

SAMSUNG ELECTRONICS CO., LTD. AND ITS SUBSIDIARIES

Interim Consolidated Financial Statements

March 31, 2023 and 2022

(With Independent Auditors' Review Report Thereon)

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KPMG SAMJONG Accounting Corp.

152, Teheran-ro, Gangnam-gu, Seoul 06236
(Yeoksam-dong, Gangnam Finance Center 27th Floor)
Republic of Korea

Tel +82 (2) 2112 0100

Fax +82 (2) 2112 0101

www.kr.kpmg.com

Independent Auditors' Review Report

Based on a report originally issued in Korean

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

Reviewed Financial Statements

We have reviewed the accompanying interim consolidated financial statements of Samsung Electronics Co., Ltd. and its subsidiaries ("the Group"), which comprise the interim consolidated statement of financial position as of March 31, 2023, the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes, comprising material accounting policy information and other explanatory information.

Management's Responsibility for the Interim Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express a report on these interim financial statements based on our review.

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

Conclusion

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

Other matters

The interim consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2022, presented for comparative purposes, were reviewed by other auditors whose report thereon dated May 13, 2022, expressed that nothing came to their attention that caused them to believe that the accompanying interim consolidated financial information as of March 31, 2022 was not prepared, in all material respects, in accordance with Korean International Financial Reporting Standard No. 1034, *Interim Financial Reporting*.

The consolidated statement of financial position of the Group as of December 31, 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this review report, were audited by other auditors, whose report thereon dated February 15, 2023, expressed an unqualified opinion. The accompanying statement of financial position of the Group as of December 31, 2022, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

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

The accompanying interim consolidated financial statements have been translated into United States dollars solely for the convenience of the reader. We have reviewed the translation and concluded that the interim consolidated financial statements expressed in Korean won have been translated into dollars on the basis set forth in note 2.3 to the interim consolidated financial statements.



KPMG Samjory Accounting Corp.

Seoul, Korea
May 12, 2023

This report is effective as of May 12, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying interim consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	March 31, 2023 KRW	December 31, 2022 KRW	March 31, 2023 USD	December 31, 2022 USD
Assets					
Current assets					
Cash and cash equivalents	3, 25	72,949,377	49,680,710	57,241,487	38,983,166
Short-term financial instruments	3, 25	35,200,184	65,102,886	27,620,673	51,084,548
Short-term financial assets at amortized cost	3, 25	-	414,610	-	325,334
Short-term financial assets at fair value through profit or loss	3, 4, 25	32,911	29,080	25,824	22,818
Trade receivables	3, 25	36,632,159	35,721,563	28,744,306	28,029,785
Non-trade receivables	3, 25	5,728,399	6,149,209	4,494,926	4,825,125
Prepaid expenses		3,416,279	2,867,823	2,680,666	2,250,306
Inventories	5	54,419,586	52,187,866	42,701,640	40,950,467
Other current assets	3, 25	6,063,246	6,316,834	4,757,671	4,956,657
		214,442,141	218,470,581	168,267,193	171,428,206
Non-current assets					
Financial assets at fair value through other comprehensive income	3, 4, 25	13,042,895	11,397,012	10,234,422	8,942,940
Financial assets at fair value through profit or loss	3, 4, 25	1,624,607	1,405,468	1,274,787	1,102,834
Investments in associates and joint ventures	6	11,198,623	10,893,869	8,787,269	8,548,137
Property, plant and equipment	7	171,857,516	168,045,388	134,852,141	131,860,863
Intangible assets	8	23,617,703	20,217,754	18,532,200	15,864,348
Net defined benefit assets	11	5,268,877	5,851,972	4,134,351	4,591,891
Deferred income tax assets		5,103,474	5,101,318	4,004,564	4,002,872
Other non-current assets	3, 25	7,935,941	7,041,145	6,227,127	5,525,005
		239,649,636	229,953,926	188,046,861	180,438,890
Total assets		454,091,777	448,424,507	356,314,054	351,867,096

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	March 31, 2023 KRW	December 31, 2022 KRW	March 31, 2023 USD	December 31, 2022 USD
Liabilities and Equity					
Current liabilities					
Trade payables	3, 25	12,343,531	10,644,686	9,685,649	8,352,609
Short-term borrowings	3, 9, 25	4,442,640	5,147,315	3,486,025	4,038,965
Other payables	3, 25	19,081,329	17,592,366	14,972,625	13,804,274
Advances received	14	1,305,902	1,314,934	1,024,707	1,031,795
Withholdings	3, 25	792,748	1,298,244	622,049	1,018,698
Accrued expenses	3, 14, 25	24,628,404	29,211,487	19,325,271	22,921,497
Current income tax liabilities		3,357,886	4,250,397	2,634,846	3,335,176
Current portion of long-term liabilities	3, 9, 10, 25	1,197,522	1,089,162	939,664	854,637
Provisions	12	7,011,788	5,844,907	5,501,968	4,586,347
Other current liabilities	3, 14, 25	1,895,698	1,951,354	1,487,505	1,531,178
		76,057,448	78,344,852	59,680,309	61,475,176
Non-current liabilities					
Debentures	3, 10, 25	551,172	536,093	432,490	420,658
Long-term borrowings	3, 9, 25	3,750,644	3,560,672	2,943,033	2,793,967
Long-term other payables	3, 25	5,108,064	2,753,305	4,008,166	2,160,447
Net defined benefit liabilities	11	238,017	268,370	186,766	210,583
Deferred income tax liabilities		4,634,692	5,111,332	3,636,723	4,010,730
Long-term provisions	12	2,180,502	1,928,518	1,710,983	1,513,258
Other non-current liabilities	3, 14, 25	1,771,822	1,171,761	1,390,302	919,452
		18,234,913	15,330,051	14,308,463	12,029,095
Total liabilities		94,292,361	93,674,903	73,988,772	73,504,271

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	March 31, 2023 KRW	December 31, 2022 KRW	March 31, 2023 USD	December 31, 2022 USD
Equity attributable to owners of the Company					
Preference shares	15	119,467	119,467	93,743	93,743
Ordinary shares	15	778,047	778,047	610,513	610,513
Share premium		4,403,893	4,403,893	3,455,621	3,455,621
Retained earnings	16	336,881,852	337,946,407	264,342,463	265,177,792
Other components of equity	17	7,836,669	1,938,328	6,149,231	1,520,955
		350,019,928	345,186,142	274,651,571	270,858,624
Non-controlling interests		9,779,488	9,563,462	7,673,711	7,504,201
Total equity		359,799,416	354,749,604	282,325,282	278,362,825
Total liabilities and equity		454,091,777	448,424,507	356,314,054	351,867,096

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Notes	For the three-month periods ended March 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Revenue	26	63,745,371	77,781,498	50,019,341	61,033,127
Cost of sales	18	46,007,093	47,072,057	36,100,574	36,936,224
Gross profit		17,738,278	30,709,441	13,918,767	24,096,903
Selling and administrative expenses	18, 19	17,098,100	16,588,032	13,416,436	13,016,199
Operating profit	26	640,178	14,121,409	502,331	11,080,704
Other non-operating income	20	504,295	700,193	395,707	549,423
Other non-operating expense	20	203,982	453,110	160,059	355,544
Share of net profit of associates and joint ventures	6	213,841	232,477	167,795	182,419
Financial income	21	4,628,049	3,502,189	3,631,510	2,748,077
Financial expense	21	3,956,001	3,033,318	3,104,170	2,380,166
Profit before income tax		1,826,380	15,069,840	1,433,114	11,824,913
Income tax expense	22	251,780	3,745,212	197,566	2,938,771
Profit for the period		1,574,600	11,324,628	1,235,548	8,886,142
Profit attributable to					
Owners of the Company		1,401,252	11,129,094	1,099,526	8,732,712
Non-controlling interests		173,348	195,534	136,022	153,430
Earnings per share <i>(in Korean won, in US dollars)</i>	23				
- Basic		206	1,638	0.16	1.29
- Diluted		206	1,638	0.16	1.29

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	For the three-month periods ended March 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Profit for the period		1,574,600	11,324,628	1,235,548	8,886,142
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	17	996,481	(604,180)	781,913	(474,084)
Share of other comprehensive income of associates and joint ventures, net of tax	17	29,888	3,752	23,452	2,944
Remeasurement of net defined benefit liabilities (assets), net of tax	17	(247,624)	(62,888)	(194,304)	(49,346)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of associates and joint ventures, net of tax	17	135,760	(260,583)	106,528	(204,472)
Gain on overseas business translation, net of tax	17	5,056,887	2,437,033	3,968,008	1,912,276
Gain on valuation of cash flow hedge derivatives	17	8,108	6,342	6,362	4,976
Other comprehensive income for the period, net of tax		5,979,500	1,519,476	4,691,959	1,192,294
Total comprehensive income for the period		7,554,100	12,844,104	5,927,507	10,078,436
Comprehensive income attributable to:					
Owners of the Company		7,286,763	12,607,150	5,717,735	9,892,504
Non-controlling interests		267,337	236,954	209,772	185,932

