,297)
Loss on overseas business translation, net of tax	20	-	-	-	-	(5,343,946)	-	(5,343,946)	(36,429)	(5,380,375)
Remeasurement of net defined benefit liabilities (assets), net of tax	14, 20	-	-	-	-	(709,141)	-	(709,141)	(10,419)	(719,560)
Loss on valuation of derivatives	20	-	-	-	-	(33,406)	-	(33,406)	-	(33,406)
Reclassification as held-for-sale	32	-	-	-	-	12,132	(12,132)	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**26,104,559**	**(3,718,029)**	**(12,132)**	**22,374,398**	**359,529**	**22,733,927**
Dividends	19	-	-	-	(9,619,242)	-	-	(9,619,242)	(59,028)	(9,678,270)
Capital transaction under common control		-	-	-	-	(830)	-	(830)	(701)	(1,531)
Changes in consolidated entities		-	-	-	-	-	-	-	17,838	17,838
Other		-	-	-	-	533	-	533	(4,902)	(4,369)
Total transactions with owners		**-**	**-**	**-**	**(9,619,242)**	**(297)**	**-**	**(9,619,539)**	**(46,793)**	**(9,666,332)**
Balance as of December 31, 2020		**119,467**	**778,047**	**4,403,893**	**271,068,211**	**(8,687,155)**	**(12,132)**	**267,670,331**	**8,277,685**	**275,948,016**

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 2.29))

2020 USD	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2020		**104,420**	**680,052**	**3,849,223**	**222,518,205**	**(4,343,005)**	**-**	**222,808,895**	**6,961,765**	**229,770,660**
Profit for the year		-	-	-	22,804,707	-	-	22,804,707	277,061	23,081,768
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	11,986	2,099,666	-	2,111,652	75,862	2,187,514
Share of other comprehensive income of associates and joint ventures, net of tax	9, 20	-	-	-	-	(40,114)	-	(40,114)	2,270	(37,844)
Loss on overseas business translation, net of tax	20	-	-	-	-	(4,670,876)	-	(4,670,876)	(31,841)	(4,702,717)
Remeasurement of net defined benefit liabilities (assets), net of tax	14, 20	-	-	-	-	(619,825)	-	(619,825)	(9,106)	(628,931)
Loss on valuation of derivatives	20	-	-	-	-	(29,199)	-	(29,199)	-	(29,199)
Reclassification as held-for-sale	32	-	-	-	-	10,604	(10,604)	-	-	-
Total comprehensive income for the year		-	-	-	**22,816,693**	**(3,249,744)**	**(10,604)**	**19,556,345**	**314,246**	**19,870,591**
Dividends	19	-	-	-	(8,407,700)	-	-	(8,407,700)	(51,593)	(8,459,293)
Capital transaction under common control		-	-	-	-	(725)	-	(725)	(613)	(1,338)
Changes in consolidated entities		-	-	-	-	-	-	-	15,591	15,591
Other		-	-	-	-	466	-	466	(4,285)	(3,819)
Total transactions with owners		-	-	-	**(8,407,700)**	**(259)**	-	**(8,407,959)**	**(40,900)**	**(8,448,859)**
Balance as of December 31, 2020		**104,420**	**680,052**	**3,849,223**	**236,927,198**	**(7,593,008)**	**(10,604)**	**233,957,281**	**7,235,111**	**241,192,392**

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)

2021 KRW	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2021		**119,467**	**778,047**	**4,403,893**	**271,068,211**	**(8,687,155)**	**(12,132)**	**267,670,331**	**8,277,685**	**275,948,016**
Profit for the year		-	-	-	39,243,791	-	-	39,243,791	663,659	39,907,450
Gain(loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	3,232,934	(359,117)	-	2,873,817	107,079	2,980,896
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	9, 20	-	-	-	-	225,464	-	225,464	(13,485)	211,979
Gain on overseas business translation, net of tax	20	-	-	-	-	7,164,982	-	7,164,982	118,638	7,283,620
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(520,552)	-	(520,552)	(4,054)	(524,606)
Gain on valuation of cash flow hedge derivatives	20	-	-	-	-	50,410	-	50,410	-	50,410
Reclassification to assets held-for-sale	32	-	-	-	-	(12,132)	12,132	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**42,476,725**	**6,549,055**	**12,132**	**49,037,912**	**871,837**	**49,909,749**
Dividends	19	-	-	-	(20,480,721)	-	-	(20,480,721)	(32,005)	(20,512,726)
Capital transactions under common control		-	-	-	-	-	-	-	12,553	12,553
Changes in consolidated entities		-	-	-	-	-	-	-	(477,617)	(477,617)
Others		-	-	-	548	9,627	-	10,175	9,781	19,956
Total transactions with owners		**-**	**-**	**-**	**(20,480,173)**	**9,627**	**-**	**(20,470,546)**	**(487,288)**	**(20,957,834)**
Balance as of December 31, 2021		**119,467**	**778,047**	**4,403,893**	**293,064,763**	**(2,128,473)**	**-**	**296,237,697**	**8,662,234**	**304,899,931**

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 2.29))

2021 USD	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2021		**104,420**	**680,052**	**3,849,223**	**236,927,198**	**(7,593,008)**	**(10,604)**	**233,957,281**	**7,235,111**	**241,192,392**
Profit for the year		-	-	-	34,301,040	-	-	34,301,040	580,071	34,881,111
Gain(loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	6, 20	-	-	-	2,825,746	(313,886)	-	2,511,860	93,592	2,605,452
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	9, 20	-	-	-	-	197,067	-	197,067	(11,787)	185,280
Gain on overseas business translation, net of tax	20	-	-	-	-	6,262,553	-	6,262,553	103,697	6,366,250
Remeasurement of net defined benefit assets, net of tax	14, 20	-	-	-	-	(454,989)	-	(454,989)	(3,543)	(458,532)
Gain on valuation of cash flow hedge derivatives	20	-	-	-	-	44,060	-	44,060	-	44,060
Reclassification to assets held-for-sale	32	-	-	-	-	(10,604)	10,604	-	-	-
Total comprehensive income for the year		-	-	-	**37,126,786**	**5,724,201**	**10,604**	**42,861,591**	**762,030**	**43,623,621**
Dividends	19	-	-	-	(17,901,176)	-	-	(17,901,176)	(27,974)	(17,929,150)
Capital transactions under common control		-	-	-	-	-	-	-	10,972	10,972
Changes in consolidated entities		-	-	-	-	-	-	-	(417,461)	(417,461)
Others		-	-	-	479	8,415	-	8,894	8,549	17,443
Total transactions with owners		-	-	-	**(17,900,697)**	**8,415**	-	**(17,892,282)**	**(425,914)**	**(18,318,196)**
Balance as of December 31, 2021		**104,420**	**680,052**	**3,849,223**	**256,153,287**	**(1,860,392)**	-	**258,926,590**	**7,571,227**	**266,497,817**

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

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Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	For the years ended December 31, 2021 KRW	2020 KRW	2021 USD	2020 USD
Operating activities					
Profit for the year		39,907,450	26,407,832	34,881,111	23,081,768
Adjustments	27	49,055,633	41,618,554	42,877,081	36,376,702
Changes in assets and liabilities arising from operating activities	27	(16,286,884)	122,424	(14,235,553)	107,005
Cash generated from operations		**72,676,199**	**68,148,810**	**63,522,639**	**59,565,475**
Interest received		1,406,706	2,220,209	1,229,532	1,940,574
Interest paid		(434,441)	(555,321)	(379,723)	(485,378)
Dividends received		299,033	243,666	261,370	212,976
Income tax paid		(8,842,049)	(4,770,355)	(7,728,394)	(4,169,530)
Net cash from operating activities		**65,105,448**	**65,287,009**	**56,905,424**	**57,064,117**
Investing activities					
Net decrease (increase) in short-term financial instruments		10,917,128	(20,369,616)	9,542,117	(17,804,065)
Net decrease (increase) in short-term financial assets at amortized cost		(336,959)	184,104	(294,519)	160,916
Net decrease in short-term financial assets at fair value through profit or loss		30,694	1,704,512	26,828	1,489,829
Disposal of long-term financial instruments		10,216,082	12,184,301	8,929,368	10,649,690
Acquisition of long-term financial instruments		(6,981,810)	(8,019,263)	(6,102,452)	(7,009,238)
Disposal of financial assets at amortized cost		-	1,023,117	-	894,256
Disposal of financial assets at fair value through other comprehensive income		2,919,888	32,128	2,552,128	28,081
Acquisition of financial assets at fair value through other comprehensive income		(1,121,201)	(245,497)	(979,986)	(214,577)
Disposal of financial assets at fair value through profit or loss		350,212	39,746	306,103	34,740
Acquisition of financial assets at fair value through profit or loss		(208,262)	(84,184)	(182,031)	(73,581)
Disposal of investment in associates and joint ventures		19,169	-	16,755	-
Acquisition of investment in associates and joint ventures		(47,090)	(83,280)	(41,159)	(72,791)
Disposal of property, plant and equipment		358,284	376,744	313,158	329,293
Acquisition of property, plant and equipment		(47,122,106)	(37,592,034)	(41,187,082)	(32,857,321)
Disposal of intangible assets		1,752	7,027	1,531	6,142
Acquisition of intangible assets		(2,706,915)	(2,679,779)	(2,365,979)	(2,342,261)
Cash outflow from business combinations		(5,926)	(49,420)	(5,180)	(43,196)
Cash inflow from sale of assets-held-for-sale		661,168	-	577,894	-
Cash inflow (outflow) from other investing activities		8,129	(57,197)	7,105	(49,993)
Net cash used in investing activities		**(33,047,763)**	**(53,628,591)**	**(28,885,401)**	**(46,874,076)**

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

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Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	For the years ended December 31, 2021	2020	2021	2020
		KRW	KRW	USD	USD
Financing activities					
Net increase(decrease) in short-term borrowings	27	(2,616,943)	2,191,186	(2,287,339)	1,915,206
Increase in long-term borrowings	27	58,279	14,495	50,939	12,669
Repayment of debentures and long-term borrowings	27	(894,749)	(864,947)	(782,055)	(756,007)
Dividends paid		(20,510,350)	(9,676,760)	(17,927,074)	(8,457,973)
Net decrease (increase) in non-controlling interests		(27,270)	8,187	(23,835)	7,156
Net cash used in financing activities		**(23,991,033)**	**(8,327,839)**	**(20,969,364)**	**(7,278,949)**
Reclassification to assets held-for-sale	32	139	(139)	121	(121)
Effect of foreign exchange rate changes		1,582,046	(833,861)	1,382,787	(728,836)
Net increase (decrease) in cash and cash equivalents		**9,648,837**	**2,496,579**	**8,433,567**	**2,182,135**
Cash and cash equivalents					
Beginning of the year		29,382,578	26,885,999	25,681,845	23,499,710
End of the year		**39,031,415**	**29,382,578**	**34,115,412**	**25,681,845**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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1. General Information

1.1 Company Overview

Samsung Electronics Co., Ltd. ("SEC") was incorporated under the laws of the Republic of Korea in 1969 and listed its shares on the Korea Stock Exchange in 1975. SEC and its subsidiaries (collectively referred to as the "Company") operate four business divisions: Consumer Electronics ("CE"), Information technology & Mobile communications ("IM"), Device Solutions ("DS") and Harman. CE division includes digital TVs, monitors, air conditioners and refrigerators and IM division includes mobile phones, communication systems, and computers. DS division includes semiconductor products such as memory, foundry, and system LSI ("Semiconductor"), and display products such as LCD and OLED panels ("DP"). Harman division includes connected car systems, audio and visual products, enterprise automation solutions and connected services. The Company is domiciled in the Republic of Korea and 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 228 subsidiaries, including Samsung Display and Samsung Electronics America. The Company also applies the equity method of accounting for its 41 associates and joint ventures, including Samsung Electro-Mechanics Co., Ltd.

