

2023 Annual General Meeting of Shareholders

Reference Material

Samsung Electro-Mechanics Co.,Ltd.

[Note about forward-looking statements](#)

Certain statements in this reference material, other than purely historical information, including estimates, projections, statements relating to business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements”. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of the risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our financial reports available on our website at

<http://www.samsungsem.com/global/index.jsp>

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Letter to Shareholders

Dear Shareholders of Samsung Electro-Mechanics,

In the new year 2023, I sincerely wish for the health and happiness of you and all your loved ones.

Looking back on last year, 2022 was a period marked by a particularly high level of uncertainty in the external environment. New COVID-19 variants continued to emerge one after another and the global economy suffered from high inflation, continued US-China trade tensions and geopolitical conflict.

In terms of the company's key downstream markets, while the automobile industry resumed growth in 2022 as the supply situation of semiconductors and other components eased, demand for major IT products including smartphones, PCs and TVs decreased due to weaker economic sentiment burdened by rising interest rates. Along the supply chain, this resulted in sluggish demand in the IT component market.

Under such market conditions, everyone at Samsung Electro-Mechanics concentrated on adding new markets and upgrading the company's product portfolio around high-end products. Despite such hard work, we were not able to completely overcome the challenges brought on by contracting global consumer spending.

As a result, in 2022, Samsung Electro-Mechanics recorded revenue of KRW 9 trillion 424.6 billion, an approximately 3% decrease year over year, and operating profit of KRW 1 trillion 182.8 billion, an approximately 20% decrease.

I would like to highlight the company's key achievements in 2022 and share some thoughts on the company's preparations for the future.

First, the Component business.

In 2022, inflation and a decrease in set build due to lockdown policies in certain countries had a negative impact on component demand for IT applications such as smartphones and PCs. This resulted in a decrease in our MLCC supply to IT customers. However, our high-

end MLCCs for automotive applications continued growth in both sales volume and revenue thanks to the growth of ADAS and electric vehicle (EV) markets and our successful diversification of customers.

In the case of our MLCC products for IT and industrial applications, we further widened our technology advantage by developing core material technologies including dielectrics and internal electrodes as well as key manufacturing process technologies such as layering, firing and casting. Our leadership in technology has enabled our repeated launch of industry-leading high-end products such as ultra-small size and ultra-high capacitance MLCCs. For automotive MLCCs, we further expanded our coverage of high-temperature and high-voltage products and created a competitive product portfolio well-positioned to capture the growing automotive demand.

Going forward, the focus of the Component business will be on building stronger business fundamentals to prepare against market risk by enhancing its profitability with even greater cost improvements and productivity. We will also concentrate on strengthening our business competitiveness by launching differentiated cutting-edge products on time and further expanding our automotive business.

Next, the Optics and Communication Solution business.

Demand growth in the smartphone market has been slowing down. However, within the mobile segment, adoption of high-specification cameras such as high resolution and high-power folded zoom cameras continues to increase. In addition to mobile, the automotive camera market has been expanding, as global automotive manufacturers introduce new vehicles with advanced electronics and develop ADAS technology that requires better camera performance.

Last year, Samsung Electro-Mechanics successfully supplied ultra-high specification camera modules to key customers in Korea and overseas including the high-power zoom and high-pixel camera modules for the strategic customer's premium smartphone and the folded zoom, triple camera module for a major overseas smartphone customer. A particularly meaningful achievement for the Optics and Communication Solution business last year is our strengthened position in the automobile market with an increase in supply of new high-resolution camera modules for automotive applications.

The future focus of the Optics and Communication Solution business will be on maintaining our leadership in the premium camera market. Leveraging our proprietary lens and actuator technology, we will launch differentiating new camera products for IT applications, and at the same time, implement new technologies in a wider range of products.

Utilizing our technology leadership gained from IT applications, we aim to become the leading camera supplier also in automotive applications, where there is an increasing need for high reliability, high resolution and high picture quality, and to continue to seize new market opportunities.

Lastly, the Package Solution business.

In 2022, the Package Solution business recorded growth in both revenue and profitability thanks to the strong demand from server, network and automotive applications and the increase in supply of high-performance substrates for ARM processors. The business structure also continued its transformation towards high-end package substrates.