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

For the three-month period ended March 31, 2022	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2022		119,467	778,047	4,403,893	293,064,763	(2,128,473)	296,237,697	8,662,234	304,899,931
Profit for the period		-	-	-	11,129,094	-	11,129,094	195,534	11,324,628
Gain (Loss) on valuation of financial assets at fair value through other comprehensive income, net of tax		-	-	-	2,272	(615,197)	(612,925)	8,745	(604,180)
Share of other comprehensive loss of associates and joint ventures, net of tax		-	-	-	-	(257,360)	(257,360)	529	(256,831)
Gain on overseas business translation, net of tax		-	-	-	-	2,404,883	2,404,883	32,150	2,437,033
Remeasurement of net defined benefit liabilities (assets), net of tax		-	-	-	-	(62,884)	(62,884)	(4)	(62,888)
Gain on valuation of cash flow hedge derivatives		-	-	-	-	6,342	6,342	-	6,342
Total comprehensive income for the period		-	-	-	11,131,366	1,475,784	12,607,150	236,954	12,844,104
Dividends declared		-	-	-	(2,452,977)	-	(2,452,977)	(527)	(2,453,504)
Capital transactions under common control		-	-	-	-	-	-	(228)	(228)
Others		-	-	-	-	-	-	616	616
Total transactions with owners		-	-	-	(2,452,977)	-	(2,452,977)	(139)	(2,453,116)
Balance as of March 31, 2022		119,467	778,047	4,403,893	301,743,152	(652,689)	306,391,870	8,899,049	315,290,919

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.3))

For the three-month period ended March 31, 2022	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2022		93,743	610,513	3,455,621	229,960,328	(1,670,158)	232,450,047	6,797,031	239,247,078
Profit for the period		-	-	-	8,732,712	-	8,732,712	153,430	8,886,142
Gain (Loss) on valuation of financial assets at fair value through other comprehensive income, net of tax		-	-	-	1,783	(482,730)	(480,947)	6,863	(474,084)
Share of other comprehensive loss of associates and joint ventures, net of tax		-	-	-	-	(201,943)	(201,943)	415	(201,528)
Gain on overseas business translation, net of tax		-	-	-	-	1,887,049	1,887,049	25,227	1,912,276
Remeasurement of net defined benefit liabilities (assets), net of tax		-	-	-	-	(49,343)	(49,343)	(3)	(49,346)
Gain on valuation of cash flow hedge derivatives		-	-	-	-	4,976	4,976	-	4,976
Total comprehensive income for the period		-	-	-	8,734,495	1,158,009	9,892,504	185,932	10,078,436
Dividends declared		-	-	-	(1,924,788)	-	(1,924,788)	(414)	(1,925,202)
Capital transactions under common control		-	-	-	-	-	-	(179)	(179)
Others		-	-	-	-	-	-	483	483
Total transactions with owners		-	-	-	(1,924,788)	-	(1,924,788)	(110)	(1,924,898)
Balance as of March 31, 2022		93,743	610,513	3,455,621	236,770,035	(512,149)	240,417,763	6,982,853	247,400,616

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

For the three-month period ended March 31, 2023	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2023		119,467	778,047	4,403,893	337,946,407	1,938,328	345,186,142	9,563,462	354,749,604
Profit for the period		-	-	-	1,401,252	-	1,401,252	173,348	1,574,600
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	17	-	-	-	(12,830)	986,324	973,494	22,987	996,481
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	17	-	-	-	-	159,976	159,976	5,672	165,648
Gain on overseas business translation, net of tax	17	-	-	-	-	4,991,533	4,991,533	65,354	5,056,887
Remeasurement of net defined benefit liabilities (assets), net of tax	17	-	-	-	-	(247,600)	(247,600)	(24)	(247,624)
Gain on valuation of cash flow hedge derivatives	17	-	-	-	-	8,108	8,108	-	8,108
Total comprehensive income for the period		-	-	-	1,388,422	5,898,341	7,286,763	267,337	7,554,100
Dividends declared		-	-	-	(2,452,977)	-	(2,452,977)	(50,097)	(2,503,074)
Capital transactions under common control		-	-	-	-	-	-	(948)	(948)
Others		-	-	-	-	-	-	(266)	(266)
Total transactions with owners		-	-	-	(2,452,977)	-	(2,452,977)	(51,311)	(2,504,288)
Balance as of March 31, 2023		119,467	778,047	4,403,893	336,881,852	7,836,669	350,019,928	9,779,488	359,799,416

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.3))

For the three-month period ended March 31, 2023	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, 2023		93,743	610,513	3,455,621	265,177,792	1,520,955	-	270,858,624	7,504,201	278,362,825
Profit for the period		-	-	-	1,099,526	-	-	1,099,526	136,022	1,235,548
Gain (Loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	17	-	-	-	(10,067)	773,943	-	763,876	18,037	781,913
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	17	-	-	-	-	125,529	-	125,529	4,451	129,980
Gain on overseas business translation, net of tax	17	-	-	-	-	3,916,727	-	3,916,727	51,281	3,968,008
Remeasurement of net defined benefit liabilities (assets), net of tax	17	-	-	-	-	(194,285)	-	(194,285)	(19)	(194,304)
Gain on valuation of cash flow hedge derivatives	17	-	-	-	-	6,362	-	6,362	-	6,362
Total comprehensive income for the period		-	-	-	1,089,459	4,628,276	-	5,717,735	209,772	5,927,507
Dividends declared		-	-	-	(1,924,788)	-	-	(1,924,788)	(39,309)	(1,964,097)
Capital transactions under common control		-	-	-	-	-	-	-	(744)	(744)
Others		-	-	-	-	-	-	-	(209)	(209)
Total transactions with owners		-	-	-	(1,924,788)	-	-	(1,924,788)	(40,262)	(1,965,050)
Balance as of March 31, 2023		93,743	610,513	3,455,621	264,342,463	6,149,231	-	274,651,571	7,673,711	282,325,282

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	For the three-month period ended March 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Operating activities					
Profit for the period		1,574,600	11,324,628	1,235,548	8,886,142
Adjustments	24	11,708,097	13,905,730	9,187,040	10,911,466
Changes in assets and liabilities arising from operating activities	24	(6,440,539)	(14,233,315)	(5,053,724)	(11,168,513)
Cash generated from operations		6,842,158	10,997,043	5,368,864	8,629,095
Interest received		1,085,460	334,026	851,732	262,102
Interest paid		(219,559)	(159,077)	(172,282)	(124,824)
Dividends received		38,957	50,084	30,569	39,300
Income tax paid		(1,455,242)	(769,007)	(1,141,891)	(603,421)
Net cash from operating activities		6,291,774	10,453,069	4,936,992	8,202,252
Investing activities					
Net decrease in short-term financial instruments		27,560,017	6,191,962	21,625,631	4,858,672
Net decrease in short-term financial assets at amortized cost		416,095	1,673,885	326,499	1,313,454
Net increase in short-term financial assets at fair value through profit or loss		(3,831)	(12,299)	(3,006)	(9,651)
Disposal of long-term financial instruments		2,960,801	4,035,852	2,323,264	3,166,829
Acquisition of long-term financial instruments		(534)	(2,843,388)	(419)	(2,231,133)
Disposal of financial assets at fair value through other comprehensive income		5,607	30	4,400	24
Acquisition of financial assets at fair value through other comprehensive income		(2,362)	(5,594)	(1,853)	(4,389)
Disposal of financial assets at fair value through profit or loss		17,096	20,629	13,415	16,187
Acquisition of financial assets at fair value through profit or loss		(11,284)	(54,931)	(8,854)	(43,103)
Disposal of investments in associates and joint ventures		4,661	5,300	3,657	4,159
Acquisition of investments in associates and joint ventures		(62,182)	(6,100)	(48,793)	(4,787)
Disposal of property, plant and equipment		44,774	68,730	35,133	53,931
Acquisition of property, plant and equipment		(13,243,589)	(8,706,839)	(10,391,901)	(6,832,031)
Disposal of intangible assets		6,142	126	4,819	99
Acquisition of intangible assets		(1,070,220)	(853,443)	(839,774)	(669,675)
Cash outflow from business combinations		-	(23,237)	-	(18,233)
Cash outflow from other investing activities		(149,721)	(127,194)	(117,482)	(99,806)
Net cash provided by (used in) investing activities		16,471,470	(636,511)	12,924,736	(499,453)

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	For the three-month period ended March 31,			
		2023	2022	2023	2022
		KRW	KRW	USD	USD
Financing activities					
Net increase (decrease) in short-term borrowings		(777,531)	213,034	(610,108)	167,162
Increase in long-term borrowings		58,036	1,000	45,539	785
Repayment of debentures and long-term borrowings		(259,113)	(708,717)	(203,319)	(556,112)
Dividends paid		(243)	(461)	(191)	(362)
Net decrease in non-controlling interests		(948)	(202)	(744)	(158)
Net cash used in financing activities		(979,799)	(495,346)	(768,823)	(388,685)
Effect of foreign exchange rate changes		1,485,222	592,355	1,165,416	464,806
Net increase in cash and cash equivalents		23,268,667	9,913,567	18,258,321	7,778,920
Cash and cash equivalents					
Beginning of the period		49,680,710	39,031,415	38,983,166	30,626,940
End of the period		72,949,377	48,944,982	57,241,487	38,405,860

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2023 and December 31, 2022, and
for the three-month periods ended March 31, 2023 and 2022

1. General Information

1.1 Company Overview

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

These consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“Korean IFRS”) 1110, *Consolidated Financial Statements*. SEC, as the controlling company, consolidates its 230 subsidiaries, including Samsung Display and Samsung Electronics America. The Company also applies the equity method of accounting for its 38 associates and joint ventures, including Samsung Electro-Mechanics Co., Ltd.