1.2 Consolidated Subsidiaries

The consolidated subsidiaries as of December 31, 2021 are as follows:

Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
America	Samsung Electronics America, Inc. (SEA)	Sale of electronic devices	100.0
	Samsung International, Inc. (SII)	Manufacture of electronic devices	100.0
	Samsung Mexicana S.A. de C.V (SAMEX)	Manufacture of electronic devices	100.0
	Samsung Electronics Home Appliances America, LLC (SEHA)	Manufacture of home appliances	100.0
	Samsung Research America, Inc. (SRA)	R&D	100.0
	Samsung Next LLC (SNX)	Management of overseas subsidiaries	100.0
	Samsung Next Fund LLC (SNXF)	Technology business, venture capital investments	100.0
	NeuroLogica Corp.	Manufacture and sale of medical equipment	100.0
	Samsung HVAC America, LLC	Sale of air conditioning products	100.0
	Joyent, Inc.	Cloud services	100.0
	Dacor Holdings, Inc.	Management of overseas subsidiaries	100.0
	Dacor, Inc.	Manufacture and sale of home appliances	100.0
	Dacor Canada Co.	Sale of home appliances	100.0
	SmartThings, Inc.	Sale of smart home electronics	100.0
	TeleWorld Solutions, Inc. (TWS)	Installation & optimization of network devices	100.0

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

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Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
America	Samsung Semiconductor, Inc. (SSI)	Sale of semiconductor and display panels	100.0
	Samsung Austin Semiconductor LLC (SAS)	Manufacture of semiconductors	100.0
	Samsung Oak Holdings, Inc. (SHI)	Management of overseas subsidiaries	100.0
	SEMES America, Inc.	Semiconductor equipment services	100.0
	Samsung Electronics Canada, Inc. (SECA)	Sale of electronic devices	100.0
	AdGear Technologies Inc.	Digital advertising platforms	100.0
	Samsung 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, S.A. de C.V. (SEDAM)	Manufacture of home appliances	100.0
	Samsung Electronics Latinoamerica(Zona Libre), S. A. (SELA)	Sale of electronic devices	100.0
	Samsung Electronics Latinoamerica Miami, Inc. (SEMI)	Sale of electronic devices	100.0
	Samsung Electronica Colombia S.A. (SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronics Argentina S.A. (SEASA)	Marketing and services	100.0
	Samsung Electronics Chile Limitada (SECH)	Sale of electronic devices	100.0
	Samsung Electronics Peru S.A.C. (SEPR)	Sale of electronic devices	100.0
	Samsung Electronics Venezuela, C.A. (SEVEN)	Marketing and services	100.0
	Samsung Electronics Panama. S.A. (SEPA)	Consulting	100.0
	Harman International Industries, Inc.	Holding company	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
	Beijing Integrated Circuit Industry International Fund, L.P	Venture capital investments	61.4
	China Materialia New Materials 2016 Limited Partnership	Venture capital investments	99.0

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

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Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Europe/CIS	Samsung Electronics (UK) Ltd. (SEUK)	Sale of electronic devices	100.0
	Samsung Electronics Ltd. (SEL)	Management of overseas subsidiaries	100.0
	Samsung Semiconductor Europe Limited (SSEL)	Sale of semiconductor and display panels	100.0
	Samsung Electronics GmbH (SEG)	Sale of electronic devices	100.0
	Samsung Electronics Holding GmbH (SEHG)	Management of overseas subsidiaries	100.0
	Samsung Semiconductor Europe GmbH (SSEG)	Sale of semiconductor and display panels	100.0
	Samsung Electronics France S.A.S (SEF)	Sale of electronic devices	100.0
	Samsung Electronics Italia S.P.A. (SEI)	Sale of electronic devices	100.0
	Samsung Electronics Iberia, S.A. (SESA)	Sale of electronic devices	100.0
	Samsung Electronics Portuguesa, Unipessoal, Lda. (SEP)	Sale of electronic devices	100.0
	Samsung Electronics Hungarian Private Co., Ltd. (SEH)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Europe Logistics B.V. (SELS)	Logistics	100.0
	Samsung Electronics Benelux B.V. (SEBN)	Sale of electronic devices	100.0
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	Management of overseas subsidiaries	100.0
	Samsung Electronics Nordic Aktiebolag (SENA)	Sale of electronic devices	100.0
	Samsung Electronics Slovakia s.r.o. (SESK)	Manufacture of TV and monitors	100.0
	Samsung Display Slovakia s.r.o. (SDSK)	Toll processing of display panels	100.0
	Samsung Electronics Polska, SP.Zo.o (SEPOL)	Sale of electronic devices	100.0
	Samsung Electronics Poland Manufacturing SP.Zo.o (SEPM)	Manufacture of home appliances	100.0
	Samsung Electronics Romania LLC (SEROM)	Sale of electronic devices	100.0
	Samsung Electronics Austria GmbH (SEAG)	Sale of electronic devices	100.0
	Samsung Electronics Switzerland GmbH (SESG)	Sale of electronic devices	100.0
	Samsung Electronics Czech and Slovak s.r.o. (SECZ)	Sale of electronic devices	100.0
	Samsung Electronics Baltics SIA (SEB)	Sale of electronic devices	100.0
	Samsung Electronics Greece S.M.S.A (SEGR)	Sale of electronic devices	100.0
	Samsung Electronics Air Conditioner Europe B.V. (SEACE)	Sale of air conditioning products	100.0
	Samsung Nanoradio Design Center (SNDC)	R&D	100.0
	Samsung Denmark Research Center ApS (SDRC)	R&D	100.0
	Samsung Cambridge Solution Centre Limited (SCSC)	R&D	100.0
	Zhilabs, S.L.	Development and sale of network solutions	100.0
	Foodient Ltd.	R&D	100.0
	Samsung Electronics Rus Company LLC (SERC)	Sale of electronic devices	100.0
	Samsung Electronics Rus Kaluga LLC (SERK)	Manufacture of TV	100.0
	Samsung Electronics Ukraine Company LLC (SEUC)	Sale of electronic devices	100.0
	Samsung Electronics Central Eurasia LLP (SECE)	Sale of electronic devices	100.0
	Samsung Electronics Overseas B.V. (SEO)	Sale of electronic devices	100.0
	Samsung R&D Institute Rus LLC (SRR)	R&D	100.0
	Samsung Electronics Caucasus Co., Ltd. (SECC)	Marketing	100.0

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

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Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Europe/CIS	AKG Acoustics GmbH	Manufacture and sale of audio products	100.0
	AMX UK Limited	Sale of audio products	100.0
	Harman Audio Iberia Espana Sociedad Limitada	Sale of audio products	100.0
	Harman Automotive UK Limited	Manufacture of audio products	100.0
	Harman Becker Automotive Systems GmbH	Manufacture and sale of audio products, R&D	100.0
	Harman Becker Automotive Systems Italy S.R.L.	Sale of audio products	100.0
	Harman Becker Automotive Systems Manufacturing Kft	Manufacture of audio products, R&D	100.0
	Harman Belgium SA	Sale of audio products	100.0
	Harman Connected Services AB.	Connected service provider	100.0
	Harman Finland Oy	Connected service provider	100.0
	Harman Connected Services GmbH	Connected service provider	100.0
	Harman Connected Services Poland Sp.Zo.o	Connected service provider	100.0
	Harman Connected Services UK Ltd.	Connected service provider	100.0
	Harman Consumer Nederland B.V.	Sale of audio products	100.0
	Harman Deutschland GmbH	Sale of audio products	100.0
	Harman Finance International GP S.a.r.l	Management of overseas subsidiaries	100.0
	Harman France SNC	Sale of audio products	100.0
	Harman Holding GmbH & Co. KG	Management company	100.0
	Harman Hungary Financing Ltd.	Financing company	100.0
	Harman Inc. & Co. KG	Management of overseas subsidiaries	100.0
	Harman International Estonia OU	R&D	100.0
	Harman International Industries Limited	Sale of audio products, R&D	100.0
	Harman International Romania SRL	R&D	100.0
	Harman Finance International, SCA	Financing company	100.0
	Harman International s.r.o.	Manufacture of audio products	100.0
	Harman Management GmbH	Management of overseas subsidiaries	100.0
	Harman Professional Kft	Manufacture of audio products, R&D	100.0
	Harman Professional Denmark ApS	Sale of audio products, R&D	100.0
	Red Bend Software Ltd.	Software design	100.0
	Red Bend Software S.A.S	Software design	100.0
	Studer Professional Audio GmbH	Sale of audio products, R&D	100.0
	Harman Connected Services OOO	Connected service provider	100.0
	Harman RUS CIS LLC	Sale of audio products	100.0

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

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Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Middle East & Africa	Samsung Gulf Electronics Co., Ltd. (SGE)	Sale of electronic devices	100.0
	Samsung Electronics Turkey (SETK)	Sale of electronic devices	100.0
	Samsung Electronics Industry and Commerce Ltd. (SETK-P)	Manufacture of electronic devices	100.0
	Samsung Electronics Levant Co.,Ltd. (SELV)	Sale of electronic devices	100.0
	Samsung Electronics Maghreb Arab (SEMAG)	Sale of electronic devices	100.0
	Samsung Electronics Egypt S.A.E (SEEG)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Israel Ltd. (SEIL)	Marketing	100.0
	Samsung Electronics Tunisia S.A.R.L (SETN)	Marketing	100.0
	Samsung Electronics Pakistan (Private) Ltd. (SEPAK)	Marketing	100.0
	Samsung Electronics Saudi Arabia Ltd. (SESAR)	Sale of electronic devices	100.0
	Samsung Semiconductor Israel R&D Center, Ltd. (SIRC)	R&D	100.0
	Corephotonics Ltd.	R&D	100.0
	Samsung Electronics South Africa (Pty) Ltd. (SSA)	Sale of electronic devices	100.0
	Samsung Electronics South Africa Production (Pty) Ltd. (SSAP)	Manufacture of TV and monitors	100.0
	Samsung Electronics West Africa Ltd. (SEWA)	Marketing	100.0
	Samsung Electronics East Africa Ltd. (SEEA)	Marketing	100.0
	Global Symphony Technology Group Private Ltd.	Management of overseas subsidiaries	100.0
	Harman Connected Services Morocco	Connected service provider	100.0
	Harman Industries Holdings Mauritius Ltd.	Management of overseas subsidiaries	100.0
	Red Bend Ltd.	Manufacture of audio products	100.0
Asia (Excluding China)	Samsung Asia Pte. Ltd. (SAPL)	Management of overseas subsidiaries	100.0
	Samsung Electronics Singapore Pte. Ltd. (SESP)	Sale of electronic devices	100.0
	Samsung Malaysia Electronics (SME) Sdn. Bhd. (SME)	Sale of electronic devices	100.0
	Samsung Electronics Display (M) Sdn. Bhd. (SDMA)	Manufacture of electronic devices	100.0
	Samsung Electronics (M) Sdn. Bhd. (SEMA)	Manufacture of home appliances	100.0
	Samsung Vina Electronics Co., Ltd. (SAVINA)	Sale of electronic devices	100.0
	Samsung Electronics Vietnam Co., Ltd. (SEV)	Manufacture of electronic devices	100.0
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	Manufacture of communication equipment	100.0
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	Manufacture and sale of electronic devices	100.0
	Samsung Display Vietnam Co., Ltd. (SDV)	Manufacture of display panels	100.0
	PT Samsung Electronics Indonesia (SEIN)	Manufacture and sale of electronic devices	100.0
	PT Samsung Telecommunications Indonesia (STIN)	Sale of electronic devices and services	100.0
	Thai Samsung Electronics Co., Ltd. (TSE)	Manufacture and sale of electronic devices	91.8
	Laos Samsung Electronics Sole Co., Ltd. (LSE)	Marketing	100.0
	Samsung Electronics Philippines Corporation (SEPCO)	Sale of electronic devices	100.0
	Samsung Electronics Australia Pty. Ltd. (SEAU)	Sale of electronic devices	100.0
	Samsung Electronics New Zealand Limited (SENZ)	Sale of electronic devices	100.0
	Samsung India Electronics Private Ltd. (SIEL)	Manufacture and sale of electronic devices	100.0
	Samsung Display Noida Private Limited (SDN)	Manufacture of display panels	100.0
	Samsung R&D Institute India-Bangalore Private Limited (SRI-B)	R&D	100.0
	Samsung R&D Institute BanglaDesh Limited (SRBD)	R&D	100.0
	Samsung Nepal Services Pvt. Ltd. (SNSL)	Service	100.0
	Samsung Japan Corporation (SJC)	Sale of semiconductor and display panels	100.0
	Samsung R&D Institute Japan Co., Ltd. (SRJ)	R&D	100.0
	Samsung Electronics Japan Co., Ltd. (SEJ)	Sale of electronic devices	100.0

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

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Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Asia (Excluding China)	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)	Manufacture of electronic devices, 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 equipment services	100.0
	Samsung Semiconductor Investment L.P. I	Technology business, Venture capital investments	99.0
	Harman (China) Technologies Co., Ltd.	Manufacture of audio products	100.0
	Harman (Suzhou) Audio and Infotainment Systems Co., Ltd.	Sale of audio products	100.0
	Harman Automotive Electronic Systems (Suzhou) Co., Ltd.	Manufacture of audio products, R&D	100.0
	Harman Commercial (Shanghai) Co., Ltd.	Sale of audio products	100.0
	Harman Connected Services Solutions (Chengdu) Co., Ltd.	Connected service provider	100.0
	Harman Holding Limited	Sale of audio products	100.0
	Harman International (China) Holdings Co., Ltd.	Sale of audio products, R&D	100.0
	Harman Technology (Shenzhen) Co., Ltd.	Sale of audio products, R&D	100.0

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

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Area	Subsidiaries	Industry	Percentage of ownership (%)[1]
Domestic	Samsung Display Co., Ltd.	Manufacture and sale of display panels	84.8
	SU Materials	Manufacture of display components	50.0
	STECO Co., Ltd.	Manufacture of semiconductor components	70.0
	SEMES Co., Ltd.	Manufacture and sale of semiconductor/FPD	91.5
	Samsung Electronics Service Co., Ltd.	Repair services for electronic devices	99.3
	Samsung Electronics Service Customer Satisfaction Co., Ltd.	Call center for repair services for electronic devices	100.0
	Samsung Electronics Sales Co., Ltd.	Sale of electronic devices	100.0
	Samsung Electronics Logitech Co., Ltd.	General logistics agency	100.0
	Samsung Medison Co., Ltd.	Manufacture and sale of medical equipment	68.5
	Mirero System Co., Ltd.	Development and supply of semiconductor process defect and quality control software	99.9
	Dowooinssys Co., Ltd.	Manufacture of display components	69.0
	Gf-System Co., Ltd.	Manufacture of display components	100.0
	Harman International Korea	Software development and supply, etc.	100.0
	Samsung Venture Capital Union #21	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Uniou #22	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #26	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #28	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #29	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #32	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #33	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #37	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #40	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #42	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #43	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #45	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #48	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #52	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #55	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #56	Technology business, Venture capital investments	99.0
	Growth type private equity trust specialized in semiconductors	Investment on semiconductor industry	66.7
	System LSI Mutual benefit private equity trust	Investment on semiconductor industry	62.5

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

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1.3 Summary of Financial Data of Major Consolidated Subsidiaries

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

(1) 2021

(In millions of Korean won)