From a technology perspective, the role of semiconductor packaging is changing from simple signal connection to a critical technology that integrates multiple semiconductor ICs for improved semiconductor performance. This change at the technology level has been driving the demand for high-multilayer, large size and more complicated package substrates.

Samsung Electro-Mechanics has successfully entered the server substrate market, which requires the highest level of specifications, while maintaining a strong strategic partnership with key customers. With such achievements, Samsung Electro-Machines is growing into a technology leader in semiconductor packaging.

In the future, our focus will be on increasing package substrate revenue around high-end, growth market products such as substrates for ARM processors, servers, network equipment and automotive applications. At the same time, we will prepare thoroughly for mid to long-term growth by successfully completing the ramp-up of the Vietnam plant and developing it into the main supply hub for package substrates.

Dear Shareholders,

Even in 2023, the business environment is likely to remain challenging, with various disruptions due to COVID-19 continuing, international tensions mounting and downside economic risk caused by aggressive tightening policies.

In terms of market outlook, while growth is anticipated in certain markets such as automotive and servers, it remains uncertain whether demand for major IT products such as smartphones and PCs would recover. In that sense, the market this year is expected to be a mix of opportunities and risks.

Once again, everyone at Samsung Electro-Mechanics will work together with the aim of delivering business results that meet the shareholders' expectations.

ESG has become an important measure of a company's value and we have integrated ESG into our business activities and strategy so that ESG is reflected in our decision-making process. Also, under the guiding principle that a safe environment is the first and foremost priority of management, Samsung Electro-Mechanics will focus on creating a safe and healthy workplace for all its members.

Dear Shareholders,

Samsung Electro-Mechanics has been actively engaging the Korean and global investor community with a comprehensive investor relations (IR) program. In 2022, in recognition of our commitment to IR, Samsung Electro-Mechanics received the Grand Prize in the Korea Exchange listed company category in the Korea IR Awards presented by the Korea Investor Relations Service.

We will continue to openly communicate with the market about our business and mid to long-term vision and strategy through quarterly earnings conference calls and IR meetings as part of activities to maximize shareholder value.

The dividend for 2022 will be KRW 2,100 for common stock and KRW 2,150 for preferred stock, pending approval by the upcoming General Meeting of Shareholders. Total payout would be KRW 158.8 billion, the same as 2021.

While taking into account investment needs for future growth and the company's cashflow situation, we will continue to ensure that the value created from the company's growth is rightfully enjoyed by its shareholders.

Dear Shareholders,

The goal of Samsung Electro-Mechanics is to become a company capable of growth regardless of market situation by creating value for customers with its continuous technology innovation and by setting ambitious targets for itself and offering No. 1 products that have an absolute advantage over competitors.

We will achieve this goal by building a stronger momentum in key expanding markets such as automotive and server applications, and at the same time, preparing for newly emerging markets such as robotics to become a global top class technology and component company that pioneers new markets.

Samsung Electro-Mechanics has a track record of continuously growing its business. The secret behind our uninterrupted growth has been our unfaltering spirit of challenge and innovation that has remained strong under whatever situation. Samsung Electro-Mechanics will not rest on its past success and continue to take on new challenges and strive for innovation to build a solid foundation to support its success for a century.

While building a strong business foundation, it will also place a greater emphasis on establishing an effective global compliance culture to ensure that Samsung Electro-Mechanics remains a respected member of the global society recognized for its integrity and trustworthiness.

I ask for your continued support and interest in Samsung Electro-Mechanics, and once again, wish for the greatest success in all your endeavors in 2023 and for the health and happiness in your family.

Thank you.

Notice of 2023 AGM

Date/time : 09:00 AM on March 15, 2023, Korea Standard Time (UTC+9)

Place : Grand Hall, the 7th floor of L-Tower
(213, Gangnam-daero, Seocho-gu, Seoul, Korea)

Record date : December 31, 2022. Only common shareholders of record at the close of business on the record date are entitled to vote at the Annual General Meeting of Shareholders.

Items of Business

Agenda 1. Approval of Financial Statements(FY2022)

Agenda 2. Election of Independent Directors

Item 2.1 Election of Yoon-Kyung Yuh as Independent Director

Item 2.2 Election of Jong-Ku Choi as Independent Director

Agenda 3. Election of Audit Committee members

Item 3.1 Election of Yoon-Kyung Yuh as Audit Committee Member

Item 3.2 Election of Jong-Ku Choi as Audit Committee Member

Agenda 4. Approval of Director Remuneration Limit(FY2023)

1. Agenda

Agenda Item 1. Approval of Financial Statements (FY2022)

Overview

The Board of Directors is seeking approval of the following financial statements for FY2022 beginning on January 1, 2022 and ending on December 31, 2022.