1.2 Consolidated Subsidiaries

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

Area	Subsidiaries	Industry	Percentage of ownership (%) ^(*)
	Samsung Electronics America, Inc. (SEA)	Sale of electronic devices	100.0
	Samsung International, Inc. (SII)	Manufacture of electronic devices	100.0
	Samsung Mexicana S.A. de C.V (SAMEX)	Manufacture of electronic devices	100.0
	Samsung Electronics Home Appliances America, LLC (SEHA)	Manufacture of home appliances	100.0
	Samsung Research America, Inc. (SRA)	R&D	100.0
	Samsung Next LLC (SNX)	Management of overseas subsidiaries	100.0
	Samsung Next Fund LLC (SNXF)	Technology business, venture capital investments	100.0
America	NeuroLogica Corp.	Manufacture and sale of medical equipment	100.0
	Samsung HVAC America, LLC	Sale of air conditioning products	100.0
	Joyent, Inc.	Cloud services	100.0
	SmartThings, Inc.	Sale of smart home electronics	100.0
	TeleWorld Solutions, Inc. (TWS)	Installation of network devices	100.0
	Samsung Semiconductor, Inc. (SSI)	Sale of semiconductor and display panels	100.0
	Samsung Austin Semiconductor LLC. (SAS)	Manufacture of semiconductors	100.0
	Samsung Oak Holdings, Inc. (SHI)	Management of overseas subsidiaries	100.0

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership (%)^(*)
	SEMES America, Inc.	Semiconductor equipment	100.0
	Samsung Electronics Canada, Inc. (SECA)	Sale of electronic devices	100.0
	AdGear Technologies Inc.	Digital advertising platforms	100.0
	Samsung Eletronica da Amazonia Ltda. (SEDA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Mexico S.A. De C.V. (SEM)	Sale of electronic devices	100.0
	Samsung Electronics Digital Appliance Mexico, SA de CV(SEDAM)	Manufacture of home appliances	100.0
	Samsung Electronics Latinoamerica(Zona Libre), S. A. (SELA)	Sale of electronic devices	100.0
	Samsung Electronics Latinoamerica Miami, Inc. (SEMI)	Sale of electronic devices	100.0
	Samsung Electronica Colombia S.A. (SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronics Argentina S.A. (SEASA)	Marketing and 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
America	Samsung Electronics Panama. S.A. (SEPA)	Consulting	100.0
	Harman International Industries, Inc.	Management of overseas subsidiaries	100.0
	Harman Becker Automotive Systems, Inc.	Manufacture and sale of audio products, R&D	100.0
	Harman Connected Services, Inc.	Connected service provider	100.0
	Harman Connected Services Engineering Corp.	Connected service provider	100.0
	Harman da Amazonia Industria Eletronica e Participacoes Ltda.	Manufacture and sale of audio products	100.0
	Harman de Mexico, S. de R.L. de C.V.	Manufacture of audio products	100.0
	Harman do Brasil Industria Eletronica e Participacoes Ltda.	Sale of audio products, R&D	100.0
	Harman Financial Group LLC	Management company	100.0
	Harman International Industries Canada Ltd.	Sale of audio products	100.0
	Harman International Mexico, S. de R.L. de C.V.	Sale of audio products	100.0
	Harman KG Holding, LLC	Management of overseas subsidiaries	100.0
	Harman Professional, Inc.	Sale of audio products, R&D	100.0
	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

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Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership (%)^(*)
	AKG Acoustics GmbH	Manufacture and sale of audio products	100.0
	Apostera UA, LLC	Connected Service Provider	100.0
	Harman Audio Iberia Espana Sociedad Limitada	Sale of audio products	100.0
	Harman 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
Europe/CIS	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 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 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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership (%)^(*)	
	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	
Middle East & Africa	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	
		Samsung Asia Pte. Ltd. (SAPL)	Management of overseas subsidiaries	100.0
		Samsung Electronics Singapore Pte. Ltd. (SESP)	Sale of electronic devices	100.0
		Samsung Malaysia Electronics (SME) Sdn. Bhd. (SME)	Sale of electronic devices	100.0
	Samsung Electronics Display (M) Sdn. Bhd. (SDMA)	Manufacture of electronic devices	100.0	
	Samsung Electronics (M) Sdn. Bhd. (SEMA)	Manufacture of home appliances	100.0	
	Samsung Vina Electronics Co., Ltd. (SAVINA)	Sale of electronic devices	100.0	
	Samsung Electronics Vietnam Co., Ltd. (SEV)	Manufacture of electronic devices	100.0	
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	Manufacture of communication equipment	100.0	
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	Manufacture and sale of electronic devices	100.0	
	Samsung Display Vietnam Co., Ltd. (SDV)	Manufacture of display panels	100.0	
	DOWOINSYS VINA COMPANY LIMITED	Manufacture of display components	100.0	
	PT Samsung Electronics Indonesia (SEIN)	Manufacture and sale of electronic devices	100.0	
Asia (Excluding China)	PT Samsung Telecommunications Indonesia (STIN)	Sale of electronic devices and services	100.0	
	Thai Samsung Electronics Co., Ltd. (TSE)	Manufacture and sale of electronic devices	91.8	
	Laos Samsung Electronics Sole Co., Ltd. (LSE)	Marketing	100.0	
	Samsung Electronics Philippines Corporation (SEPCO)	Sale of electronic devices	100.0	
	Samsung Electronics Australia Pty. Ltd. (SEAU)	Sale of electronic devices	100.0	
	Samsung Electronics New Zealand Limited (SENZ)	Sale of electronic devices	100.0	
	Samsung India Electronics Private Ltd. (SIEL)	Manufacture and sale of electronic devices	100.0	
	Red Brick Lane Marketing Solutions Pvt. Ltd.	Marketing	100.0	
	Samsung Display Noida Private Limited (SDN)	Manufacture of display panels	100.0	
	Samsung R&D Institute India-Bangalore Private Limited (SRI-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	

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Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership (%)^(*)
Asia (Excluding China)	Samsung Electronics Japan Co., Ltd. (SEJ)	Sale of electronic devices	100.0
	Harman Connected Services Corp. India Pvt. Ltd.	Connected service provider	100.0
	Harman International (India) Private Limited	Sale of audio products, R&D	100.0
	Harman International Industries PTY Ltd.	Management of overseas subsidiaries	100.0
	Harman International Japan Co., Ltd.	Sale of audio products, R&D	100.0
	Harman Singapore Pte. Ltd.	Sale of audio products	100.0
China	Samsung (CHINA) Investment Co., Ltd. (SCIC)	Sale of electronic devices	100.0
	Samsung Electronics Hong Kong Co., Ltd. (SEHK)	Sale of electronic devices	100.0
	Samsung Electronics Taiwan Co., Ltd. (SET)	Sale of electronic devices	100.0
	Tianjin Samsung Electronics Co., Ltd. (TSEC)	Manufacture of TV and monitors	91.2
	Suzhou Samsung Electronics Co., Ltd. (SSEC)	Manufacture of home appliances	88.3
	Samsung Suzhou Electronics Export Co., Ltd. (SSEC-E)	Manufacture of home appliances	100.0
	Samsung Electronics Suzhou Computer Co., Ltd. (SESC)	R&D	100.0
	Tianjin Samsung Telecom Technology Co., Ltd. (TSTC)	Manufacture of communication equipment	90.0
	Beijing Samsung Telecom R&D Center (SRC-Beijing)	R&D	100.0
	Samsung Electronics China R&D Center (SRC-Nanjing)	R&D	100.0
	Samsung Mobile R&D Center China-Guangzhou (SRC-Guangzhou)	R&D	100.0
	Samsung R&D Institute China-Shenzhen (SRC-Shenzhen)	R&D	100.0
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	Sale of semiconductor and display panels	100.0
	Samsung (China) Semiconductor Co., Ltd. (SCS)	Manufacture of semiconductors	100.0
	Samsung Semiconductor Xian Co., Ltd. (SSCX)	Sale of semiconductor and display panels	100.0
	Samsung Electronics Suzhou Semiconductor Co., Ltd. (SESS)	Toll processing of semiconductors	100.0
	Tianjin Samsung LED Co., Ltd. (TSLED)	Manufacture of LED	100.0
	Samsung Semiconductor (China) R&D Co., Ltd. (SSCR)	R&D	100.0
	Samsung Display Dongguan Co., Ltd. (SDD)	Manufacture of display panels	100.0
	Samsung Display Tianjin Co., Ltd. (SDT)	Manufacture of display panels	95.0
	SEMES (XIAN) Co., Ltd.	Semiconductor 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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership (%) ^(*)
	Samsung Display Co., Ltd.	Manufacture and sale of display panels	84.8
	SU Materials	Manufacture of display components	50.0
	STECO Co., Ltd.	Manufacture of semiconductor components	70.0
	SEMES Co., Ltd.	Manufacture and sale of semiconductor/FPD	91.5
	Samsung Electronics Service Co., Ltd.	Repair services for electronic devices	99.3
	Samsung Electronics Service Customer Satisfaction Co., Ltd.	Call center for repair services for electronic devices	100.0
	Samsung Electronics Sales Co., Ltd.	Sale of electronic devices	100.0
	Samsung Electronics Logitech Co., Ltd.	General logistics agency	100.0
	Samsung Medison Co., Ltd.	Manufacture and sale of medical equipment	68.5
	Stella Forest of Hope	Manufacture of food	100.0
	Mirero System Co., Ltd.	Development and supply of semiconductor process defect and quality control software	99.9
	Dowwoinsys Co., Ltd.	Manufacture of display components	69.0
	Gf-System Co., Ltd.	Manufacture of display components	100.0
	Harman International Korea	Software development and supply	100.0
	Samsung Venture Capital Union #21	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #22	Technology business, Venture capital investments	99.0
Domestic	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
	Samsung Venture Capital Union #57	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #62	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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1.3 Summary of Financial Data of Major Consolidated Subsidiaries

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

(1) 2023

(In millions of Korean won)