	As of December 31, 2021		For the year ended December 31, 2021	
Major subsidiaries[1]	*Assets*	*Liabilities*	*Sales*	*Profit (loss) for the year*
Samsung Display	54,967,156	9,081,737	28,755,975	2,770,060
Samsung Electronics America, Inc. (SEA)	42,982,054	19,246,751	42,325,524	823,914
Samsung (China) Semiconductor Co., Ltd. (SCS)	19,049,536	5,168,738	7,341,018	1,708,832
Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	17,521,446	3,425,127	32,184,024	2,298,273
Harman and its subsidiaries[2]	15,887,380	6,104,012	10,015,092	357,612
Samsung Asia Pte. Ltd. (SAPL)	14,683,789	58,381	-	4,668,478
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	14,651,496	8,998,502	-	24,527
Samsung Semiconductor, Inc. (SSI)	13,744,799	7,955,060	33,895,805	74,531
Samsung (CHINA) Investment Co., Ltd. (SCIC)	13,599,093	9,685,278	2,615,685	451,062
Samsung Electronics Vietnam Co., Ltd. (SEV)	13,023,272	2,085,411	21,583,038	1,455,704
Samsung Austin Semiconductor LLC (SAS)	8,705,085	958,537	3,703,472	759,206
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	7,765,126	5,799,690	31,326,186	325,397
Samsung India Electronics Private Ltd. (SIEL)	7,765,019	3,236,745	12,222,643	522,672
Samsung Display Vietnam Co., Ltd. (SDV)	6,821,066	2,486,703	21,722,446	981,311
Samsung Eletronica da Amazonia Ltda. (SEDA)	4,589,505	1,671,097	6,020,523	490,202
Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	3,129,104	919,721	6,551,242	472,666
Thai Samsung Electronics Co., Ltd. (TSE)	3,018,358	474,223	4,443,031	142,191
Samsung Electronics (UK) Ltd. (SEUK)	2,925,062	1,992,367	5,621,922	241,403
Samsung Electronics Benelux B.V. (SEBN)	2,612,357	766,034	2,569,603	284,816
Samsung Electronics Hungarian Private Co., Ltd. (SEH)	2,504,075	641,004	4,357,137	157,616
Samsung Electronics Europe Logistics B.V. (SELS)	2,305,275	2,144,805	14,700,517	13,943
Samsung Electronics GmbH (SEG)	2,289,391	2,228,650	6,385,080	2,158
Samsung Display Dongguan Co., Ltd. (SDD)	2,149,277	339,425	3,987,674	163,637
Samsung International, Inc. (SII)	2,125,719	1,041,168	7,948,982	105,444
Samsung Electronics Taiwan Co., Ltd. (SET)	2,033,992	1,459,353	5,638,204	50,966

[1] Summary of condensed financial information is based on separate financial statements of each subsidiary.

[2] Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.

(2) 2020

(In millions of Korean won)

Major subsidiaries[1]	As of December 31, 2020		For the year ended December 31, 2020	
	Assets	Liabilities	Sales	Profit (loss) for the year
Samsung Display	50,039,755	7,612,332	27,149,102	1,798,100
Samsung Electronics America, Inc. (SEA)	36,765,070	15,828,083	35,237,365	1,623,555
Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	15,500,024	2,574,442	28,284,397	2,066,842
Samsung (CHINA) Investment Co., Ltd. (SCIC)	15,438,819	12,358,881	2,475,454	127,051
Harman and its subsidiaries[2]	14,702,005	5,776,884	9,161,142	(735,426)
Samsung (China) Semiconductor Co., Ltd. (SCS)	14,348,735	3,511,003	5,321,312	1,100,619
Samsung Electronics Vietnam Co., Ltd. (SEV)	12,623,956	1,805,326	19,952,957	1,408,088
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	11,495,430	7,641,709	-	16,150
Samsung Semiconductor, Inc. (SSI)	9,669,349	4,427,701	23,562,962	182,290
Samsung Asia Pte. Ltd. (SAPL)	9,552,755	523,402	1,634,692	968,504
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	7,678,989	5,010,041	25,829,119	271,691
Samsung Display Vietnam Co., Ltd. (SDV)	7,400,563	4,354,887	19,209,100	559,006
Samsung Austin Semiconductor LLC. (SAS)	6,912,610	538,288	3,913,100	922,007
Samsung Eletronica da Amazonia Ltda. (SEDA)	6,280,131	1,556,057	6,390,696	819,561
Samsung India Electronics Private Ltd. (SIEL)	6,250,492	2,523,027	10,943,343	611,571
Thai Samsung Electronics Co., Ltd. (TSE)	2,920,299	451,055	3,744,080	160,264
Samsung Electronics (UK) Ltd. (SEUK)	2,767,563	1,886,447	4,987,522	133,016
Samsung Electronics GmbH (SEG)	2,687,535	2,626,979	6,306,675	605
Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	2,609,150	1,026,901	6,273,162	419,313
Samsung Electronics Hungarian Private Co., Ltd. (SEH)	2,230,457	504,952	3,665,360	148,056
Samsung Electronics Benelux B.V. (SEBN)	2,145,488	736,480	2,324,308	58,579
Samsung Display Dongguan Co., Ltd. (SDD)	1,767,663	300,080	2,947,506	110,194
Samsung Electronics Europe Logistics B.V. (SELS)	1,700,033	1,550,350	13,444,960	20,623
Samsung Electronics France S.A.S (SEF)	1,688,580	1,207,359	3,464,937	61,596
Samsung Japan Corporation (SJC)	1,668,902	1,381,443	3,317,644	7,684

[1] Summary of condensed financial information is based on separate financial statements of each subsidiary.

[2] Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1.4 Changes in Consolidation Scope

Changes in consolidation scope during the year ended December 31, 2021 are as follows:

Change	*Area*	*Subsidiary*	*Description*
Included	Middle East & Africa	Samsung Electronics Industry and Commerce Ltd. (SETK-P)	Establishment
	China	Samsung Semiconductor Investment L.P. I	Establishment
	Domestic	Samsung Venture Capital Union #52	Establishment
		Samsung Venture Capital Union #55	Establishment
		Samsung Venture Capital Union #56	Establishment
Excluded	America	Viv Labs, Inc.	Merger
		Prismview, LLC	Merger
		Stellus Technologies, Inc.	Liquidation
		SigMast Communications Inc.	Liquidation
		Zhilabs Inc.	Liquidation
		TWS LATAM B, LLC	Liquidation
		TWS LATAM S, LLC	Liquidation
		SNB Technologies, Inc. Mexico, S.A. de C.V	Liquidation
		RT SV CO-INVEST, LP	Liquidation
	Europe / CIS	Arcam Limited	Liquidation
		A&R Cambridge Limited	Liquidation
		Harman Connected Services Limited	Liquidation
		Martin Manufacturing (UK) Ltd	Liquidation
	China	Samsung Suzhou Module Co., Ltd. (SSM)	Sale of business
		Samsung Suzhou LCD Co., Ltd. (SSL)	Sale of business
		Samsung Electronics Huizhou Co., Ltd.(SEHZ)	Liquidation
		Shenzhen Samsung Electronics Telecommunication Co., Ltd.(SSET)	Liquidation
	Domestic	Samsung Venture Capital Union #27	Liquidation

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2. Significant Accounting Policies

2.1 Basis of Presentation

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

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

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

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

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

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2.2 Changes in Accounting Policies and Disclosures

(A) New and amended standards adopted by the Company

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

Amendments to Korean IFRS 1116, Lease

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

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

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

Amendments to Korean IFRS 1116, Lease

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

Amendments to Korean IFRS 1103, Business Combinations

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

Amendments to Korean IFRS 1016 Property, Plant and Equipment

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

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

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

Amendments to Korean IFRS 1001 Presentation of Financial Statements

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

Amendments to Korean IFRS 1001 Presentation of Financial Statements

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

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

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

Amendments to Korean IFRS 1012, Income Taxes

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

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2.3 Consolidation

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

(A) Subsidiaries

Subsidiaries are all entities (including the special purpose entities) over which the Company has control. The Company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins from the date the Company obtains control of a subsidiary and ceases when the Company loses control of the subsidiary.

The Company applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Balances of receivables and payables, income and expenses and unrealized gains or losses on transactions between the entities within the Company are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

(B) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

(C) Disposal of subsidiaries

If the Company loses control of a subsidiary, any investment continuously retained in the subsidiary is re-measured at its fair value at the date when control is lost and any resulting differences are recognized in profit or loss. Such fair value becomes the initial carrying amount for the subsequent measurement of the retained interest accounted for as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of such entity are accounted as if the Company had directly disposed of the related assets or liabilities. As a result, the previously recognized other comprehensive income are reclassified into profit or loss or equity.

(D) Non-controlling interests

Each component of profit or loss and other comprehensive income is attributed to owners of the parent and to non-controlling interests. Total comprehensive income is attributed to owners of the parent and to non-controlling interests even if this results in a negative balance of non-controlling interests.

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(E) Associates

Associates are all entities over which the Company has significant influence but does not have control, generally investees of which from 20% to 50% voting shares are owned by the Company. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. If the Company's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If there is objective evidence of impairment for the investment in the associate, the Company recognizes the difference between the recoverable amount of the associate and its carrying amount as an impairment loss. If an associate uses accounting policies other than those of the Company for like transactions and events in similar circumstances, adjustments shall be made, if necessary, to make the associate's accounting policies conform to those of the Company when the associate's financial statements are used by the entity in applying the equity method.

(F) Joint arrangements

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

2.4 Foreign Currency Translation

(A) Functional and presentation currency

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

(B) Transactions and balances

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

(C) Translation into the presentation currency

The results and financial position of all the foreign entities that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting date.
- Income and expenses for each consolidated statement of profit or loss are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the as-of rate on the dates of the transactions.
- All resulting exchange differences are recognized in other comprehensive income.

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2.5 Cash and Cash Equivalents

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

2.6 Financial Assets

(A) Classification

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

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

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

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

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

(B) Measurement

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

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

a) Debt instruments

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

① Financial assets measured at amortized cost

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

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② Financial assets measured at fair value through other comprehensive income

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

③ Financial assets measured at fair value through profit or loss

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

b) Equity instruments

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

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

(C) Impairment

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

(D) Recognition and derecognition

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

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(E) Offsetting of financial instruments

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

2.7 Trade Receivables

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

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method, except for materials in transit. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes costs of idle plant and abnormal waste. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

2.9 Property, Plant and Equipment

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

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

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

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

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

2.10 Borrowing Costs

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

2.11 Intangible Assets

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

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

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

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

	Estimated useful lives
Development costs	2 years
Trademarks, licenses and other intangible assets	3 - 25 years

2.12 Impairment of Non-Financial Assets

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

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2.13 Assets Held-for-Sale (Disposal Group)

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

2.14 Financial Liabilities

(A) Classification and measurement

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

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

(B) Derecognition

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

2.15 Trade Payables

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

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2.16 Borrowings

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

2.17 Provisions and Contingent Liabilities

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

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

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

2.18 Employee Benefits

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

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

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

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

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2.19 Financial Guarantee Contract

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

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

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, where appropriate.

2.20 Current and Deferred Tax

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

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

A deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, a deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

2.21 Derivative Instruments

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

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

2.22 Dividend

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

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2.23 Share Capital

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

2.24 Revenue Recognition

Revenue mainly comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, sales incentives and discounts and after eliminating intercompany transactions.

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

(A) Identification of performance obligations

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

(B) Performance obligations satisfied over time

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

(C) Variable consideration

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

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

(D) Allocation of the transaction price

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

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2.25 Leases

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

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

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

(A) Lessee accounting

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

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

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

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

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

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

(B) Lessor accounting

The accounting treatment as a lessor did not change significantly from the Korean IFRS 1116 *Leases* initially applied on January 1, 2019.

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

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2.26 Government Grants

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

2.27 Earnings per Share

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

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

2.28 Reportable Segments

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

2.29 Convenience Translation into United States Dollar Amounts

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

2.30 Approval of the Consolidated Financial Statements

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

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3. Critical Accounting Estimates and Assumptions

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

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

(A) Revenue recognition

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

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

(B) Provision for warranty

The Company recognizes provision for warranty on products sold. The Company accrues provision for warranty based on the best estimate of amounts necessary to settle future and existing claims at the end of each reporting period. The amounts are estimated based on the past experience.

(C) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using a variety of methods and assumptions that are mainly based on market conditions existing at the end of each reporting period.

(D) Impairment of financial assets

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

(E) Lease

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

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

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(F) Net defined benefit liabilities (assets)

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

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

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

(H) Income taxes

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

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

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

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

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4. Financial Instruments by Category

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

(1) As of December 31, 2021

(In millions of Korean won)	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Other financial assets[1]	Total
Financial assets					
Cash and cash equivalents	39,031,415	-	-	-	39,031,415
Short-term financial instruments	81,708,986	-	-	-	81,708,986
Short-term financial assets at amortized cost	3,369,034	-	-	-	3,369,034
Short-term financial assets at fair value through profit or loss	-	-	40,757	-	40,757
Trade receivables	40,713,415	-	-	-	40,713,415
Financial assets at fair value through other comprehensive income	-	13,965,839	-	-	13,965,839
Financial assets at fair value through profit or loss	-	-	1,525,344	-	1,525,344
Other	8,711,973	-	279,127	49,089	9,040,189
Total	173,534,823	13,965,839	1,845,228	49,089	189,394,979

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

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities[1]	Total
Financial liabilities				
Trade payables	13,453,351	-	-	13,453,351
Short-term borrowings	2,131,692	-	11,556,101	13,687,793
Other payables	14,126,970	-	-	14,126,970
Current portion of long-term liabilities	518,065	-	811,903	1,329,968
Debentures	508,232	-	-	508,232
Long-term borrowings	1,500	-	2,864,656	2,866,156
Long-term other payables	2,562,158	-	-	2,562,158
Other	10,444,290	323,526	13,868	10,781,684
Total	43,746,258	323,526	15,246,528	59,316,312

[1]Other financial liabilities include collateralized borrowings, lease liabilities and derivatives designated as hedging instruments, which are not subject to categorizations.

