

Letter to Shareholders

To Our Valued Shareholders,

The year 2024 brought significant management challenges: competition in the semiconductor business grew fiercer, while rapid advancements in IT and related technologies reshaped the landscape. At the same time, continued global geopolitical risks and deepened domestic political uncertainties created additional pressures.

In the face of these challenges, Samsung Electronics achieved revenue in excess of KRW 300 trillion and delivered year-on-year growth in operating profit.

We extend our deepest gratitude to our shareholders for their continued interest and support, and will now share the key highlights of 2024.

Improved performance despite challenging conditions

Samsung Electronics posted KRW 300.9 trillion in revenue and KRW 32.7 trillion in operating profit in 2024, with revenue rising 16% and operating profit expanding nearly fivefold in a complex and evolving business environment.

As we move forward, we remain dedicated to building long-term, sustainable growth. Through continued investments in our facilities and a strong focus on R&D, we are laying the groundwork for future innovation and competitiveness.

Following a challenging 2023, the Memory business recovered from substantial losses and improved its performance considerably. Our focus on R&D remained central to this progress, as we outfitted our next-generation semiconductor R&D complex with cutting-edge equipment to sharpen our technological competitiveness in the mid to long term. At the same time, we are establishing a strong foundation to lead the high-value-added memory market, pushing the boundaries of capacity and performance with our latest 24Gb GDDR7 while scaling up mass production of quad level cell (QLC) 9th-generation V-NAND.

The Foundry Business worked to strengthen its technological foundation by advancing gate-all-around (GAA) process technology and refining mature technologies. In parallel, we broadened our portfolio to include AI, HPC, and automotive applications, adding to the groundwork for mid- to long-term growth. Meanwhile, the System LSI Business remained focused on elevating the core competitiveness of its SoC offerings, ensuring a stronger position in the evolving market.

The Display Business further cemented its leadership in the smartphone market by delivering OLED panels featuring unique technological advantages and superior performance. Additionally, we advanced the diversification of our portfolio by expanding sales in IT, automotive, and quantum-dot product lines.

The Mobile Business secured its position as a leader in the mobile AI sector with the launch of Galaxy AI, driving year-on-year revenue growth through increased sales of flagship products. Both tablet and wearable lines saw increases in volume and value, reflecting our performance in new, premium segments.

In the Network Business, we remained committed to expanding into new global markets while reinforcing our 5G business base.

The TV Business led the premium market with innovations focusing on Neo QLED and OLED while bolstering its AI-screen leadership by delivering optimized user experiences through our next-generation AI processor and Tizen OS.

Beyond its commitment to providing customers with top-tier quality and performance, the Digital Appliance Business prioritized establishing an early presence in the AI home appliance market and enhancing connectivity experiences through SmartThings.

Harman, capitalizing on synergies within the Company, strengthened its in-vehicle experience capabilities while expanding sales of consumer audio products, driving continued performance growth.

With Samsung's Home AI, we are laser-focused on delivering individually-tailored, hyper-personalized experiences to our customers through the seamless integration of AI technology across the SmartThings connectivity experience.

Finally, in a testament to our continued global impact, the brand value of Samsung Electronics in 2024 exceeded USD 100 billion for the first time, as estimated by Interbrand, ranking us as the world's fifth most valuable brand for the fifth consecutive year.

Committed to sustainable growth

In September 2022, Samsung Electronics announced its New Environmental Strategy, reaffirming our role in shaping a more sustainable future through cutting-edge technology and innovative products and services. As a part of this journey, we are committed reaching carbon neutrality by 2030 for the DX Division and across all operations by 2050.

In line with our commitment, we maintained our focus on reducing direct emissions amid an increase in semiconductor production. We also developed a regenerative catalytic system (RCS), an innovative technology for treating process gases at our facilities, and we are actively exploring additional competitive renewable energy generation projects.

Furthermore, we've developed ultra-low-power memory chips to reduce the carbon footprint in the product-use stage; and we applied our energy efficient technology into flagship models across our top seven product lines. On top of that, SmartThings AI Energy mode provides users with even more opportunities to reduce energy consumption. We are continuously innovating to improve the circularity of our products and enhance the sustainability of resource use in all our products.

Samsung Electronics remains committed to keeping all of our stakeholders, including shareholders, informed of our progress and key milestones in sustainability management.

Management's commitment to shareholders

Enhancing shareholder value is top priority of our Company. In January 2024, we introduced a new three-year shareholder return policy for 2024-2026, and in keeping with that policy,

the annual dividend for 2024 will be KRW 9.8 trillion, consistent with the previous year. Including the quarterly dividends that have already been paid, the total annual dividend per share amounts to KRW 1,446 for common stock and KRW 1,447 for preferred stock.

In November 2024, in response to market concerns over our significant undervaluation and other considerations, we initiated a share repurchase program worth KRW 10 trillion. The first share acquisition, worth 3 trillion won, was completed within the three-month period following the announcement. The Company is committed to faithfully executing the additionally announced and forthcoming acquisition of shares worth KRW 3 trillion.

Aligned with our commitment to shareholder engagement, we introduced electronic voting at AGMs to make it more convenient for our shareholders to exercise their voting rights. We are also expanding initiatives to increase shareholder participation, such offering live online broadcasts of the AGM and further enhancing the IR website.

We remain committed to enhancing shareholder value through a shareholder-oriented management approach.

Dear shareholders,

Looking ahead, we anticipate that 2025 will be another challenging year, driven by macroeconomic uncertainties surrounding the economic policies of major countries. Thus, it is vital for us to return to and focus on our core business philosophy: to devote our talent and technology to creating superior products and services that contribute to a better global society.

For our current businesses, we will solidify the foundation for the next phase of growth through unparalleled technological leadership. Additionally, we will pursue new opportunities in areas such as robotics, medical technology, and next-generation semiconductors to establish future growth engines in the emerging era driven by the AI-industry.

We ask for and look forward to the continued support of our shareholders in our continued pursuit of sustained growth and success.

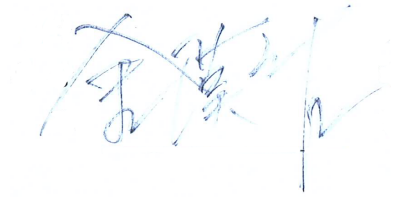
We wish all our shareholders a successful 2025, filled with health and happiness for you and your loved ones.

Thanks

Han-Jo Kim

Board Chair

Samsung Electronics Co., Ltd



Jong-Hee Han

Chief Executive Officer

Samsung Electronics Co., Ltd