Major subsidiaries^(*1)	As of March 31, 2023		For the three-month period ended March 31, 2023	
	Assets	Liabilities	Sales	Profit (loss) for the period
Samsung Display	57,490,961	5,786,950	5,590,642	1,533,158
Samsung Electronics America, Inc. (SEA)	39,029,811	12,418,449	10,820,272	215,264
Samsung Asia Pte. Ltd. (SAPL)	34,510,766	2,822,711	-	6,633,188
Samsung (China) Semiconductor Co., Ltd. (SCS)	17,417,206	2,361,678	2,570,175	326,822
Harman and its subsidiaries ^(*2)	17,273,540	6,019,121	3,162,476	80,823
Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	13,612,599	2,961,949	8,617,574	296,034
Samsung (CHINA) Investment Co., Ltd. (SCIC)	11,263,419	9,798,648	871,611	165,215
Samsung Semiconductor, Inc. (SSI)	10,884,746	4,301,497	4,963,535	126,986
Samsung Austin Semiconductor LLC. (SAS)	10,065,132	1,241,827	955,210	104,118
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	9,524,792	3,967,425	-	8,475
Samsung Electronics Vietnam Co., Ltd. (SEV)	9,126,017	1,985,801	5,696,296	462,841
Samsung India Electronics Private Ltd. (SIEL)	7,619,966	3,962,155	3,813,918	333,280
Samsung Display Vietnam Co., Ltd. (SDV)	6,831,163	1,639,796	5,188,088	450,095
Samsung Eletronica da Amazonia Ltda. (SEDA)	5,223,412	1,607,744	1,915,702	132,232
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	5,030,052	2,663,020	2,919,973	64,077
Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	3,939,900	906,593	1,497,391	198,526
Thai Samsung Electronics Co., Ltd. (TSE)	3,681,611	1,305,582	1,218,750	89,052
Samsung Electronics (UK) Ltd. (SEUK)	3,029,015	2,217,833	1,527,336	72,350
Samsung Electronics Europe Logistics B.V. (SELS)	2,814,887	2,439,926	4,242,449	184,428
Samsung International, Inc. (SII)	2,463,443	735,035	1,755,989	365,590
Samsung Electronics Mexico S.A. De C.V. (SEM)	2,238,272	1,267,288	842,543	59,287
Samsung Display Dongguan Co., Ltd. (SDD)	2,161,344	183,686	409,428	28,813
Samsung Electronics GmbH (SEG)	2,105,706	1,978,049	1,641,944	60,288
SEMES Co., Ltd.	2,077,994	592,326	726,353	24,283
Samsung Electronics Benelux B.V. (SEBN)	1,922,677	727,570	831,705	106,217

(*1) Summary of financial information is based on separate financial statements of each subsidiary.

(*2) Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) 2022

<i>(In millions of Korean won)</i>	As of December 31, 2022		For the three-month period ended March 31, 2022	
Major subsidiaries^(*)	Assets	Liabilities	Sales	Profit (loss) for the period
Samsung Display	57,302,567	7,282,718	7,100,976	1,026,633
Samsung Electronics America, Inc. (SEA)	37,883,156	12,258,315	11,340,468	(45,635)
Samsung Asia Pte. Ltd. (SAPL)	26,894,611	2,678,285	-	11,563
Harman and its subsidiaries ^(*)	17,102,324	6,380,456	2,662,741	89,844
Samsung (China) Semiconductor Co., Ltd. (SCS)	17,095,000	2,970,835	2,415,594	156,539
Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	15,718,299	2,358,140	10,569,433	962,926
Samsung (CHINA) Investment Co., Ltd. (SCIC)	13,830,988	9,764,636	833,148	106,882
Samsung Semiconductor, Inc. (SSI)	12,199,102	5,930,369	10,911,004	42,241
Samsung Electronics Vietnam Co., Ltd. (SEV)	10,931,037	1,408,387	5,820,671	429,100
Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	10,841,515	6,272,800	-	6,965
Samsung Austin Semiconductor LLC. (SAS)	9,301,017	828,494	788,621	(2,422)
Samsung Display Vietnam Co., Ltd. (SDV)	7,471,680	1,608,448	5,672,054	131,506
Samsung India Electronics Private Ltd. (SIEL)	6,772,537	3,571,863	4,200,020	202,283
Shanghai Samsung Semiconductor Co., Ltd. (SSS)	5,067,891	2,858,382	6,550,636	75,728
Samsung Eletronica da Amazonia Ltda. (SEDA)	4,600,508	1,342,517	1,919,630	114,528
Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	3,732,057	980,448	1,952,034	202,206
Thai Samsung Electronics Co., Ltd. (TSE)	3,263,473	486,820	1,414,046	(16,599)
Samsung Electronics (UK) Ltd. (SEUK)	2,819,792	1,708,064	1,531,914	19,063
Samsung Electronics Benelux B.V. (SEBN)	2,377,730	597,044	807,471	6,902
Samsung Electronics Hungarian Private Co. Ltd. (SEH)	2,374,317	452,628	1,324,347	80,930
Samsung Electronics Europe Logistics B.V. (SELS)	2,194,975	2,021,491	4,598,861	240,087
Samsung Display Dongguan Co., Ltd. (SDD)	2,135,132	265,835	807,150	49,629
SEMES Co., Ltd.	2,065,558	602,323	725,432	73,970
Samsung Electronics GmbH (SEG)	1,968,273	1,907,132	1,701,102	(57,461)
Samsung Electronics Mexico S.A. De C.V. (SEM)	1,816,895	996,002	676,163	35,166

^(*) Summary of financial information is based on separate financial statements of each subsidiary.

^(*) Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.

1.4 Changes in Consolidation Scope

Changes in consolidation scope during the three-month period ended March 31, 2023 are as follows:

Change	Area	Subsidiary	Description
Included	Domestic	Samsung Venture Capital Union #62	Establishment
Excluded	America	Dacor Holdings, Inc. Dacor, Inc.	Merger
	Europe/CIS	Red Bend Software Ltd.	Liquidation

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. Significant Accounting Policies

2.1 Basis of Presentation

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

The interim consolidated financial statements for the three-month period ended March 31, 2023 have been prepared in accordance with Korean IFRS 1034, *Interim Financial Reporting*. These interim consolidated financial statements have been prepared in accordance with the Korean IFRS which is effective as of March 31, 2023.

(A) New and amended standards adopted by the Company

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

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

The amendments require companies to define and disclose their 'material' accounting policy information instead of its 'significant' accounting policies. The amendments explain how an entity can identify material accounting policy information. The application of amendments does not have a significant impact on the Company's interim consolidated financial statements.

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

The amendments clarify the definition of a change in accounting estimates and specify how to distinguish it from a change in accounting policies. The application of amendments does not have a significant impact on the Company's interim consolidated financial statements.

Amendments to Korean IFRS 1012, *Income Taxes*

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

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

The amended accounting standard issued that is not yet effective for the annual reporting period commencing January 1, 2023 and has not been early adopted by the Company is as follows:

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.2 Accounting Policies

Material accounting policies and method of computation used in the preparation of the interim consolidated financial statements are consistent with those of the annual financial statements for the year ended December 31, 2022, except for the changes due to the application of amendments of standards described in Note 2.1 and as described below.

(A) Income tax expense

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

2.3 Convenience Translation into United States Dollar Amounts

The US dollar amounts provided in the consolidated financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in US dollars at the rate of ₩ 1,274.4 to \$1, the average exchange rate for the three-month period ended March 31, 2023. Such presentation is not in accordance with generally accepted accounting principles and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in US dollars at this or at any other rate.

2.4 Material Accounting Estimates and Assumptions

In preparing the interim consolidated financial statements, the management of the Company makes judgements, estimates and assumptions on matters which affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, seldom equal the related actual results

Material accounting estimates and assumptions made in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2022, except for the estimates used to determine the income tax expense.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. Financial Instruments by Category

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

(1) As of March 31, 2023

<i>(In millions of Korean won)</i>	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Other financial assets^(*)	Total
Financial assets					
Cash and cash equivalents	72,949,377	-	-	-	72,949,377
Short-term financial instruments	35,200,184	-	-	-	35,200,184
Short-term financial assets at amortized cost	-	-	-	-	-
Short-term financial assets at fair value through profit or loss	-	-	32,911	-	32,911
Trade receivables	36,632,159	-	-	-	36,632,159
Financial assets at fair value through other comprehensive income	-	13,042,895	-	-	13,042,895
Financial assets at fair value through profit or loss	-	-	1,624,607	-	1,624,607
Other	10,296,331	-	577,673	69,194	10,943,198
Total	155,078,051	13,042,895	2,235,191	69,194	170,425,331

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

<i>(In millions of Korean won)</i>	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities^(*)	Total
Financial liabilities				
Trade payables	12,343,531	-	-	12,343,531
Short-term borrowings	980,391	-	3,462,249	4,442,640
Other payables	17,672,721	-	-	17,672,721
Current portion of long-term liabilities	250,124	-	947,398	1,197,522
Debentures	551,172	-	-	551,172
Long-term borrowings	58,049	-	3,692,595	3,750,644
Long-term other payables	4,643,841	-	-	4,643,841
Other	11,406,506	363,209	26,141	11,795,856
Total	47,906,335	363,209	8,128,383	56,397,927

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) As of December 31, 2022

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

(*) Other financial assets include derivatives designated as hedging instruments which are not subject to categorizations.