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(2) As of December 31, 2020

(In millions of Korean won)	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Other financial assets[1]	Total
Financial assets					
Cash and cash equivalents	29,382,578	-	-	-	29,382,578
Short-term financial instruments	92,441,703	-	-	-	92,441,703
Short-term financial assets at amortized cost	2,757,111	-	-	-	2,757,111
Short-term financial assets at fair value through profit or loss	-	-	71,451	-	71,451
Trade receivables	30,965,058	-	-	-	30,965,058
Financial assets at fair value through other comprehensive income	-	12,575,216	-	-	12,575,216
Financial assets at fair value through profit or loss	-	-	1,202,969	-	1,202,969
Other	6,395,766	-	215,797	23,310	6,634,873
Total	161,942,216	12,575,216	1,490,217	23,310	176,030,959

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

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities[1]	Total
Financial liabilities				
Trade payables	9,739,222	-	-	9,739,222
Short-term borrowings	2,278,386	-	14,275,043	16,553,429
Other payables	10,645,637	-	-	10,645,637
Current portion of long-term liabilities	5,318	-	710,781	716,099
Debentures	948,137	-	-	948,137
Long-term borrowings	-	-	1,999,716	1,999,716
Long-term other payables	1,272,128	2,176	-	1,274,304
Others	9,354,624	242,698	41,930	9,639,252
Total	34,243,452	244,874	17,027,470	51,515,796

[1] Other financial liabilities include collateralized borrowings, lease liabilities, and derivatives designated as hedging instruments, which are not subject to categorizations.

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

(1) 2021

(In millions of Korean won)	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Other financial assets[1]	Total
Financial assets					
Gain (loss) on valuation (other comprehensive income)	-	2,980,896	-	27,715	3,008,611
Gain (loss) on valuation/disposal (profit or loss)	(1,969)	-	420,100	437	418,568
Reclassification from other comprehensive income to profit or loss	-	-	-	(148)	(148)
Interest income	1,278,051	-	227	-	1,278,278
Foreign exchange differences (profit or loss)	29,834	-	-	-	29,834
Dividend income	-	133,532	2,308	-	135,840
Impairment/reversal (profit or loss)	(27,194)	-	-	-	(27,194)

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

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities[1]	Total
Financial liabilities				
Gain (loss) on valuation (other comprehensive income)	-	-	22,695	22,695
Gain (loss) on valuation/disposal (profit or loss)	-	(65,368)	-	(65,368)
Reclassification from other comprehensive income to profit or loss	-	-	(121)	(121)
Interest expense	(213,477)	-	(218,063)	(431,540)
Foreign exchange differences (profit or loss)	362,820	-	3,447	366,267

[1] Other financial liabilities include collateralized borrowings, lease liabilities, and derivatives designated as hedging instruments, which are not subject to categorizations.

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(2) 2020

(In millions of Korean won)	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Other financial assets[1]	Total
Financial assets					
Gain (loss) on valuation (other comprehensive income)	-	2,502,733	-	(1,823)	2,500,910
Gain (loss) on valuation/disposal (profit or loss)	(6,725)	-	206,850	126	200,251
Reclassification from other comprehensive income to profit or loss	-	-	-	981	981
Interest income	1,974,141	-	317	-	1,974,458
Foreign exchange differences (profit or loss)	(886,631)	-	-	-	(886,631)
Dividend income	-	149,617	2,823	-	152,440
Impairment/reversal (profit or loss)	(42,824)	-	-	-	(42,824)

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

(In millions of Korean won)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities[1]	Total
Financial liabilities				
Gain on valuation (other comprehensive loss)	-	-	(22,995)	(22,995)
Gain (loss) on valuation/disposal (profit or loss)	-	86,371	(154)	86,217
Reclassification from other comprehensive income to profit or loss	-	-	12,368	12,368
Interest expense	(302,782)	-	(280,231)	(583,013)
Foreign exchange differences (profit or loss)	180,110	-	9,730	189,840

[1] Other financial liabilities include collateralized borrowings, lease liabilities, and derivatives designated as hedging instruments, which are not subject to categorizations.

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5. Transfer of Financial Assets

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

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

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Carrying amount of the discounted trade receivables[1]	11,556,101	14,275,043
Carrying amount of the related borrowings	11,556,101	14,275,043

[1] The discounted trade receivables include the intercompany balances.

6. Financial Assets at Fair Value

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

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

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Non-current portion		
Equity instruments	13,965,839	12,575,216

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

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Current portion		
Debt instruments	40,757	71,451
Non-current portion		
Equity instruments	905,094	819,144
Debt instruments	620,250	383,825
Subtotal	1,525,344	1,202,969
Total	1,566,101	1,274,420

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

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

(In millions of Korean won)	2021	2020
Balance as of January 1	12,575,216	8,920,712
Acquisition	1,146,868	245,497
Disposal	(3,551,604)	(23,872)
Fair value valuation gain	3,653,253	3,423,908
Other	142,106	8,971
Balance as of December 31	13,965,839	12,575,216

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

(In millions of Korean won)	2021	2020
Balance as of January 1	1,202,969	1,049,004
Acquisition	208,262	84,184
Disposal	(142,406)	(37,554)
Fair value valuation gain	275,447	122,042
Other	(18,928)	(14,707)
Balance as of December 31	1,525,344	1,202,969

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

(In millions of Korean won)	2021	2020
Balance as of January 1	7,071,415	3,663,998
Fair value valuation gain	3,653,253	3,423,908
Reclassification to retained earnings due to disposals	(4,501,688)	(16,491)
Balance as of December 31	6,222,980	7,071,415
Income tax effects on equity and non-controlling interests	(1,606,341)	(2,095,659)
Total	4,616,639	4,975,756

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

	December 31, 2021				December 31, 2020
(In millions of Korean won, number of shares and percentage)	Number of shares owned	Percentage of ownership[1] (%)	Acquisition cost	Carrying amount (Market value)	Carrying amount (Market value)
Samsung Heavy Industries	134,027,281	15.2	932,158	759,935	708,882
Hotel Shilla	2,004,717	5.1	13,957	156,368	164,988
iMarket Korea	647,320	1.9	324	6,926	5,658
SFA	3,644,000	10.2	38,262	131,366	140,658
Wonik Holdings	3,518,342	4.6	30,821	17,521	22,306
Wonik IPS	3,701,872	7.5	32,428	156,589	163,808
ASML Holding N.V	6,297,787	1.5	363,012	5,974,280	3,350,532
Wacom Co., Ltd	8,398,400	5.0	62,013	79,256	76,589
BYD Company Limited	2,380,100	0.1	79,049	118,862	1,695,488
Corning Incorporated	80,000,000	9.4	3,980,636	3,530,893	-
Other			535,628	1,155,113	1,012,825
Total			6,068,288	12,087,109	7,341,734

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

7. Trade and Non-Trade Receivables

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

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	Trade	Non-trade	Trade	Non-trade
Receivables	41,250,034	5,572,176	31,369,364	4,065,404
Less: Loss allowance	(310,880)	(72,805)	(318,731)	(59,487)
Subtotal	40,939,154	5,499,371	31,050,633	4,005,917
Less: Non-current portion	(225,739)	(1,002,114)	(85,575)	(401,378)
Current portion	40,713,415	4,497,257	30,965,058	3,604,539

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

	2021		2020	
(In millions of Korean won)	Trade	Non-trade	Trade	Non-trade
Balance as of January 1	318,731	59,487	340,410	58,666
Bad debt expense (reversal)	17,990	9,009	40,006	2,869
Write-off	(19,095)	(2,424)	(40,384)	(103)
Other	(6,746)	6,733	(21,301)	(1,945)
Balance as of December 31	310,880	72,805	318,731	59,487

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

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Receivables not past due	39,677,264	5,125,414	29,395,528	3,585,376
Past due[1]:				
Less than 31 days overdue	1,229,479	196,783	1,269,398	129,054
31 days to 90 days overdue	36,545	51,804	137,568	42,603
Over 90 days overdue	306,746	198,175	566,870	308,371
Subtotal	1,572,770	446,762	1,973,836	480,028
Total	41,250,034	5,572,176	31,369,364	4,065,404

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

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

8. Inventories

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

	December 31, 2021			December 31, 2020		
(In millions of Korean won)	**Gross amount**	**Valuation allowance**	**Carrying amount**	**Gross amount**	**Valuation allowance**	**Carrying amount**
Finished goods	13,000,200	(719,621)	12,280,579	9,711,668	(323,782)	9,387,886
Work in process	13,967,331	(493,713)	13,473,618	12,144,887	(326,797)	11,818,090
Raw materials and supplies	14,864,486	(679,645)	14,184,841	10,464,679	(673,913)	9,790,766
Materials in transit	1,445,366	-	1,445,366	1,046,403	-	1,046,403
Total	43,277,383	(1,892,979)	41,384,404	33,367,637	(1,324,492)	32,043,145

The inventories recognized as expense for the year ended December 31, 2021, amount to ₩ 164,319,031 million (2020: ₩ 143,172,743 million). The amount includes loss on valuation of inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. Investments in Associates and Joint Ventures

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

(In millions of Korean won)	2021	2020
Balance as of January 1	8,076,779	7,591,612
Acquisition	47,090	83,280
Disposal	(34,664)	-
Share of profit	729,614	506,530
Other[1]	113,432	(104,643)
Balance as of December 31	8,932,251	8,076,779

[1] Other consists of dividends, impairment, and reclassification.

(B) Major investments in associates and joint ventures as of December 31, 2021 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.	New business investment	31.5	Korea	December
Samsung SDI Co., Ltd.[2]	Manufacture and supply electronic components including secondary cell batteries	19.6	Korea	December
Cheil Worldwide, Inc.	Advertising agency	25.2	Korea	December

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

(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 devices	50.0	Korea	December

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

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(C) Details of investments in associates and joint ventures as of December 31, 2021 and 2020 are as follows:

(1) Investments in associates

(In millions of Korean won)

	December 31, 2021		
Investee	**Acquisition cost**	**Net asset value of equity shares[1]**	**Carrying amount**
Samsung Electro-Mechanics	359,237	1,573,570	1,556,386
Samsung SDS	147,963	1,632,847	1,652,155
Samsung Biologics	443,193	1,571,809	1,577,664
Samsung SDI	1,242,605	2,960,235	2,529,650
Cheil Worldwide	506,162	320,301	621,292
Other	644,903	578,547	793,748
Total	3,344,063	8,637,309	8,730,895

[1] 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, 2020		
Investee	**Acquisition cost**	**Net asset value of equity shares[1]**	**Carrying amount**
Samsung Electro-Mechanics	359,237	1,351,864	1,333,819
Samsung SDS	147,963	1,506,421	1,525,857
Samsung Biologics	443,193	1,448,259	1,453,012
Samsung SDI	1,242,605	2,612,629	2,326,037
Cheil Worldwide	506,162	288,877	586,057
Other	620,233	458,182	666,506
Total	3,319,393	7,666,232	7,891,288

[1] 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, 2021		
Investee	**Acquisition cost**	**Net asset value of equity shares[1]**	**Carrying amount**
Samsung Corning Advanced Glass	215,000	135,584	135,580
Other	259,994	67,517	65,776
Total	474,994	203,101	201,356

[1] 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, 2020		
Investee	**Acquisition cost**	**Net asset value of equity shares[1]**	**Carrying amount**
Samsung Corning Advanced Glass	215,000	123,360	123,356
Other	259,994	68,875	62,135
Total	474,994	192,235	185,491

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

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

(1) For the year ended December 31, 2021

(In millions of Korean won)	Balance as of January 1	Share of profit (loss)	Share of other comprehensive income	Other[1]	Balance as of December 31
Samsung Electro-Mechanics	1,333,819	207,949	51,702	(37,084)	1,556,386
Samsung SDS	1,525,857	137,926	30,305	(41,933)	1,652,155
Samsung Biologics	1,453,012	124,979	(327)	-	1,577,664
Samsung SDI	2,326,037	128,483	88,594	(13,464)	2,529,650
Cheil Worldwide	586,057	47,619	12,008	(24,392)	621,292
Samsung Corning Advanced Glass	123,356	12,376	(129)	(23)	135,580
Other	728,641	70,282	29,826	30,775	859,524
Total	8,076,779	729,614	211,979	(86,121)	8,932,251

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

(2) For the year ended December 31, 2020

(In millions of Korean won)	Balance as of January 1	Share of profit	Share of other comprehensive income	Other[1]	Balance as of December 31
Samsung Electro-Mechanics	1,152,734	199,249	1,298	(19,462)	1,333,819
Samsung SDS	1,499,571	100,231	(36,057)	(37,888)	1,525,857
Samsung Biologics	1,377,043	73,135	2,834	-	1,453,012
Samsung SDI	2,233,516	62,106	43,878	(13,463)	2,326,037
Cheil Worldwide	570,215	44,433	(4,780)	(23,811)	586,057
Samsung Corning Advanced Glass	173,742	(51,175)	789	-	123,356
Other	584,791	78,551	(51,259)	116,558	728,641
Total	7,591,612	506,530	(43,297)	21,934	8,076,779

[1] 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, 2021 and 2020, and for the years ended December 31, 2021 and 2020 are as follows:

	2021				
(In millions of Korean won)	Samsung Electro-Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
1. Condensed financial information					
Condensed statements of financial position :					
Current assets	4,598,269	7,575,968	2,823,175	7,444,907	2,018,598
Non-current assets	5,343,105	2,941,464	5,146,835	18,388,286	523,513
Current liabilities	2,234,657	2,370,290	1,107,295	6,461,286	1,224,222
Non-current liabilities	835,592	703,442	1,871,614	4,175,208	190,622
Non-controlling interests	152,177	214,980	-	492,435	10,125
Condensed statements of comprehensive income:					
Revenue	9,675,036	13,630,002	1,568,007	13,553,220	3,325,712
Profit from continuing operations, net of tax[1]	1,055,411	611,171	393,589	1,169,801	165,485
Profit from discontinued operation, net of tax[1]	(162,966)	-	-	-	-
Other comprehensive income (loss)[1]	151,809	134,163	(1,270)	623,792	32,535
Total comprehensive income[1]	1,044,254	745,334	392,319	1,793,593	198,020
Details of adjustments from the carrying amount of investments in associates					
Net assets (a)	6,718,948	7,228,720	4,991,101	14,704,264	1,117,142
Ownership percentage (b)[2]	23.4%	22.6%	31.5%	20.1%	28.7%
Net assets of equity shares (a x b)	1,573,570	1,632,847	1,571,809	2,960,235	320,301
Goodwill	7,081	26,801	3,645	-	298,779
Intercompany transactions and other[3]	(24,265)	(7,493)	2,210	(430,585)	2,212
Carrying amount of associates	1,556,386	1,652,155	1,577,664	2,529,650	621,292
2. Dividends from associates					
Dividends	24,770	41,933	-	13,463	24,392

[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.