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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Assets at Fair Value

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

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

<i>(In millions of Korean won)</i>	March 31, 2023	December 31, 2022
Non-current		
Equity instruments	13,042,895	11,397,012

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

<i>(In millions of Korean won)</i>	March 31, 2023	December 31, 2022
Current		
Debt instruments	32,911	29,080
Non-current		
Equity instruments	998,663	773,063
Debt instruments	625,944	632,405
Subtotal	1,624,607	1,405,468
Total	1,657,518	1,434,548

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

<i>(In millions of Korean won, number of shares and percentage)</i>	March 31, 2023			December 31, 2022	
	Number of shares owned	Percentage of ownership^(*) (%)	Acquisition cost	Carrying amount (Market value)	Carrying amount (Market value)
SAMSUNG HEAVY INDUSTRIES CO.,LTD.	134,027,281	15.2	932,158	692,921	684,879
HOTEL SHILLA CO.,LTD	2,004,717	5.1	13,957	163,384	166,592
iMarketKorea Inc.	647,320	1.9	324	6,428	6,538
SFA Engineering Corporation	3,644,000	10.2	38,262	143,209	132,642
WONIK HOLDINGS CO.,LTD	3,518,342	4.6	30,821	13,264	11,945
WONIK IPS CO., LTD.	3,701,872	7.5	32,428	129,751	91,621
ASML Holding N.V	6,297,787	1.6	363,012	5,597,099	4,287,121
Wacom Co., Ltd.	8,398,400	5.1	62,013	56,873	46,750
BYD Company Limited	2,380,000	0.1	79,048	115,242	110,971
Corning Incorporated	80,000,000	9.4	3,980,636	3,679,845	3,238,205
Other			578,964	1,078,804	744,481
Total			6,111,623	11,676,820	9,521,745

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. Inventories

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

<i>(In millions of Korean won)</i>	March 31, 2023			December 31, 2022		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Finished goods	18,224,024	(2,010,529)	16,213,495	17,526,178	(1,493,952)	16,032,226
Work in process	25,120,646	(3,007,636)	22,113,010	21,612,965	(1,535,446)	20,077,519
Raw materials and supplies	16,195,959	(1,377,546)	14,818,413	16,268,974	(1,289,694)	14,979,280
Materials in transit	1,274,668	-	1,274,668	1,098,841	-	1,098,841
Total	60,815,297	(6,395,711)	54,419,586	56,506,958	(4,319,092)	52,187,866

6. Investments in Associates and Joint Ventures

(A) Changes in investments in associates and joint ventures for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	10,893,869	8,932,251
Acquisition	62,182	6,100
Disposal	(4,661)	(5,153)
Share of profit	213,841	232,477
Other ^(*)	33,392	(324,070)
Balance as of March 31	11,198,623	8,841,605

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

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

(1) Investments in associates

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

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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) Investments in joint ventures

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

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

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

(1) Investments in associates

(In millions of Korean won)

<i>(In millions of Korean won)</i>		March 31, 2023	
Investee	Acquisition cost	Net asset value of equity shares ^(*)	Carrying amount
Samsung Electro-Mechanics Co., Ltd.	359,237	1,776,645	1,773,987
Samsung SDS Co., Ltd.	147,963	1,868,944	1,881,818
Samsung Biologics Co., Ltd.	1,424,358	2,848,854	2,853,413
Samsung SDI Co., Ltd.	1,242,605	3,465,703	2,797,431
Cheil Worldwide, Inc.	506,162	334,196	634,693
Other	704,534	798,832	1,046,731
Total	4,384,859	11,093,174	10,988,073

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

(In millions of Korean won)

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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) Investments in joint ventures

<i>(In millions of Korean won)</i>		March 31, 2023		
Investee	Acquisition cost	Net asset value of equity shares ^(*)	Carrying amount	
Samsung Corning Advanced Glass LLC	215,000	136,691	136,709	
Other	259,994	71,701	73,841	
Total	474,994	208,392	210,550	

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

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

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

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

(1) For the three-month period ended March 31, 2023

<i>(In millions of Korean won)</i>	Balance as of January 1	Share of profit (loss)	Share of other comprehensive income (loss)	Other^(*)	Balance as of March 31
Samsung Electro-Mechanics Co., Ltd.	1,764,249	27,365	19,529	(37,156)	1,773,987
Samsung SDS Co., Ltd.	1,870,338	45,756	21,635	(55,911)	1,881,818
Samsung Biologics Co., Ltd.	2,808,673	44,686	54	-	2,853,413
Samsung SDI Co., Ltd.	2,691,223	60,907	59,168	(13,867)	2,797,431
Cheil Worldwide, Inc.	649,161	11,400	7,525	(33,393)	634,693
Samsung Corning Advanced Glass LLC	137,745	(1,036)	-	-	136,709
Other	972,480	24,763	57,737	65,592	1,120,572
Total	10,893,869	213,841	165,648	(74,735)	11,198,623

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) For the three-month period ended March 31, 2022

<i>(In millions of Korean won)</i>	Balance as of January 1	Share of profit (loss)	Share of other comprehensive income (loss)	Other^(*)	Balance as of March 31
Samsung Electro-Mechanics Co., Ltd.	1,556,386	75,698	13,090	(37,156)	1,608,018
Samsung SDS Co., Ltd.	1,652,155	43,126	9,846	(41,933)	1,663,194
Samsung Biologics Co., Ltd.	1,577,664	46,810	(257,052)	-	1,367,422
Samsung SDI Co., Ltd.	2,529,650	39,702	28,193	(13,462)	2,584,083
Cheil Worldwide, Inc.	621,292	12,850	2,559	(28,748)	607,953
Samsung Corning Advanced Glass LLC	135,580	1,848	-	-	137,428
Other	859,524	12,443	(53,467)	55,007	873,507
Total	8,932,251	232,477	(256,831)	(66,292)	8,841,605

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

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

(1) Summary of financial information of major associates and dividends received from associates as of March 31, 2023 and December 31, 2022, and for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023				
	Samsung Electro- Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
1. Condensed financial information					
Condensed statements of financial position:					
Current assets	4,822,300	8,077,001	6,114,176	10,746,786	2,049,201
Non-current assets	6,177,789	3,956,490	10,267,531	21,660,568	565,730
Current liabilities	2,573,133	2,522,395	3,884,889	9,108,724	1,235,741
Non-current liabilities	670,383	989,614	3,370,406	5,299,437	203,140
Non-controlling interests	170,521	247,543	-	784,137	10,444
Condensed statements of comprehensive income:					
Revenue	2,021,763	3,400,923	720,922	5,354,845	941,601
Profit from continuing operations, net of tax ^(*)	118,079	202,485	141,755	439,283	39,753
Other comprehensive income ^(*)	103,812	95,781	182	358,999	30,281
Total comprehensive income ^(*)	221,891	298,266	141,937	798,282	70,034
2. Dividends from associates					
Dividends	37,155	55,911	-	13,867	33,394

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

<i>(In millions of Korean won)</i>	2022				
	Samsung Electro- Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
1. Condensed financial information					
Condensed statements of financial position:					
Current assets	4,888,319	8,005,764	6,457,657	9,651,702	2,193,979
Non-current assets	6,108,852	3,946,660	10,124,394	20,605,823	557,466
Current liabilities	2,525,123	2,493,323	4,181,542	8,006,939	1,335,643
Non-current liabilities	778,563	992,132	3,416,034	5,033,084	194,373
Non-controlling interests	154,991	243,777	-	731,779	9,388
Condensed statements of comprehensive income:					
Revenue	2,625,404	4,191,498	511,304	4,049,427	946,569
Profit from continuing operations, net of tax ^(*)	321,852	197,554	146,942	356,587	44,890
Profit (loss) from discontinued operation, net of tax ^(*)	-	-	-	-	-
Other comprehensive income (loss) ^(*)	106,951	43,587	(377)	167,584	10,032
Total comprehensive income ^(*)	428,803	241,141	146,565	524,171	54,922
2. Dividends from associates					
Dividends	37,155	41,933	-	13,463	28,748

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

- (2) Summary of financial information of major joint ventures and dividends received from joint ventures as of March 31, 2023 and December 31, 2022, and for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	Samsung Corning Advanced Glass	
	2023	2022
Condensed financial information		
Condensed statements of financial position:		
Current assets	106,894	170,103
Non-current assets	202,164	125,507
Current liabilities	34,991	19,794
Non-current liabilities	685	363
Condensed statements of comprehensive income:		
Revenue	22,099	42,485
Profit (loss) from continuing operations, net of tax	(2,071)	3,696
Other comprehensive income	-	-
Total comprehensive income	(2,071)	3,696
Dividends from joint ventures		
Dividends	-	-

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

<i>(In millions of Korean won)</i>	2023		2022	
	Associates	Joint ventures	Associates	Joint ventures
Profit (loss) from continuing operations	24,199	564	13,042	(599)
Other comprehensive income (loss)	53,082	4,655	(52,025)	(1,442)
Total comprehensive income (loss)	77,281	5,219	(38,983)	(2,041)

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(F) Details of marketable investments in associates as of March 31, 2023 and December 31, 2022 are as follows:

<i>(In millions of Korean won and number of shares)</i>	March 31, 2023		December 31, 2022
	Number of shares held	Market value	Market value
Samsung Electro-Mechanics Co., Ltd.	17,693,084	2,701,734	2,308,947
Samsung SDS Co., Ltd.	17,472,110	2,026,765	2,149,070
Samsung Biologics Co., Ltd.	22,217,309	17,507,239	18,240,411
Samsung SDI Co., Ltd.	13,462,673	9,895,065	7,956,440
Cheil Worldwide, Inc.	29,038,075	540,689	669,328

(G) Other matters

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

To prove justification of its accounting treatment, Samsung Biologics Co., Ltd. filed a suit for cancellation of the aforementioned measures to the Seoul Administrative Court, which is currently in progress. On September 24, 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 appeal. On October 16, 2020, the Korea Securities and Futures Commission appealed the decision 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 measures, 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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7. Property, Plant and Equipment

(A) Changes in property, plant and equipment for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	168,045,388	149,928,539
Acquisition and capital expenditures	11,343,333	8,098,867
Depreciation	(8,800,895)	(9,009,031)
Disposals/scrap/impairment	(207,911)	(82,485)
Other ^(*)	1,477,601	682,129
Balance as of March 31	171,857,516	149,618,019

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

(B) Details of depreciation of property, plant and equipment for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Cost of sales	7,863,833	8,122,027
Selling and administrative expenses, and other	937,062	887,004
Total	8,800,895	9,009,031

(C) Right-of-use assets as of March 31, 2023 amount to ₩ 5,126,909 million (December 31, 2022: ₩ 4,917,609 million). During the three-month periods ended March 31, 2023 and 2022, newly recognized right-of-use assets amount to ₩ 604,534 million and ₩ 176,168 million, respectively, with relevant depreciation of ₩ 288,193 million and ₩ 253,084 million, respectively.

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8. Intangible Assets

(A) Changes in intangible assets for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	20,217,754	20,236,244
External acquisitions	3,805,353	334,725
Amortization	(785,598)	(770,477)
Disposals/scrap/impairment	(15,204)	(3,408)
Other ^(*)	395,398	213,610
Balance as of March 31	23,617,703	20,010,694

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

(B) Details of amortization of intangible assets for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Cost of sales	552,375	531,875
Selling and administrative expenses and other	233,223	238,602
Total	785,598	770,477

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9. Borrowings

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

<i>(In millions of Korean won)</i>	Financial institutions	Interest rates (%) as of March 31, 2023	March 31, 2023	December 31, 2022
Short-term borrowings				
Collateralized borrowings ^(*)	Woori Bank and others	0.1~18.5	3,462,249	3,569,357
Non-collateralized borrowings	Citibank and others	0.1~51.0	980,391	1,577,958
Total			4,442,640	5,147,315
Current portion of long-term borrowings				
Bank borrowings	BNP Paribas	36.7~53.2	243,708	208,915
Lease liabilities ^(*)	CSSD and others	4.0	947,398	874,019
Total			1,191,106	1,082,934
Long-term borrowings				
Bank borrowings	Industrial Bank of Korea	2.5~47.7	58,049	33,846
Lease liabilities ^(*)	CSSD and others	4.0	3,692,595	3,526,826
Total			3,750,644	3,560,672

(*) Collateralized borrowings are secured by trade receivables.

(*) Interest expenses arising from the lease liabilities for the three-month periods ended March 31, 2023 and 2022 amounted to ₩ 45,462 million and ₩ 30,012 million, respectively, which were determined using the weighted average incremental borrowing rate. The right-of-use assets are pledged as collateral to the lessor in the event of default.

10. Debentures

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

<i>(In millions of Korean won)</i>	Issue date	Due date	Interest rates (%) as of Mar 31, 2023	March 31, 2023	December 31, 2022
US dollar denominated straight bonds ^(*)	1997.10.2	2027.10.1	7.7	32,595 (US \$ 25 million)	31,683 (US \$ 25 million)
US dollar denominated debentures ^(*)	2015.5.11	2025.5.15	4.2	521,520 (US \$ 400 million)	506,920 (US \$ 400 million)
Less: Discounts				(512)	(543)
Add: Premium				3,985	4,261
Less: Current portion				(6,416)	(6,228)
Total				551,172	536,093

(*) 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.

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11. Net Defined Benefit Liabilities (Assets)

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

<i>(In millions of Korean won)</i>	March 31, 2023	December 31, 2022
Present value of funded defined benefit obligations	14,064,523	13,639,460
Present value of unfunded defined benefit obligations	352,976	370,848
Subtotal	14,417,499	14,010,308
Fair value of plan assets	(19,448,359)	(19,593,910)
Total	(5,030,860)	(5,583,602)

- (B) The components of defined benefit costs recognized in profit or loss for the three-month periods ended March 31, 2023 and 2022 relating to defined benefit plans are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Current service cost	323,685	347,661
Net interest income	(89,746)	(24,885)
Past service cost	(255)	(77)
Other	7,929	1,573
Total	241,613	324,272

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

<i>(In millions of Korean won)</i>	2023	2022
Cost of sales	103,181	139,754
Selling and administrative expenses and other	138,432	184,518
Total	241,613	324,272

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12. Provisions

Changes in the provisions for the three-month period ended March 31, 2023 are as follows:

<i>(In millions of Korean won)</i>	Warranty (A)	Royalty expenses (B)	Long-term incentives (C)	Other (D, E)	Total
Balance as of January 1	2,309,726	1,546,606	783,263	3,133,830	7,773,425
Charged to profit or loss	649,953	179,511	71,119	1,247,489	2,148,072
Payment	(538,256)	(112,439)	(44,757)	(165,459)	(860,911)
Other ^(*)	69,749	(15,241)	4,278	72,918	131,704
Balance as of March 31	2,491,172	1,598,437	813,903	4,288,778	9,192,290

^(*) 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 negotiations.
- (C) The Company has a long-term incentive plan for its executives based on a three-year management performance criteria and recognizes a provision for the estimated incentive cost.
- (D) The Company records provisions for future expenses expected to be incurred for products that have been discontinued from manufacturing and sales.
- (E) The Company makes provisions for the emission in excess of the emission rights held by the Company for the applicable years. Details of emission rights and liabilities as of March 31, 2023 are as follows:
 - (1) The amount of emission rights allocated free of charge in the current commitment period and the estimated volume of emission as of March 31, 2023 are as follows:

<i>(In ten thousand metric tons)</i>	March 31, 2023
Emission rights allocated free of charge	1,711
Estimated volume of emission	1,903

- (2) Changes in the emission rights for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	19,567	46,074
Increase (decrease)	-	-
Balance as of March 31	19,567	46,074

- (3) Changes in emissions liabilities for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Balance as of January 1	32,838	45,049
Charged to profit or loss	(1)	12,462
Submission	-	-
Balance as of March 31	32,837	57,511

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. Commitments and Contingencies

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

14. Contract Liabilities

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

<i>(In millions of Korean won)</i>	March 31, 2023	December 31, 2022
Contract liabilities ^(*)	12,193,798	13,255,682

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

15. Share Capital

As of March 31, 2023, the Company's total number of authorized shares is 25,000,000,000 shares (₩ 100 per share). The Company has issued 5,969,782,550 shares of ordinary shares and 822,886,700 shares of preference shares as of March 31, 2023, excluding retired shares. As of March 31, 2023, 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 three-month periods ended March 31, 2023 and 2022. Due to the retirement of shares, the total par value of the shares issued is ₩ 679,267 million (ordinary shares of ₩ 596,978 million and preference shares of ₩ 82,289 million), which does not agree with paid-in capital of ₩ 897,514 million.

16. Retained Earnings

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

<i>(In millions of Korean won)</i>	March 31, 2023	December 31, 2022
Discretionary reserve, etc.	207,927,112	192,294,496
Unappropriated retained earnings	128,954,740	145,651,911
Total	336,881,852	337,946,407

(B) Details of interim dividends are as follows:

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

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17. Other Components of Equity

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

<i>(In millions of Korean won)</i>	March 31, 2023	December 31, 2022
Gain on valuation of financial assets at fair value through other comprehensive income	3,735,433	2,749,109
Share of other comprehensive gain (loss) of associates and joint ventures	274,963	114,987
Gain on overseas business translation	6,030,730	1,039,197
Remeasurement of net defined benefit liabilities (assets)	(2,299,210)	(2,051,610)
Other	94,753	86,645
Total	7,836,669	1,938,328

18. Expenses by Nature

Expenses by nature for the three-month periods ended March 31, 2023 and 2022 consist of the following:

<i>(In millions of Korean won)</i>	2023	2022
Changes in finished goods, work in process, and other	(2,216,760)	(2,559,003)
Raw materials used, merchandise purchased, and other	27,196,920	28,066,242
Wages and salaries	7,901,166	7,732,949
Post-employment benefit	278,289	350,896
Depreciation	8,800,895	9,009,031
Amortization	785,598	770,477
Welfare	1,541,276	1,401,936
Utilities	1,861,110	1,398,568
Outsourcing	1,680,919	1,482,533
Advertising	1,145,343	1,467,701
Sales promotion	1,672,952	1,823,398
Other	12,457,485	12,715,361
Total^(*)	63,105,193	63,660,089

^(*) 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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19. Selling and Administrative Expenses

Selling and administrative expenses for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Selling and administrative expenses		
Wages and salaries	2,072,409	1,995,353
Post-employment benefit	69,512	77,294
Commissions	2,103,924	1,730,391
Depreciation	403,646	378,741
Amortization	168,939	168,494
Advertising	1,145,343	1,467,701
Sales promotion	1,672,952	1,823,398
Transportation	414,405	857,633
Service charges	1,021,736	893,544
Other	1,446,500	1,273,251
Subtotal	10,519,366	10,665,800
Research and development expenses		
Research and development	6,578,734	5,922,232
Total	17,098,100	16,588,032

20. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Other non-operating income		
Dividend income	47,894	268,509
Rental income	37,942	34,584
Gain on disposal of property, plant and equipment	34,449	50,420
Other	384,010	346,680
Total	504,295	700,193

<i>(In millions of Korean won)</i>	2023	2022
Other non-operating expenses		
Loss on disposal of property, plant and equipment	9,392	4,196
Donations	73,083	89,560
Other	121,507	359,354
Total	203,982	453,110

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21. Financial Income and Expenses

Details of financial income and expenses for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Financial income		
Interest income	1,060,446	369,032
Interest income from financial assets measured at amortized cost	1,060,380	368,967
Interest income from financial assets measured at fair value through profit or loss	66	65
Foreign exchange differences	3,120,012	2,608,603
Gains from derivatives	447,591	524,554
Total	4,628,049	3,502,189

<i>(In millions of Korean won)</i>	2023	2022
Financial expenses		
Interest expenses	291,677	149,231
Interest expenses from financial liabilities measured at amortized cost	151,856	74,663
Other financial liabilities	139,821	74,568
Foreign exchange differences	3,375,878	2,460,682
Losses from derivatives	288,446	423,405
Total	3,956,001	3,033,318

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

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22. Income Tax Expense

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The average annual tax rate expected as of March 31, 2023 to be effective for the year ended December 31, 2023 is 13.8%.