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(In millions of Korean won)	2020				
	Samsung Electro-Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
1. Condensed financial information					
Condensed statements of financial position:					
Current assets	4,150,303	6,581,153	1,751,347	5,657,405	1,742,270
Non-current assets	5,075,196	2,573,766	4,672,854	15,876,827	500,194
Current liabilities	1,914,880	1,720,757	589,301	4,983,633	1,046,224
Non-current liabilities	1,400,223	575,054	1,236,117	3,191,672	180,710
Non-controlling interests	138,107	190,081	-	381,311	7,988
Condensed statements of comprehensive income:					
Revenue	8,208,738	11,017,432	1,164,777	11,294,770	2,747,922
Profit from continuing operations, net of tax [1]	595,938	443,455	240,975	574,723	157,400
Profit from discontinued operation, net of tax[1]	8,024	-	-	-	-
Other comprehensive income (loss)[1]	(33,475)	(134,669)	3,354	144,901	(14,795)
Total comprehensive income[1]	570,487	308,786	244,329	719,624	142,605
Details of adjustments from the carrying amount of investments in associates					
Net assets (a)	5,772,289	6,669,027	4,598,783	12,977,616	1,007,542
Ownership percentage (b)[2]	23.40%	22.60%	31.50%	20.10%	28.70%
Net assets of equity shares (a x b)	1,351,864	1,506,421	1,448,259	2,612,629	288,877
Goodwill	7,081	26,801	3,645	-	298,779
Intercompany transactions and other[3]	(25,126)	(7,365)	1,108	(286,592)	(1,599)
Carrying amount of associates	1,333,819	1,525,857	1,453,012	2,326,037	586,057
2. Dividends from associates					
Dividends	19,462	41,933	-	13,463	23,811

[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.

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(2) Summary of condensed financial information of major joint ventures and dividends received from joint ventures as of December 31, 2021 and 2020, and for the years ended December 31, 2021 and 2020 are as follows:

	Samsung Corning Advanced Glass	
(In millions of Korean won)	**2021**	**2020**
Condensed financial information		
Condensed statements of financial position:		
Current assets	163,083	133,896
Non-current assets	141,411	153,792
Current liabilities	31,779	39,151
Non-current liabilities	1,547	1,817
Condensed statements of comprehensive income:		
Revenue	204,130	144,016
Profit (loss) from continuing operations, net of tax[1]	24,753	(12,668)
Profit (loss) from discontinued operations, net of tax[1]	-	(89,681)
Other comprehensive income[1]	(305)	1,578
Total comprehensive income[1]	24,448	(100,771)
Details of adjustments from the carrying amount of investments in joint ventures		
Net assets (a)	271,168	246,720
Ownership percentage (b)	50.00%	50.00%
Net assets of equity shares (a x b)	135,584	123,360
Intercompany transactions and other[2]	(4)	(4)
Carrying amount of joint ventures	135,580	123,356
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, 2021 and 2020 are as follows:

	2021		2020	
(In millions of Korean won)	**Associates**	**Joint ventures**	**Associates**	**Joint ventures**
Profit from continuing operations	68,646	1,636	77,296	1,255
Other comprehensive income (loss)	29,258	568	(49,185)	(2,074)
Total comprehensive income (loss)	97,904	2,204	28,111	(819)

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(F) Details of marketable investments in associates as of December 31, 2021 and 2020 are as follows:

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

(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, 2020, 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, 2020, 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.

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10. Property, Plant and Equipment

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

	2021					
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Construction in progress**	**Other**	**Total**
Balance as of January 1	9,772,156	34,552,004	60,994,130	20,175,917	3,458,685	128,952,892
Acquisition cost	9,850,942	55,026,369	233,056,501	20,175,917	10,496,584	328,606,313
Accumulated depreciation and impairment	(78,786)	(20,474,365)	(172,062,371)	-	(7,037,899)	(199,653,421)
Acquisitions and capital expenditures[1]	117,933	6,608,620	43,862,769	(2,320,520)	1,696,362	49,965,164
Depreciation	(47,517)	(3,174,672)	(26,552,958)	-	(1,510,062)	(31,285,209)
Disposals/scrap	(49,683)	(91,964)	(18,307)	(469)	(6,200)	(166,623)
Impairment(reversal)	-	(12,135)	(131,985)	-	(7,082)	(151,202)
Other[2]	37,265	987,587	1,372,648	154,396	61,621	2,613,517
Balance as of December 31	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)

[1] The capitalized borrowing costs are ₩ 24,908 million and interest rate used to calculate the borrowing costs eligible for capitalization is 0.3%~1.1%.

[2] Other includes effects of changes in foreign currency exchange rates and effects of the offset related to government grants.

	2020					
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Construction in progress**	**Other**	**Total**
Balance as of January 1	9,774,554	30,469,620	52,149,936	23,930,019	3,501,345	119,825,474
Acquisition cost	9,828,309	48,839,439	211,416,021	23,930,019	10,061,981	304,075,769
Accumulated depreciation and impairment	(53,755)	(18,369,819)	(159,266,085)	-	(6,560,636)	(184,250,295)
Acquisitions and capital expenditures[1]	141,197	8,524,794	32,907,696	(3,443,884)	1,281,811	39,411,614
Depreciation	(45,707)	(2,978,741)	(22,780,113)	-	(1,311,174)	(27,115,735)
Disposals, scrap	(20,308)	(276,235)	(108,935)	(618)	(104,829)	(510,925)
Impairment (reversal)	-	(3,627)	(316,723)	-	(4,806)	(325,156)
Reclassification to assets held-for-sale	(29,275)	(540,258)	(181,744)	(8,947)	(6,390)	(766,614)
Other[2]	(48,305)	(643,549)	(675,987)	(300,653)	102,728	(1,565,766)
Balance as of December 31	9,772,156	34,552,004	60,994,130	20,175,917	3,458,685	128,952,892
Acquisition cost	9,850,942	55,026,369	233,056,501	20,175,917	10,496,584	328,606,313
Accumulated depreciation and impairment	(78,786)	(20,474,365)	(172,062,371)	-	(7,037,899)	(199,653,421)

[1] The capitalized borrowing costs are ₩ 3,897 million and interest rate used to calculate the borrowing costs eligible for capitalization is 0.6%.

[2] Other includes the cumulative effect of changes in accounting policies, effects of changes in foreign currency exchange rates and effects of the offset related to government grants.

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

	2021				
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Balance as of January 1	441,603	2,105,360	109,372	313,538	2,969,873
Acquisition	112,419	1,326,322	136,680	173,490	1,748,911
Depreciation	(57,699)	(553,324)	(54,233)	(66,868)	(732,124)
Disposals/scrap	(398)	(60,742)	(1,265)	(4,790)	(67,195)
Other[1]	30,029	24,354	505	(23,786)	31,102
Balance as of December 31	525,954	2,841,970	191,059	391,584	3,950,567

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

	2020				
(In millions of Korean won)	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Balance as of January 1[1]	438,095	2,361,717	130,965	381,142	3,311,919
Acquisition	116,683	593,157	42,447	58,536	810,823
Depreciation	(64,078)	(715,950)	(56,618)	(97,886)	(934,532)
Disposals/scrap	(8,968)	(160,267)	(6,526)	(24,720)	(200,481)
Reclassification to assets held-for-sale	(29,275)	-	(9)	(131)	(29,415)
Other[2]	(10,854)	26,703	(887)	(3,403)	11,559
Balance as of December 31	441,603	2,105,360	109,372	313,538	2,969,873

[1] The beginning balance is the financial lease assets recognized in accordance with previous accounting standard, Korean IFRS 1017 *Lease*
[2] Other includes the cumulative effect of changes in accounting policies and effects of changes in foreign currency exchange rates.

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

(In millions of Korean won)	**2021**	**2020**
Cost of sales	27,868,090	23,824,208
Selling and administrative expenses, and etc.	3,417,119	3,291,527
Total	31,285,209	27,115,735

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11. Intangible Assets

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

	2021					
(In millions of Korean won)	**Intellectual property rights**	**Development cost**	**Membership**	**Goodwill**	**Other**	**Total**
Balance as of January 1	4,033,904	371,391	229,987	5,673,642	8,159,578	18,468,502
External acquisitions	333,073	-	8,757	-	3,648,484	3,990,314
Internally generated/developed	-	193,708	-	-	-	193,708
Amortization	(278,288)	(321,608)	-	-	(2,362,256)	(2,962,152)
Disposals/scrap	(51,236)	-	(195)	-	(1,696)	(53,127)
Impairment (reversal)	(52,101)	-	(1,586)	-	-	(53,687)
Other[1]	167,884	(6,581)	4,256	170,617	316,510	652,686
Balance as of December 31	4,153,236	236,910	241,219	5,844,259	9,760,620	20,236,244

[1] Other includes the cumulative effect of changes in foreign currency exchange rates and others.

	2020					
(In millions of Korean won)	**Intellectual property rights**	**Development cost**	**Membership**	**Goodwill**	**Other**	**Total**
Balance as of January 1	4,365,510	740,774	222,499	6,250,439	9,124,282	20,703,504
External acquisitions	300,399	-	1,785	-	1,356,267	1,658,451
Internally generated/developed	-	109,482	-	-	-	109,482
Amortization	(297,465)	(455,990)	-	-	(2,466,426)	(3,219,881)
Disposals/scrap	(30,055)	-	(343)	-	(912)	(31,310)
Impairment (reversal)	(189,155)	(3,474)	7,091	(570,817)	(161,739)	(918,094)
Reclassification to assets held-for-sale	-	-	(313)	-	(1,108)	(1,421)
Other[1]	(115,330)	(19,401)	(732)	(5,980)	309,214	167,771
Balance as of December 31	4,033,904	371,391	229,987	5,673,642	8,159,578	18,468,502

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

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(B) Goodwill

Goodwill is allocated to each cash-generating unit. Details of goodwill as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)		December 31, 2021	December 31, 2020
CE segment		529,979	524,383
IM segment		684,751	657,146
DS segment	Semiconductor	160,026	153,520
	Display panel	138,061	138,754
Harman segment		4,330,139	4,199,334
Other		1,303	505
Total		5,844,259	5,673,642

Goodwill impairment reviews are performed annually, and the recoverable amounts of cash-generating units have been determined based on the value-in-use calculations, etc. These calculations generally use the pre-tax cash flow projections based on the financial budgets approved by management covering a five-year period, unless it is reasonable to use long-term financial budgets longer than five years in the new technology business. Perpetual cash flows beyond the five-year period are extrapolated using a constant growth rate assumption. The growth rate applied was capped at the long-term average growth rate for the industry.

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

(In millions of Korean won)	2021	2020
Cost of sales	2,136,937	2,387,508
Selling and administrative expenses and other	825,215	832,373
Total	2,962,152	3,219,881

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12. Borrowings

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

(In millions of Korean won)	Financial institutions	Interest rates (%) as of Dec 31, 2021	December 31, 2021	December 31, 2020
Short-term borrowings				
Collateralized borrowings[1]	Woori Bank and others	0.0~13.3	11,556,101	14,275,043
Non-collateralized borrowings	Citibank and others	0.0~30.0	2,131,692	2,278,386
Total			13,687,793	16,553,429
Current portion of long-term borrowings				
Bank borrowings	BNP	18.3~19.6	40,415	-
Lease liabilities[2]	CSSD and others	3.3	811,902	710,781
Total			852,317	710,781
Long-term borrowings				
Bank borrowings	Industrial Bank of Korea	1.5	1,500	-
Lease liabilities[2]	CSSD and others	3.3	2,864,656	1,999,716
Total			2,866,156	1,999,716

[1] Collateralized borrowings are secured by trade receivables.

[2] Interest expenses arising from the lease liabilities for the years ended December 31, 2021 and 2020 amount to ₩ 106,877 million and ₩ 109,040 million, respectively, which were determined using the weighted average incremental borrowing rate. The right-of-use assets are pledged as collateral to the lessor in the event of default. Short-term lease payments and low- valued asset lease payments that are not included in measurement of lease liabilities during the years ended December 31, 2021 and 2020 amount to ₩ 129,686 million and ₩ 120,151 million, respectively.

(B) Maturities of Long-term borrowings outstanding as of December 31, 2021 are as follows:

(In millions of Korean won)	Long-term borrowings
Repayment terms	
2022	40,415
2023	-
2024	-
2025	-
2026 and thereafter	1,500
Total	41,915

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

(In millions of Korean won)	Lease liabilities
Repayment terms	
2022	910,368
2023	748,573
2024	602,194
2025	471,056
2026 and thereafter	1,333,320
Total	4,065,511

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13. Debentures

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

(In millions of Korean won)	Issue date	Due date	Interest rates (%) as of Dec 31, 2021	December 31, 2021	December 31, 2020
US dollar denominated straight bonds[1]	1997.10.2	2027.10.1	7.7	35,565 (US$ 30 million)	38,080 (US$ 35 million)
US dollar denominated debenture bonds[2]	2015.5.11	2025.5.15	4.2	474,200 (US$ 400 million)	435,200 (US$ 400 million)
EURO denominated debenture bonds[3]	2015.5.27	2022.5.27	2.0	469,819 (EUR 350 million)	468,383 (EUR 350 million)
Less: Discounts				(708)	(853)
Add: Premium				7,007	12,645
Less: Current portion				(477,651)	(5,318)
Total				508,232	948,137

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

[2] Harman International Industries, Inc. issued US dollar denominated debenture bonds. These debentures are repaid on the date of 10 years maturity and interest is paid semi-annually.

[3] Harman Finance International, SCA issued Euro denominated debenture bonds. These debentures are repaid on the date of 7 years maturity and interest is paid annually.

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

(In millions of Korean won)	Debentures
Repayment terms	
2022	475,747
2023	5,928
2024	5,928
2025	480,128
2026 and thereafter	11,853
Total	979,584

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14. Net Defined Benefit Liabilities (Assets)

(A) Details of net defined benefit liabilities (assets) recognized in the statements of financial position as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Present value of funded defined benefit obligations	14,391,209	12,400,964
Present value of unfunded defined benefit obligations	266,976	548,035
Subtotal	14,658,185	12,948,999
Fair value of plan assets	(17,001,891)	(13,840,043)
Total	(2,343,706)	(891,044)

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

(In millions of Korean won)	**2021**	**2020**
Current service cost	1,247,857	1,131,355
Net interest income	(38,326)	(9,801)
Past service cost	2,718	2,377
Other	3,847	2,193
Total	1,216,096	1,126,124

The amount recognized as an expense of defined contribution plans for the years ended December 31, 2021 and 2020 are ₩ 144,248 million and ₩ 164,055 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, 2021 and 2020 are as follows:

(In millions of Korean won)	**2021**	**2020**
Cost of sales	480,331	498,006
Selling and administrative expenses and other	735,765	628,118
Total	1,216,096	1,126,124

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

(In millions of Korean won)	2021	2020
Balance as of January 1	12,948,999	11,148,069
Current service cost	1,247,857	1,131,355
Interest cost	396,730	328,919
Past service cost	2,718	2,377
Remeasurement:		
Actuarial gains or losses arising from changes in demographic assumptions	(34,014)	(19,030)
Actuarial gains or losses arising from changes in financial assumptions	126,297	622,647
Other	473,668	285,440
Benefits paid	(519,043)	(514,853)
Other[1]	14,973	(35,925)
Balance as of December 31	14,658,185	12,948,999

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

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

(In millions of Korean won)	2021	2020
Balance as of January 1	13,840,043	11,267,121
Interest income on plan assets	435,056	338,720
Remeasurement of plan assets	(146,239)	(108,066)
Contributions by employer	3,263,765	2,623,122
Benefits paid	(397,678)	(295,520)
Other[1]	6,944	14,666
Balance as of December 31	17,001,891	13,840,043

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

Expected contributions to post-employment benefit plans to be paid in 2022 for the year ended December 31, 2021 are ₩ 1,749,206 million.

(F) Plan assets as of December 31, 2021 and 2020 consist of the following:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Principal guaranteed fixed income financial instruments and other	16,935,143	13,799,119
Other	66,748	40,924
Total	17,001,891	13,840,043

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

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

(In percentage)	December 31, 2021	December 31, 2020
Discount rate	0.2~7.2	0.2 ~ 7.2
Salary growth rate (including the effects of inflation)	1.5~10.0	1.5 ~ 10.0

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

(In percentage)	December 31, 2021	December 31, 2020
Discount rate		
1%p increase	91	91
1%p decrease	110	111
Salary growth rate		
1%p increase	110	111
1%p decrease	91	91

(I) The weighted average maturity of the defined benefit obligations is 9.53 years as of December 31, 2021.

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15. Provisions

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

(In millions of Korean won)	Warranty (A)	Royalty expenses (B)	Long-term incentives (C)	Other (D, E)	Total
Balance as of January 1	1,765,882	1,304,091	651,298	1,679,720	5,400,991
Charged to profit or loss	1,628,023	606,265	288,712	2,562,479	5,085,479
Payment	(1,456,266)	(464,463)	(208,673)	(1,093,757)	(3,223,159)
Other[1]	40,655	115,916	2,946	257,038	416,555
Balance as of December 31	**1,978,294**	**1,561,809**	**734,283**	**3,405,480**	**7,679,866**

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

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

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

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

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

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

(1) Allocated amount of emission permits and the estimated amount of emission as of December 31, 2021 are as follows:

(In ten thousand metric tons)	December 31, 2021
Allocated emission permits	1,689
Estimated volume of emission	1,946

As of December 31, 2021, emission permits allocated to the Company for the remaining plan periods are 65,420 thousand tons.

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

(In millions of Korean won)	2021
Balance as of January 1	44,865
Increase	1,422
Decrease	(213)
Balance as of December 31	46,074

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

(In millions of Korean won)	2021
Balance as of January 1	31,876
Charged to profit or loss	13,374
Submission	(201)
Balance as of December 31	45,049

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16. Commitments and Contingencies

(A) Litigation

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

(B) Other commitments

(1) As of December 31, 2021, the Company has trade financing agreements, trade notes receivable discounting facilities, and loan facilities with accounts receivable pledged as collateral with 25 financial institutions including Woori Bank, with a combined limit of up to ₩ 20,836,952 million. In addition, the Company has a trade financing agreement (up to ₩ 14,513,419 million) with 19 financial institutions including Shinhan Bank and loan facilities with accounts receivable pledged as collateral and other financial agreements (up to ₩ 2,154,508 million).

(2) As of December 31, 2021, unfulfilled agreements relating to the acquisition of property, plant and equipment and intangible assets amount to ₩ 9,683,328 million.

17. Contract Liabilities

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

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Contract liabilities[1]	13,235,108	11,902,130

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

The revenue recognized during the year ended December 31, 2021 in relation to carried-forward contract liabilities as of January 1, 2021 amounts to ₩ 969,300 million.

18. Share Capital

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

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19. Retained Earnings

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

(In millions of Korean won)	December 31, 2021	December 31, 2020
Discretionary reserve, etc.	170,814,107	174,739,565
Unappropriated retained earnings	122,250,656	96,328,646
Total	293,064,763	271,068,211

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

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

(In millions of Korean won and number of shares)			2021	2020
1st Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)		361%	354%
	Dividend amount	Ordinary shares	2,155,092	2,113,303
		Preference shares	297,062	291,302
		Total	2,452,154	2,404,605
2nd Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)		361%	354%
	Dividend amount	Ordinary shares	2,155,092	2,113,303
		Preference shares	297,062	291,302
		Total	2,452,154	2,404,605
3rd Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)		361%	354%
	Dividend amount	Ordinary shares	2,155,092	2,113,303
		Preference shares	297,062	291,302
		Total	2,452,154	2,404,605

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

(In millions of Korean won and number of shares)		2021	2020
Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
	Preference shares	822,886,700	822,886,700
Dividend rate (based on par value)	Ordinary shares	361%	1932%
	Preference shares	362%	1933%
Dividend amount	Ordinary shares	2,155,092	11,533,620
	Preference shares	297,884	1,590,640
	Total	2,452,976	13,124,260

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20. Other Components of Equity

Other components of equity as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Gain on valuation of financial assets at fair value through other comprehensive income	4,616,639	4,975,756
Share of other comprehensive loss of associates and joint ventures	166,835	(58,629)
Loss on overseas business translation	(3,824,733)	(10,977,583)
Remeasurement of net defined benefit assets	(3,173,977)	(2,653,425)
Other	86,763	26,726
Total	(2,128,473)	(8,687,155)

21. Expenses by Nature

Expenses by nature for the years ended December 31, 2021 and 2020 consist of the following:

(In millions of Korean won)	2021	2020
Changes in finished goods, work in process, and other	(4,517,560)	(3,234,887)
Raw materials used, merchandise purchased, and other	95,625,437	81,792,130
Wages and salaries	28,207,782	25,054,684
Post-employment benefit	1,360,344	1,290,179
Depreciation	31,285,209	27,115,735
Amortization	2,962,152	3,219,881
Welfare	5,073,002	4,655,347
Utilities	4,928,929	4,717,553
Outsourcing	5,594,602	5,409,889
Advertising	5,376,015	4,269,043
Sales promotion expenses	6,286,159	5,861,954
Other	45,788,872	40,661,604
Total[1]	227,970,943	200,813,112

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

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22. Selling and Administrative Expenses

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

(In millions of Korean won)	2021	2020
Selling and administrative expenses		
Wages and salaries	7,245,981	6,763,143
Post-employment benefit	310,823	279,711
Commissions	6,192,568	5,678,703
Depreciation	1,529,507	1,593,365
Amortization	543,544	492,314
Advertising	5,376,015	4,269,043
Sales promotion expenses	6,286,159	5,861,954
Transportation	2,792,690	2,218,422
Service charges	4,039,642	3,368,401
Other	4,840,946	4,688,270
Subtotal	39,157,875	35,213,326
Research and development expenses		
Total expenses	22,595,434	21,220,972
Capitalized expenses	(193,708)	(109,482)
Subtotal	22,401,726	21,111,490
Total	61,559,601	56,324,816

23. Other Non-Operating Income and Expenses

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

(In millions of Korean won)	2021	2020
Other non-operating income		
Dividend income	135,840	152,440
Rental income	132,801	147,104
Gain on disposal of property, plant and equipment	340,400	154,249
Other	1,596,654	930,275
Total	2,205,695	1,384,068

(In millions of Korean won)	2021	2020
Other non-operating expenses		
Loss on disposal of property, plant and equipment	75,586	87,673
Donations	270,927	311,421
Other	1,709,458	2,089,808
Total	2,055,971	2,488,902

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24. Financial Income and Expenses

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

(In millions of Korean won)	2021	2020
Financial income		
Interest income	1,278,278	1,974,458
Interest income from financial assets measured at amortized cost	1,278,051	1,974,141
Interest income from financial assets measured at fair value through profit or loss	227	317
Foreign exchange differences	6,525,676	9,270,039
Gains from derivatives	739,233	1,023,103
Total	8,543,187	12,267,600

(In millions of Korean won)	2021	2020
Financial expenses		
Interest expenses	431,540	583,013
Interest expenses from financial liabilities measured at amortized cost	213,477	302,782
Other financial liabilities	218,063	280,231
Foreign exchange differences	6,486,093	9,868,591
Losses from derivatives	786,921	866,451
Total	7,704,554	11,318,055

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

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25. Income Tax Expense

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

(In millions of Korean won)	2021	2020
Current taxes		
Current tax on profits for the year	11,135,521	7,361,115
Adjustments recognize in the current year	(195,237)	339,673
Subtotal	10,940,284	7,700,788
Deferred taxes		
Changes in deferred taxes arising from unused tax credits	(332,975)	(325,880)
Changes in deferred taxes arising from temporary differences	2,172,312	2,312,926
Changes in deferred taxes arising from unused tax losses	507,313	264,349
Other	157,443	(14,898)
Subtotal	2,504,093	2,236,497
Items charged directly to equity	-	-
Income tax expense	13,444,377	9,937,285

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

(In millions of Korean won)	2021	2020
Profit before income tax	53,351,827	36,345,117
Tax calculated at weighted average of applicable tax rates[1]	15,760,775	8,972,156
Adjustments:		
Permanent differences	(464,839)	(269,002)
Temporary differences for which no deferred income tax was recognized	(80,250)	(130,892)
Tax credits and exemptions	(4,627,136)	(1,902,680)
Results of interest in subsidiaries, etc.	2,267,026	2,774,410
Impact of changes in tax rates	8,691	(5,019)
Other	580,110	498,312
Subtotal	(2,316,398)	965,129
Income tax expense	13,444,377	9,937,285

[1] The weighted average of statutory tax rates are applied to the respective profits of the Company applicable to each tax authority as of December 31, 2021 and 2020.