23. Earnings per Share

(A) Basic earnings per share

Basic earnings per share for the three-month periods ended March 31, 2023 and 2022 are calculated as follows:

(1) Ordinary shares

<i>(In millions of Korean won, thousands of number of shares)</i>	2023	2022
Profit for the period attributable to owners of the parent company	1,401,252	11,129,094
Profit for the period available for ordinary shares	1,231,500	9,780,878
Weighted-average number of ordinary shares outstanding	5,969,783	5,969,783
Basic earnings per ordinary share (in Korean won)	206	1,638

(2) Preference shares

<i>(In millions of Korean won, thousands of number of shares)</i>	2023	2022
Profit for the period attributable to owners of the parent company	1,401,252	11,129,094
Profit for the period available for preference shares	169,752	1,348,216
Weighted-average number of preference shares outstanding	822,887	822,887
Basic earnings per preference share (in Korean won)	206	1,638

(B) Diluted earnings per share

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

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24. Statements of Cash Flows

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 three-month periods ended March 31, 2023 and 2022 are as follows:

- Adjustments

<i>(In millions of Korean won)</i>	2023	2022
Adjustments:		
Income tax expense	251,780	3,745,212
Financial income	(2,267,376)	(1,745,834)
Financial expenses	1,797,505	1,462,863
Post-employment benefits	278,289	350,896
Depreciation	8,800,895	9,009,031
Amortization	785,598	770,477
Bad debt expenses	67,557	11,425
Dividend income	(47,894)	(268,509)
Share of profit of associates and joint ventures	(213,841)	(232,477)
Gain on disposal of property, plant and equipment	(34,449)	(50,420)
Loss on disposal of property, plant and equipment	9,392	4,196
Loss on valuation of inventories	2,475,649	772,044
Others	(195,008)	76,826
Total	11,708,097	13,905,730

- Changes in assets and liabilities arising from operating activities

<i>(In millions of Korean won)</i>	2023	2022
Changes in assets and liabilities :		
Decrease (increase) in trade receivables	411,960	(2,369,191)
Decrease (increase) in non-trade receivables	1,151,428	(566,904)
Increase in prepaid expenses	(422,761)	(520,881)
Increase in inventories	(3,731,787)	(6,407,793)
Increase in trade payables	1,071,670	616,577
Decrease in other payables	(4,473)	(1,164,358)
Increase (decrease) in advances received	(47,042)	223,193
Decrease in withholdings	(528,193)	(385,713)
Decrease in accrued expenses	(5,169,031)	(3,120,255)
Increase in provisions	1,287,161	406,978
Payment of post-employment benefits	(162,758)	(142,330)
Other	(296,713)	(802,638)
Total	(6,440,539)	(14,233,315)

For the three-month periods ended March 31, 2023 and 2022, cash outflows from principal portion of lease liabilities (financial activities) amount to ₩ 261,755 million and ₩ 238,374 million, respectively, and cash outflows due to interest expenses (operating activities) in relation to the lease liabilities amount to ₩ 45,462 million and ₩ 30,012 million, respectively.

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25. Financial Risk Management

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

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

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

The Company's financial assets that are under financial risk management are comprised of cash and cash equivalents, short-term financial instruments, financial assets at amortized cost, 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 foreign exchange risk arising from its global operations performed in currencies other than its functional currency. The major currencies that the Company is exposed to foreign exchange risk are the US dollar, Euro, and Indian Rupee.

The Company focuses on minimizing the impact of foreign exchange fluctuation by maintaining matching levels of assets and liabilities denominated in each foreign currency. To minimize exchange position, the Company's foreign exchange management policy requires normal business transactions, including import and export, as well as financing transactions such as depositing and borrowing, to be in local currency or match as closely as possible cash inflows and outflows incurred in the respective foreign currencies. 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.

(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 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 has implemented policies and practices to minimize uncertainty arising from changes in interest rates and financial expenses.

(3) Price risk

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

As of March 31, 2023 and 2022, price fluctuation of marketable equity securities (listed stocks) by 1% would result in changes in other comprehensive income (before income tax) of ₩ 111,415 million and ₩ 107,834 million, respectively, and changes in profit before tax of ₩ 5,354 million and ₩ 3,750 million, respectively.

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(B) Credit risk

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

Credit risk can arise from transactions with financial institutions which include financial instrument transactions such as cash and cash equivalents, deposits, and derivative instruments. To minimize such risk, the Company transacts only with banks which have a strong international credit rating (S&P A and above), and all new transactions with financial institutions with no prior transaction history are approved, managed and monitored by the Company's finance team and the local finance centers. 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 the reporting date, the Company estimates that its maximum exposure to credit risk is the carrying amount of its financial assets, net of impairment losses.

(C) Liquidity risk

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

The Company manages its liquidity risk by periodically forecasting projected cash flows. The Company maintains a liquidity management process which provides additional financial support from the local finance center and the Company. The Cash Pooling program allows the sharing of surplus funds among entities and contributes to minimizing liquidity risk and strengthening the Company's competitive position by reducing financing burden and financial expenses.

The Company secures credit lines for its overseas subsidiaries by means of payment guarantees for the overseas subsidiaries' large liquidity needs.

(D) Capital risk management

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

The Company has maintained an AA- credit rating from S&P and Aa2 from Moody's as of March 31, 2023.

The total liabilities to equity ratios as of March 31, 2023 and December 31, 2022 are as follows:

<i>(In millions of Korean won)</i>	March 31, 2023	December 31, 2022
Total liabilities	94,292,361	93,674,903
Total equity	359,799,416	354,749,604
Debt ratio	26.2%	26.4%

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(E) Fair value measurement

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

<i>(In millions of Korean won)</i>	March 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	72,949,377	(*)	49,680,710	(*)
Short-term financial instruments	35,200,184	(*)	65,102,886	(*)
Short-term financial assets at amortized cost	-	(*)	414,610	(*)
Short-term financial assets at fair value through profit or loss	32,911	32,911	29,080	29,080
Trade receivables	36,632,159	(*)	35,721,563	(*)
Financial assets at fair value through other comprehensive income	13,042,895	13,042,895	11,397,012	11,397,012
Financial assets at fair value through profit or loss	1,624,607	1,624,607	1,405,468	1,405,468
Other ^(*2)	10,943,198	646,867	10,340,876	395,667
Total financial assets	170,425,331		174,092,205	
Financial liabilities				
Trade payables	12,343,531	(*)	10,644,686	(*)
Short-term borrowings	4,442,640	(*)	5,147,315	(*)
Other payables	17,672,721	(*)	16,328,237	(*)
Current portion of long-term liabilities	1,197,522	6,888	1,089,162	6,580
- Current portion of long-term borrowings	1,191,106	(*) ^(*3)	1,082,934	(*) ^(*3)
- Current portion of debentures	6,416	6,888	6,228	6,580
Debentures	551,172	540,830	536,093	521,129
Long-term borrowings	3,750,644	(*) ^(*3)	3,560,672	(*) ^(*3)
Long-term other payables	4,643,841	(*)	2,289,236	(*)
Other ^(*2)	11,795,856	389,350	12,409,529	361,768
Total financial liabilities	56,397,927		52,004,930	

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

(*) Assets measured at the cost of ₩ 10,296,331 million (December 31, 2022: ₩ 9,945,209 million) and liabilities measured at the cost of ₩ 11,406,506 million (December 31, 2022: ₩ 12,047,761 million) are excluded as the carrying amount is a reasonable estimation of fair value.

(*) 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 March 31, 2023 and December 31, 2022 are as follows:

<i>(In millions of Korean won)</i>	March 31, 2023			
	Level 1	Level 2	Level 3	Total balance
1) Assets				
Short-term financial assets at fair value through profit or loss	-	29,347	3,564	32,911
Financial assets at fair value through other comprehensive income	11,141,470	-	1,901,425	13,042,895
Financial assets at fair value through profit or loss	535,350	-	1,089,257	1,624,607
Other	-	357,647	289,220	646,867
2) Liabilities				
Current portion of debentures	-	6,888	-	6,888
Debentures	-	540,830	-	540,830
Other	-	381,946	7,404	389,350

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

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

Other techniques, such as discounted cash flow analysis, 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 respective 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 March 31, 2023.