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

(1) 2021

	Temporary differences			Deferred income tax assets (liabilities)		
(In millions of Korean won)	Balance as of January 1	Increase (Decrease)	Balance as of December 31	Balance as of January 1	Increase (Decrease)	Balance as of December 31
Deferred tax arising from temporary differences						
Revaluation of land	(3,420,886)	14,261	(3,406,625)	(940,744)	3,922	(936,822)
Investments in subsidiaries, associates and joint ventures[1]	(111,924,859)	(14,891,920)	(126,816,779)	(19,172,409)	(1,442,145)	(20,614,554)
Accumulated depreciation and other	(2,285,841)	(1,528,757)	(3,814,598)	(992,777)	(779,016)	(1,771,793)
Accrued income	(139,406)	117,253	(22,153)	(31,486)	38,339	6,853
Provisions, accrued expenses and other	13,121,416	2,858,039	15,979,455	3,764,808	796,066	4,560,874
Foreign currency translation	(24,683)	87,298	62,615	(10,077)	22,153	12,076
Asset impairment losses	1,855,765	(721,717)	1,134,048	453,486	(194,600)	258,886
Other	562,628	(1,054,853)	(492,225)	(21,726)	(617,031)	(638,757)
Subtotal	(102,255,866)	(15,120,396)	(117,376,262)	(16,950,925)	(2,172,312)	(19,123,237)
Deferred tax arising from tax losses						
Unused tax losses	3,618,601	(1,603,153)	2,015,448	943,794	(507,313)	436,481
Deferred tax arising from tax credits						
Unused tax credits	1,328,527	358,538	1,687,065	1,333,387	332,975	1,666,362
Deferred tax recognized in equity						
Gain (loss) on valuation of financial assets at fair value through other comprehensive income and other	(1,660,421)	(1,914,673)	(3,575,094)	(909,176)	(2,246,134)	(3,155,310)
Remeasurement of net defined benefit assets	3,735,320	712,190	4,447,510	1,047,075	191,638	1,238,713
Subtotal	2,074,899	(1,202,483)	872,416	137,899	(2,054,496)	(1,916,597)
Deferred tax assets				4,275,000	(13,786)	4,261,214
Deferred tax liabilities				(18,810,845)	(4,387,360)	(23,198,205)
Total				(14,535,845)	(4,401,146)	(18,936,991)

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

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(2) 2020

(In millions of Korean won)	Temporary differences			Deferred income tax assets (liabilities)		
	Balance as of January 1	Increase (Decrease)	Balance as of December 31	Balance as of January 1	Increase (Decrease)	Balance as of December 31
Deferred tax arising from temporary differences						
Revaluation of land	(3,417,804)	(3,082)	(3,420,886)	(939,896)	(848)	(940,744)
Investments in subsidiaries, associates and joint ventures[1]	(96,397,199)	(15,527,660)	(111,924,859)	(16,669,138)	(2,503,271)	(19,172,409)
Accumulated depreciation and other	(4,529,334)	2,243,493	(2,285,841)	(982,556)	(10,221)	(992,777)
Accrued income	(248,662)	109,256	(139,406)	(61,332)	29,846	(31,486)
Provisions, accrued expenses and other	12,251,647	869,769	13,121,416	3,282,747	482,061	3,764,808
Foreign currency translation	(97,929)	73,246	(24,683)	(30,227)	20,150	(10,077)
Asset impairment losses	1,790,729	65,036	1,855,765	492,332	(38,846)	453,486
Other	2,252,684	(1,690,056)	562,628	270,071	(291,797)	(21,726)
Subtotal	(88,395,868)	(13,859,998)	(102,255,866)	(14,637,999)	(2,312,926)	(16,950,925)
Deferred tax arising from tax losses						
Unused tax losses	4,563,095	(944,494)	3,618,601	1,208,143	(264,349)	943,794
Deferred tax arising from tax credits						
Unused tax credits	1,311,498	17,029	1,328,527	1,007,507	325,880	1,333,387
Deferred tax recognized in equity						
Loss on valuation of financial assets at fair value through other comprehensive income and other	(2,928,550)	1,268,129	(1,660,421)	(895,922)	(13,254)	(909,176)
Remeasurement of net defined benefit assets	2,738,197	997,123	3,735,320	769,512	277,563	1,047,075
Subtotal	(190,353)	2,265,252	2,074,899	(126,410)	264,309	137,899
Deferred tax assets				4,505,049	(230,049)	4,275,000
Deferred tax liabilities				(17,053,808)	(1,757,037)	(18,810,845)
Total				(12,548,759)	(1,987,086)	(14,535,845)

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

The Company assessed that the deferred tax asset is realizable as the estimated average annual taxable income in future years exceeds the tax loss carry forwards and tax credit carry forwards to be reversed in each accounting period. Temporary differences in which deferred tax effects were not recognized due to uncertainty regarding the ultimate realizability of such assets as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	2021	2020
Unused tax losses	706,512	751,255
Unused tax credits	47,929	37,816

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)	2021	2021	2022	2023 and after
Unused tax losses	-	1,316	-	705,196
Unused tax credits	13,302	3,145	24,364	7,118

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

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	2,999,046	2,839,030
Deferred tax assets to be recovered after more than 12 months	1,262,168	1,435,970
Subtotal	**4,261,214**	**4,275,000**
Deferred tax liabilities		
Deferred tax liabilities to be settled after more than 12 months	*(23,198,205)*	*(18,810,845)*
Total	**(18,936,991)**	**(14,535,845)**

26. Earnings per Share

(A) Basic earnings per share

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

(1) Ordinary shares

(In millions of Korean won, thousands of number of shares)	**2021**	**2020**
Profit for the year attributable to owners of the parent company	39,243,791	26,090,846
Profit for the year available for ordinary shares	34,488,944	22,929,390
Weighted-average number of ordinary shares outstanding	5,969,783	5,969,783
Basic earnings per ordinary share *(in Korean won)*	5,777	3,841

(2) Preference shares

(In millions of Korean won, thousands of number of shares)	**2021**	**2020**
Profit for the year attributable to owners of the parent company	39,243,791	26,090,846
Profit for the year available for preference shares	4,754,847	3,161,456
Weighted-average number of preference shares outstanding	822,887	822,887
Basic earnings per preference share *(in Korean won)*	5,778	3,842

(B) Diluted earnings per share

The Company does not have dilutive potential ordinary shares and as a result, basic earnings per share and diluted earnings per share are the same for the years ended December 31, 2021 and 2020.

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27. Statements of Cash Flows

(A) The Company used the indirect method to present cash flows from operating activities. Adjustments and changes in assets and liabilities arising from operating activities for the years ended December 31, 2021 and 2020 are as follows:

- Adjustments

(In millions of Korean won)	2021	2020
Adjustments:		
Income tax expense	13,444,377	9,937,285
Financial income	(2,485,679)	(3,718,841)
Financial expenses	1,917,705	2,306,770
Post-employment benefits	1,360,344	1,290,179
Depreciation	31,285,209	27,115,735
Amortization	2,962,152	3,219,881
Bad debt expenses (reversal)	17,990	40,006
Dividend income	(135,840)	(152,440)
Share of profit of associates and joint ventures	(729,614)	(506,530)
Gain on disposal of property, plant and equipment	(340,400)	(154,249)
Loss on disposal of property, plant and equipment	75,586	87,673
Loss on valuation of inventories	1,735,741	1,000,763
Others	(51,938)	1,152,322
Total	49,055,633	41,618,554

- Changes in assets and liabilities arising from operating activities

(In millions of Korean won)	2021	2020
Changes in assets and liabilities :		
Decrease (increase) in trade receivables	(7,302,604)	1,269,982
Decrease (increase) in non-trade receivables	(204,348)	471,034
Increase in prepaid expenses	(204,971)	(16,429)
Decrease (increase) in inventories	(9,712,379)	(7,540,656)
Increase (decrease) in trade payables	1,027,017	3,885,742
Increase (decrease) in other payables	1,516,076	196,710
Increase (decrease) in advances received	(24,371)	95,851
Increase (decrease) in withholdings	275,998	99,300
Increase (decrease) in accrued expenses	3,340,697	5,332,676
Increase (decrease) in provisions	1,862,320	944,417
Payment of post-employment benefits	(606,870)	(610,734)
Increase in plan assets	(2,866,087)	(2,327,602)
Other	(3,387,362)	(1,677,867)
Total	(16,286,884)	122,424

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

(In millions of Korean won)	2021	2020
Valuation of financial assets at fair value through other comprehensive income	3,653,253	3,423,908
Valuation of investments in associates and joint ventures	211,979	43,297
Reclassification of construction in progress to property, plant and equipment	50,451,574	42,177,828
Acquisition of right-of-use assets (New lease contracts established)	1,748,911	810,823
Reclassification of current portion of debentures	477,651	5,318
Reclassification of current portion of long-term borrowings	852,317	710,781

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

(1) 2021

(In millions of Korean won)	As of January 1	Cash flows from financing activities	Non-cash transactions: New lease contracts	Non-cash transactions: Other[1]	As of December 31
Short-term borrowings	16,553,429	(2,616,943)	-	(248,693)	13,687,793
Debentures and long-term borrowings	3,663,952	(836,470)	1,748,912	127,962	4,704,356
Total	20,217,381	(3,453,413)	1,748,912	(120,731)	18,392,149

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

(2) 2020

(In millions of Korean won)	As of January 1	Cash flows from financing activities	Non-cash transactions: New lease contracts	Non-cash transactions: Other[1]	As of December 31
Short-term borrowings	14,393,468	2,191,186	-	(31,225)	16,553,429
Debentures and long-term borrowings	4,018,569	(850,452)	810,823	(314,988)	3,663,952
Total	18,412,037	1,340,734	810,823	(346,213)	20,217,381

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

For the years ended December 31, 2021 and 2020, cash outflows from principal repayment (financial activities) amount to ₩ 876,437 million and ₩ 823,935 million, respectively, and cash outflows due to interest expenses (operating activities) in relation to the lease liabilities amount to ₩ 106,880 million and ₩ 109,040 million, respectively.

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

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28. Financial Risk Management

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

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

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

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

(A) Market risk

(1) Foreign exchange risk

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

The Company focuses on minimizing the impact of the foreign exchange fluctuation by maintaining the equal amount of assets and liabilities denominated in each foreign currency, irrespective of the foreign exchange fluctuation considerations. To prevent the exchange position, the Company's foreign exchange management policy requires the normal business transactions, including imports and exports, as well as the financing transactions such as depositing and borrowing, to be in local currency or for the cash-in currency to be matched up with the cash-out currency. Moreover, the Company periodically evaluates and monitors the foreign exchange risk to efficiently mitigate such risk, and the speculative foreign exchange transactions are strictly prohibited.

As of December 31, 2021 and 2020, when the currency rates change by 5%, the impact on profit or loss (before income tax effects) arising from financial assets and liabilities denominated in foreign currencies other than the functional currency are as follows:

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Increase**	**Decrease**	**Increase**	**Decrease**
USD	250,489	(250,489)	174,400	(174,400)
EUR	107,519	(107,519)	112,244	(112,244)
INR	24,216	(24,216)	21,959	(21,959)

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(2) Interest rate risk

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

As of December 31, 2021 and 2020, changes in profit or loss (before income tax effects) as a result of a 1%p change in interest rates on floating interest rate financial assets and liabilities are presented below:

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	Increase	Decrease	Increase	Decrease
Financial assets	71,131	(71,131)	81,013	(81,013)
Financial liabilities	(18,779)	18,779	(2,195)	2,195
Net effect	52,352	(52,352)	78,818	(78,818)

(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, 2021 and 2020, price fluctuation of marketable equity securities (listed stocks) by 1% would result in changes in other comprehensive income (before income tax) of ₩ 116,087 million and ₩ 69,101 million, respectively, and changes in profit before tax of ₩ 4,784 million and ₩ 4,316 million, respectively.

(B) Credit risk

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

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

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

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(C) Liquidity risk

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

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

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

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

	December 31, 2021				
(In millions of Korean won)	Less than 3 months	4 - 6 months	7 – 12 months	1 - 5 years	More than 5 years
Financial liabilities	55,185,809	1,814,271	1,674,980	5,462,057	944,232

	December 31, 2020				
(In millions of Korean won)	Less than 3 months	4 – 6 months	7 - 12 months	1 - 5 years	More than 5 years
Financial liabilities	44,988,792	733,776	1,651,951	3,945,429	578,346

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

The Company's derivative financial liabilities of ₩ 113,590 million (December 31, 2020: ₩ 47,704 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 60 months from the end of the reporting period. These derivative 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, 2021.

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(D) Derivative financial instruments

The Company applies cash flow hedge accounting to hedge the foreign currency risk of forecasted transaction including hedging the price risk associated with inventory. Details of derivative financial instruments that qualify as cash flow hedges as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Currency forward exchange contracts				
Current items	34,075	11,090	11,311	22,236
Non-current items	16,790	3,280	11,999	19,694
Total	50,865	14,370	23,310	41,930

For the years ended December 31, 2021 and 2020, 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 ₩ 50,410 million (after tax) and loss of ₩ 33,406 million (after tax), respectively, and recognizes the gains and losses relating to the ineffective portion in profit or loss, which amount to the gain of ₩ 451 million (before tax) and loss of ₩ 27 million (before tax), respectively. For the years ended December 31, 2021 and 2020, gains and losses reclassified directly from other comprehensive income to profit or loss amount to the gain of ₩ 1,117 million (after tax) and the gain of ₩ 4,664 million (after tax), respectively and the gains reclassified from other comprehensive income to the carrying amount of inventory amount to the gain of ₩ 1,539 million (after tax) and the gain of ₩ 3,792 million (after tax), respectively.

(E) Capital risk management

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

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

The total liabilities to equity ratios as of December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Total liabilities	121,721,227	102,287,702
Total equity	304,899,931	275,948,016
Debt ratio	39.9%	37.1%

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(F) Fair value estimation

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

	December 31, 2021		December 31, 2020	
(In millions of Korean won)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	39,031,415	(*1)	29,382,578	(*1)
Short-term financial instruments	81,708,986	(*1)	92,441,703	(*1)
Short-term financial assets at amortized cost	3,369,034	(*1)	2,757,111	(*1)
Short-term financial assets at fair value through profit or loss	40,757	40,757	71,451	71,451
Trade receivables	40,713,415	(*1)	30,965,058	(*1)
Financial assets at fair value through other comprehensive income	13,965,839	13,965,839	12,575,216	12,575,216
Financial assets at fair value through profit or loss	1,525,344	1,525,344	1,202,969	1,202,969
Other(*2)	9,040,189	328,216	6,634,873	239,107
Total financial assets	189,394,979		176,030,959	
Financial liabilities				
Trade payables	13,453,351	(*1)	9,739,222	(*1)
Short-term borrowings	13,687,793	(*1)	16,553,429	(*1)
Other payables	14,126,970	(*1)	10,645,637	(*1)
Current portion of long-term liabilities	1,329,968	554,106	716,099	5,318
- Current portion of long-term borrowing	852,317	(*1)(*3)	710,781	(*3)
- Current portion of debentures	477,651	554,106	5,318	5,318
Debentures	508,232	546,339	948,137	997,101
Long-term borrowings	2,866,156	(*1)(*3)	1,999,716	(*3)
Long-term other payables(*2)	2,562,158	(*1)	1,274,304	2,176
Other(*2)	10,781,684	337,394	9,639,252	284,628
Total financial liabilities	59,316,312		51,515,796	

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

(*2) Assets measured at the cost of ₩ 8,711,973 million (December 31, 2020: ₩ 6,395,766 million) and liabilities measured at the cost of ₩ 13,006,448 million (December 31, 2020: ₩ 10,626,752 million) are excluded as the carrying amount is 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*.