(In millions of Korean won and percentage)

Classification	Fair value	Valuation technique	Level 3 inputs	Input range
Financial assets at fair value through other comprehensive income				
Samsung Venture Investment	31,357	Discounted cash flow	Permanent growth rate	1.0%
			Weighted average cost of capital	19.8%
MiCo Ceramics Co., Ltd.	30,022	Discounted cash flow and others	Permanent growth rate	0.0%
			Weighted average cost of capital	14.2%
TCL China Star Optoelectronics Technology Co., Ltd. (CSOT)	968,287	Discounted cash flow	Permanent growth rate	0.0%
			Weighted average cost of capital	11.2%
China Star Optoelectronics Semiconductor Display Technology Ltd. (CSOSDT)	225,002	Discounted cash flow	Permanent growth rate	0.0%
			Weighted average cost of capital	11.2%
Others				
Call option on equity instruments	263,536	Binomial model	Risk-free discount rate	3.3%
			Price volatility	57.4%
Put option on equity instruments	25,684	Binomial model	Risk-free discount rate	3.6%~4.4%, 2.5%
			Price volatility	26.9%, 30.4%

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(4) Changes in Level 3 instruments for the three-month periods ended March 31, 2023 and 2022 are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Financial assets		
Balance as of January 1	3,303,227	3,430,214
Acquisitions	45,261	76,803
Disposals	(22,638)	(20,629)
Amount recognized in profit for the period	256,578	59,233
Amount recognized in other comprehensive income	(298,342)	51,749
Other	(620)	(14,303)
Balance as of March 31	3,283,466	3,583,067

<i>(In millions of Korean won)</i>	2023	2022
Financial liabilities		
Balance as of January 1	7,404	5,438
Amount recognized in profit for the period	-	-
Other	-	-
Balance as of March 31	7,404	5,438

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

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

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

<i>(In millions of Korean won)</i>	Favorable changes		Unfavorable changes	
Classification	Profit or loss	Equity	Profit or loss	Equity
Financial assets at fair value through other comprehensive income ^(*1)	-	130,128	-	(91,747)
Others ^(*2)	79,135	-	(70,752)	-

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

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26. Segment Information

(A) Operating segment information

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

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

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

(1) For the three-month period ended March 31, 2023

<i>(In millions of Korean won)</i>	DX	DS	SDC	Harman	Intercompany reconciliations	Total^(*)
Net revenue	46,222,513	13,734,475	6,614,151	3,165,897	(5,991,665)	63,745,371
Depreciation	615,404	7,222,761	832,834	80,028	-	8,800,895
Amortization	417,358	206,609	55,023	49,103	-	785,598
Operating profit	4,208,760	(4,581,854)	776,016	128,949	-	640,178

^(*) Other operating segments are not separately disclosed.

Net revenue by major product for the three-month period ended March 31, 2023 are as follows:

<i>(In millions of Korean won)</i>	Image devices	Mobile devices	Memory	Display panels	Total^(*)
Net revenue	7,434,935	30,744,551	8,916,997	6,614,151	63,745,371

^(*) Other operating segments are not separately disclosed.

(2) For the three-month period ended March 31, 2022

<i>(In millions of Korean won)</i>	DX	DS	SDC	Harman	Intercompany reconciliations	Total^(*)
Net revenue	48,068,667	26,867,414	7,970,491	2,666,346	(7,791,420)	77,781,498
Depreciation	604,849	6,884,322	1,399,564	78,371	-	9,009,031
Amortization	393,762	207,287	59,388	57,526	-	770,477
Operating profit	4,555,461	8,450,131	1,092,864	101,560	-	14,121,409

^(*) Other operating segments are not separately disclosed.

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Net revenue by major product for the three-month period ended March 31, 2022 are as follows:

<i>(In millions of Korean won)</i>	Image devices	Mobile devices	Memory	Display panels	Total^(*)
Net revenue	8,718,021	31,227,757	20,091,464	7,970,491	77,781,498

^(*) Other operating segments are not separately disclosed.

(B) Regional information

The regional information provided to the Management Committee for the reportable segments as of and for the three-month periods ended March 31, 2023 and 2022 are as follows:

(1) As of and for the period ended March 31, 2023

<i>(In millions of Korean won)</i>	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Total
Net segment revenue	11,300,428	22,762,451	12,582,923	11,534,339	5,565,230	-	63,745,371
Non-current assets ^(*)	150,663,992	15,167,060	6,135,315	9,249,314	15,224,391	(964,853)	195,475,219

^(*) Financial instruments, deferred tax assets, and investments in associates and joint ventures are excluded from non-current assets.

(2) As of and for the period ended March 31, 2022

<i>(In millions of Korean won)</i>	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Total
Net segment revenue	12,073,694	29,093,973	13,243,901	12,903,394	10,466,536	-	77,781,498
Non-current assets ^(*)	126,618,363	11,036,417	5,863,349	9,047,693	17,930,153	(867,262)	169,628,713

^(*) Financial instruments, deferred tax assets, and investments in associates and joint ventures are excluded from non-current assets.

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27. Related Party Transactions

(A) Sale and purchase transactions

Sale and purchase transactions with related parties for the three-month periods ended March 31, 2023 and 2022 are as follows:

		2023			
<i>(In millions of Korean won)</i>	Name of company^(*)	Sales	Disposal of non-current assets	Purchases	Purchase of non-current assets
Associates and joint ventures	Samsung SDS Co.,Ltd	74,499	-	485,177	82,168
	Samsung Electro-Mechanics Co., Ltd	43,706	-	328,465	60
	Samsung SDI Co., Ltd	41,404	-	197,264	2,072
	Cheil Worldwide Inc	34,213	-	235,243	76
	Other	250,843	-	3,350,585	28,046
	Total	444,665	-	4,596,734	112,422
Other related parties	Samsung C&T Co., Ltd	8,878	70	62,594	799,655
	Other	153,664	-	559,486	645,636
	Total	162,542	70	622,080	1,445,291
Other ^(*)	Samsung Engineering Co., Ltd	439	-	212	310,139
	S-1	2,827	-	129,859	3,449
	Other	29,662	-	178,822	84,196
	Total	32,928	-	308,893	397,784

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

^(*) 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.

		2022			
<i>(In millions of Korean won)</i>	Name of company^(*)	Sales	Disposal of non-current assets	Purchases	Purchase of non-current assets
Associates and joint ventures	Samsung SDS Co.,Ltd	70,007	-	437,991	95,006
	Samsung Electro-Mechanics Co., Ltd	43,421	-	390,747	-
	Samsung SDI Co., Ltd	28,489	-	193,174	546
	Cheil Worldwide Inc	29,498	-	217,332	-
	Other	313,103	-	3,731,873	28,342
	Total	484,518	-	4,971,117	123,894
Other related parties	Samsung C&T Co., Ltd	12,416	-	128,300	1,187,351
	Other	118,703	-	380,595	46,274
	Total	131,119	-	508,895	1,233,625
Other ^(*)	Samsung Engineering Co., Ltd	138	-	1,353	277,553
	S-1	2,558	-	122,482	7,729
	Other	48,115	-	65,256	74,363
	Total	50,811	-	189,091	359,645

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

^(*) 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 sales and purchases of goods and services as of March 31, 2023 and December 31, 2022 are as follows:

<i>(In millions of Korean won)</i>	Name of company ^(*)	March 31, 2023	
		Receivables	Payables ^(*)
Associates and joint ventures	Samsung SDS Co.,Ltd	53,807	584,941
	Samsung Electro-Mechanics Co., Ltd	39,298	214,651
	Samsung SDI Co., Ltd	139,444	61,773
	Cheil Worldwide Inc	33,687	311,050
	Other	231,616	1,268,520
	Total	497,852	2,440,935
Other related parties	Samsung C&T Co., Ltd	210,537	1,229,886
	Other	33,716	319,141
	Total	244,253	1,549,027
Other ^(*)	Samsung Engineering Co., Ltd	468	620,166
	S-1	1,868	35,487
	Other	14,853	341,381
	Total	17,189	997,034

(*) Balances due from and to separate entities that are related parties of the Company.

(*) Payables and others include lease liabilities.

(*) 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.

<i>(In millions of Korean won)</i>	Name of company ^(*)	December 31, 2022	
		Receivables	Payables ^(*)
Associates and joint ventures	Samsung SDS Co.,Ltd	49,792	512,022
	Samsung Electro-Mechanics Co., Ltd	385	133,952
	Samsung SDI Co., Ltd	121,605	92,452
	Cheil Worldwide Inc	223	453,545
	Other	371,575	1,236,016
	Total	543,580	2,427,987
Other related parties	Samsung C&T Co., Ltd	217,818	2,783,240
	Other	20,830	250,103
	Total	238,648	3,033,343
Other ^(*)	Samsung Engineering Co., Ltd	331	1,251,039
	S-1	3,839	73,102
	Other	15,647	545,684
	Total	19,817	1,869,825

(*) Balances due from and to separate entities that are related parties of the Company.

(*) Payables and others include lease liabilities.

(*) 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 three-month periods ended March 31, 2023 and 2022, the Company invested ₩ 62,182 million and ₩ 6,100 million, respectively, in associates and joint ventures. In addition, the Company recovered ₩ 4,661 million and ₩ 5,153 million, respectively, of investments in associates and joint ventures for the three-month periods ended March 31, 2023 and 2022.
- (D) For the three-month periods ended March 31, 2023 and 2022, the Company declared dividend of ₩ 412,942 million and ₩ 421,609 million, respectively, to related parties. As of March 31, 2023, the dividend payable to related parties amounted to ₩ 412,942 million. In addition, for the three-month periods ended March 31, 2023 and 2022, the Company declared dividends of ₩ 32,058 million and ₩ 32,058 million, respectively, to the entities that are not related parties of the Company in accordance with Korean IFRS 1024, but belong to the same conglomerate according to the Monopoly Regulation and Fair Trade Act. As of March 31, 2023, dividend payables to the entities that are not in scope of Korean IFRS 1024 amounted to ₩ 32,058 million.
- (E) For the three-month period ended March 31, 2023, the Company entered into new lease agreements with its related parties amounted to ₩ 50 million (none for the three-month period ended March 31, 2022), and the lease payments made to the related parties amounted to ₩ 5,089 million and ₩ 6,180 million, respectively.
- (F) Key management compensation

The compensation paid or payable to key management (executive directors) for their services for the three-month periods ended March 31, 2023 and 2022 consists of:

<i>(In millions of Korean won)</i>	2023	2022
Short-term employee benefits	3,330	3,415
Post-employment benefits	139	127
Other long-term employee benefits	1,959	2,072