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

	December 31, 2021			
(In millions of Korean won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
1) Assets				
Short-term financial assets at fair value through profit or loss	-	35,620	5,137	40,757
Financial assets at fair value through other comprehensive income	11,608,708	-	2,357,131	13,965,839
Financial assets at fair value through profit or loss	478,401	-	1,046,943	1,525,344
Other	-	307,213	21,003	328,216
2) Liabilities				
Current portion of debentures	-	554,106	-	554,106
Debentures	-	546,339	-	546,339
Other	-	331,956	5,438	337,394

	December 31, 2020			
(In millions of Korean won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
1) Assets				
Short-term financial assets at fair value through profit or loss	-	58,763	12,688	71,451
Financial assets at fair value through other comprehensive income	6,910,108	-	5,665,108	12,575,216
Financial assets at fair value through profit or loss	431,626	-	771,343	1,202,969
Other	-	239,107	-	239,107
2) Liabilities				
Current portion of debentures	-	5,318	-	5,318
Debentures	-	997,101	-	997,101
Long-term other payables	-	-	2,176	2,176
Other	-	277,556	7,072	284,628

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

(3) Valuation technique and the inputs

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

The following table presents the valuation technique and the inputs used for major financial instruments classified as Level 3 as of December 31, 2021.

(In millions of Korean won and percentage)

Classification	Fair value	Valuation technique	Level 3 inputs	Input range (Weighted average)
Financial assets at fair value through other comprehensive income				
Samsung Venture Investment	22,198	Discounted cash flow	Permanent growth rate	-1.0%~1.0%(0.0%)
			Weighted average cost of capital	19.7%~21.7%(20.7%)
MiCo Ceramics Co., Ltd.	24,636	Discounted cash flow	Permanent growth rate	-1.0%~1.0%(0.0%)
			Weighted average cost of capital	14.7%~16.7%(15.7%)
TCL China Star Optoelectronics Technology Co., Ltd. (CSOT)	1,309,315	Discounted cash flow	Permanent growth rate	-1.0%~1.0%(0.0%)
			Weighted average cost of capital	11.1%~13.1%(12.1%)
China Star Optoelectronics Semiconductor Display Technology Ltd. (CSOSDT)	418,040	Discounted cash flow	Permanent growth rate	-1.0%~1.0%(0.0%)
			Weighted average cost of capital	11.1%~13.1%(12.1%)
Others				
Put option on equity instruments	21,003	Binomial model	Risk-free discount rate	0.8%~1.4%, 2.6%
			Price volatility	17.7%~27.7%(22.7%) 23.6%~33.6%(28.6%)

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(4) Changes in Level 3 instruments for the years ended December 31, 2021 and 2020 are as follows:

(In millions of Korean won)	2021	2020
Financial assets		
Balance as of January 1	6,449,139	7,407,684
Acquisitions	1,075,389	882,331
Disposals	(402,782)	(2,531,276)
Amount recognized in profit or loss	463,818	(55,103)
Amount recognized in other comprehensive income	1,543,511	829,764
Other	(5,698,861)	(84,261)
Balance as of December 31	3,430,214	6,449,139

(In millions of Korean won)	2021	2020
Financial liabilities		
Balance as of January 1	9,248	2,316
Amount recognized in profit or loss	(784)	196
Other	(3,026)	6,736
Balance as of December 31	5,438	9,248

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

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

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

(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]	-	150,377	-	(109,915)
Others[2]	2,920	-	(4,898)	-

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

[2] Changes were calculated based on the correlation between the fair value and price volatility (-5%~5%), which is a significant unobservable input.

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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 units reported to the Management Committee. The Management Committee reviews the operating profits of each operating segment in order to assess the performance and to make strategic decisions regarding the allocation of resources to the segments.

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

The segment information for each reporting period is prepared after allocating the intercompany reconciliations to depreciation, amortization of intangible assets and operating profits. Total assets and liabilities of each operating segment are excluded from the disclosure as these have not been provided regularly to the Management Committee.

(1) For the year ended December 31, 2021

(In millions of Korean won)	CE	IM	DS			Harman	Total[1]
			Total[1]	Semi-conductor	DP		
Net revenue	55,832,435	109,251,383	125,089,024	94,158,569	31,712,526	10,039,922	279,604,799
Depreciation	668,356	739,774	28,353,128	22,826,329	5,504,216	311,237	31,285,209
Amortization	74,182	1,264,152	1,179,743	930,002	239,821	229,772	2,962,152
Operating profit	3,645,721	13,647,575	33,734,199	29,199,292	4,457,365	599,097	51,633,856

[1] Other operating segments are not separately disclosed.

(2) For the year ended December 31, 2020

(In millions of Korean won)	CE	IM	DS			Harman	Total[1]
			Total[1]	Semi-conductor	DP		
Net revenue	48,173,324	99,587,493	103,036,146	72,857,803	30,585,715	9,183,748	236,806,988
Depreciation	582,929	855,573	24,330,737	18,124,847	6,183,077	264,928	27,115,735
Amortization	76,270	1,394,396	1,321,305	1,053,892	257,446	233,518	3,219,881
Operating profit	3,561,536	11,472,671	21,120,231	18,804,970	2,236,919	55,518	35,993,876

[1] Other operating segments are not separately disclosed.

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(B) Regional information

The regional segment information provided to the Management Committee for the reportable segments as of and for the years ended December 31, 2021 and 2020 are as follows:

(1) As of and for the year ended December 31, 2021

(In millions of Korean won)	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Net revenue	43,971,631	97,903,868	50,323,287	41,834,609	45,571,404	-	279,604,799
Non-current assets[1]	127,116,179	10,758,956	5,951,905	9,088,409	18,244,469	(995,135)	170,164,783

[1] 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, 2020

(In millions of Korean won)	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Net revenue	37,035,377	78,305,571	45,967,097	37,692,286	37,806,657	-	236,806,988
Non-current assets[1]	110,075,478	9,035,206	6,087,436	8,972,711	13,782,478	(531,915)	147,421,394

[1] 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

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30. Related Party Transactions

(A) Sale and purchase transactions

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

(In millions of Korean won)	Name of company[1]	2021 Sales	2021 Disposal of non-current assets	2021 Purchases	2021 Purchase of non-current assets
Associates and joint ventures	Samsung SDS	142,435	-	1,732,273	569,840
	Samsung Electro-Mechanics	47,031	-	1,525,854	-
	Samsung SDI	76,160	269	671,169	36,180
	Cheil Worldwide	27,740	-	758,877	16
	Other	1,288,094	68	12,361,130	118,099
	Total	1,581,460	337	17,049,303	724,135
Other related parties	Samsung C&T	79,183	32,705	334,386	4,045,297
	Other	352,919	-	1,608,435	633,109
	Total	432,102	32,705	1,942,821	4,678,406
Other[2]	Samsung Engineering	787	-	48,284	2,404,314
	S-1	13,819	-	469,979	35,762
	Other	129,439	2,371	496,451	261,614
	Total	144,045	2,371	1,014,714	2,701,690

[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]	2020 Sales	2020 Disposal of non-current assets	2020 Purchases	2020 Purchase of non-current assets
Associates and joint ventures	Samsung SDS	108,634	77	1,752,792	469,270
	Samsung Electro-Mechanics	37,837	-	1,664,069	-
	Samsung SDI	73,561	272	601,286	91,949
	Cheil Worldwide	26,996	-	649,164	-
	Other	1,059,045	30	10,556,776	166,842
	Total	1,306,073	379	15,224,087	728,061
Other related parties	Samsung C&T	94,736	43,214	328,484	4,057,233
	Other	309,819	-	1,105,252	497,163
	Total	404,555	43,214	1,433,736	4,554,396
Other[2]	Samsung Engineering	4,104	-	70,073	1,946,409
	S-1	17,199	-	436,211	43,336
	Other	100,591	-	422,989	172,023
	Total	121,894	-	929,273	2,161,768

[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.

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(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, 2021 and 2020 are as follows:

		December 31, 2021	
(In millions of Korean won)	**Name of company[1]**	**Receivables**	**Payables[2]**
Associates and joint ventures	Samsung SDS	64,521	616,949
	Samsung Electro-Mechanics	3,659	176,549
	Samsung SDI	130,638	100,835
	Cheil Worldwide	206	428,090
	Other	397,709	1,361,554
	Total	596,733	2,683,977
Other related parties	Samsung C&T	220,550	1,739,997
	Other	20,306	251,766
	Total	240,856	1,991,763
Other[3]	Samsung Engineering	338	1,151,536
	S-1	2,423	40,558
	Other	48,703	185,256
	Total	51,464	1,377,350

[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, 2020	
(In millions of Korean won)	**Name of company[1]**	**Receivables**	**Payables[2]**
Associates and joint ventures	Samsung SDS	36,905	543,388
	Samsung Electro-Mechanics	379	120,407
	Samsung SDI	108,561	89,178
	Cheil Worldwide	195	398,836
	Other	253,921	1,154,549
	Total	399,961	2,306,358
Other related parties	Samsung C&T	245,138	2,327,126
	Other	20,484	172,726
	Total	265,622	2,499,852
Other[3]	Samsung Engineering	492	538,853
	S-1	2,091	45,257
	Other	11,344	55,053
	Total	13,927	639,163

[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.

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(C) For the years ended December 31, 2021 and 2020, the Company invested ₩ 47,090 million and ₩ 83,280 million, respectively, in associates and joint ventures. In addition, the Company recovered ₩ 19,169 million of investments in associates and joint ventures for the year ended December 31, 2021, and there was no return of investments in associates and joint ventures for the year ended December 31, 2020.

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

(E) For the year ended December 31, 2021, the Company entered into lease agreements with its related parties amounted to ₩ 12,602 million, and the lease payments made to the related parties for the years ended December 31, 2021 and 2020 amounted to ₩ 31,893 million and ₩ 51,798 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, 2021 and 2020 consists of:

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

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31. Information for Non-Controlling Interests

(A) Changes in accumulated 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, 2021 and 2020 are as follows:

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**2021**	**2020**
Percentage of non-controlling interests	15.2%	15.2%
Balance as of January 1	7,723,784	7,427,228
Profit for the year	580,164	294,139
Dividends	(3,123)	(54,121)
Other	(272,270)	56,538
Balance as of December 31	8,028,555	7,723,784

(B) The summarized financial information for each subsidiary with non-controlling interests that are material to the Company before the intercompany eliminations for the years December 31, 2021 and 2020 are as follows:

(1) Summarized consolidated statements of financial position

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Current assets	35,220,985	28,354,913
Non-current assets	24,773,119	26,904,627
Current liabilities	7,539,403	7,631,559
Non-current liabilities	1,359,478	841,323
Equity attributable to:	51,095,223	46,786,658
Owners of the parent company	51,012,895	46,282,988
Non-controlling interests	82,328	503,670

(2) Summarized consolidated statements of comprehensive income

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**2021**	**2020**
Sales	31,557,504	30,474,830
Profit for the year	3,511,314	1,874,486
Other comprehensive income (loss)	1,256,904	408,022
Total comprehensive income attributable to:	4,768,218	2,282,508
Owners of the parent company	4,752,963	2,267,953
Non-controlling interests	15,255	14,555

(3) Summarized consolidated statements of cash flows

	Samsung Display Co., Ltd. and its subsidiaries	
(In millions of Korean won)	**2021**	**2020**
Cash flows from operating activities	10,943,029	7,800,766
Cash flows from investing activities	(9,927,110)	(6,933,401)
Cash flows from financing activities	(1,284,749)	(536,883)
Reclassification to assets held-for-sale	-	(139)
Effect of exchange rate changes on cash and cash equivalents	52,154	(27,688)
Increase (decrease) in cash and cash equivalents	(216,676)	302,655
Cash and cash equivalents at beginning of the year	975,535	672,880
Cash and cash equivalents at end of year	758,859	975,535

32. Assets and Liabilities Held-for-Sale

(A) Sales of ownership interest in SSM and SSL

For the year ended December 31, 2020, the Company decided to sell its 100% ownership in Samsung Suzhou Module Co., Ltd. ("SSM") and 60% ownership in Samsung Suzhou LCD Co., Ltd. ("SSL") to TCL China Star Opto-electronics Technologies Co., Ltd. ("CSOT"). The Company entered into the sales agreement on August 28, 2020, and the sales were completed on April 1, 2021.

(B) Details of assets and liabilities classified as held-for-sale as of December 31, 2020 are as follows:

(In millions of Korean won)	**December 31, 2020**
Assets held-for-sale	
Cash and cash equivalents	139
Inventories	53,157
Other current assets	26,474
Property, plant and equipment	766,614
Intangible assets	1,421
Other non-current assets	81,627
Total	**929,432**
Liabilities held-for-sale	
Current liabilities	337,032
Non-current liabilities	1,710
Total	**338,742**

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

(In millions of Korean won)	**December 31, 2020**
Loss on overseas business transiation, net of tax	(12,132)

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