- Consolidated Statements of Balance Sheet
- Consolidated Statements of Income Statement
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Separate Statements of Appropriation of Retained Earnings

In addition, the BOD determined a year-end dividend of KRW 2,100 per share for Common Stock and KRW 2,150 per share for Preferred Stock.

Financial Highlight & Shareholder Return

In 2022, demand for IT products such as smartphones and PCs decreased in the face of headwinds from the emergence of new COVID-19 variants, inflation and geopolitical instability. In turn, demand for electronic components also slowed down overall.

Despite sales growth of high-end automotive MLCCs, revenue of the Component division declined from 2021 mainly due to decrease in MLCC supply to IT customers. Also, revenue of the Optics and Communication Solution division decreased due to weak smartphone demand, despite the supply of ultra-high specification products to Korean and overseas customers and the sales growth of cameras for automotive applications. However, the Package Solution division achieved revenue growth vs. 2021 thanks to the solid demand from server, network and automotive applications and the increased supply of

high-performance substrates for ARM processors. Overall, the Package Solution division continued to upgrade its business structure with a stronger focus on high-end products.

The 2022 dividend is KRW 2,100 per share (common stock basis), which is the same level as 2021. The dividend for 2022 reflects the company's business performance and other factors including investments necessary for future growth and the company's cashflow.

Pursuant to the Korean tax law amendment in late 2022, the company has cancelled its deferred corporate income tax, which resulted in an increase in net profits compared to the previous year. However, this is merely an accounting change that does not affect cashflow, and therefore, has no impact on the company's funds available for distribution.

The company plans to focus on enhancing its enterprise value through investments and growth, while at the same time, strengthening shareholder return through appropriate dividend payouts.

Going forward, the company aims to gradually increase its payout ratio and maintain a payout ratio at 20% or higher. That said, this may be adjusted to account for investment needs for future growth and the company's cashflow.

[Balance Sheet]

(Billion KRW)

	FY2022	FY2021
Total Assets	10,997.2	9,941.4
Liabilities	3,303.7	3,070.2
Equity	7,693.5	6,871.1

[Income Statement]

(Billion KRW)

	FY2022	FY2021
Sales	9,424.6	9,675.0
Operating Profit	1,182.8	1,486.9
Profit before tax from continuing operations	1,186.8	1,491.3
Net Income	9,806	892.4
Dividend Total	158.8	158.8
Dividend (per share)	· Common: 2,100 KRW · Preferred: 2,150 KRW	· Common: 2,100 KRW · Preferred: 2,150 KRW
Dividend Payout Ratio	16.2%	17.8%

※ Net income attributable to owners of the parent

[Sales by Division]

(Billion KRW)

Division	Category	FY2022	FY2021
Component	Sales	4,132.3	4,771.8
	(%)	44%	50%
Optics & Communication	Sales	3,204.0	3,224.1
	(%)	34%	33%
Package	Sales	2,088.3	1,679.2
	(%)	22%	17%
Total	Sales	9,424.6	9,675.0
	(%)	100%	100%

Agenda 2. Election of Directors

Overview

Samsung Electro-Mechanics places top priority on enhancing corporate transparency and practicing responsible business management to maximize enterprise value. In order to achieve such business objectives, Samsung Electro-Mechanics has a board of directors consisting of 7 members including 4 independent directors with expertise in various fields.

Executive Directors(3)	Mr. Duck-Hyun Chang(CEO), Mr. Doo-Young Kim, Mr. Sung-Jin Kim
Independent Directors(4)	Mr. Yong-Kyun Kim(Chairman), Mr. Joon-Kyung Kim, Ms. Yoon-Kyung Yuh, Ms. Yoon-Jeong Lee

※ As of the end of December 2022

Executive Directors are the CEO, Head of Component Division and Head of Corporate Business Support Team of the Company, while Independent Directors consist of experts in areas such as law, economics, finance and environment, capable of supervising management from an objective and balanced point of view.

The Board has separated the roles of CEO and Chairman of the Board since 2016, enabling the board to be more independent.

The directors shall be appointed at the Annual General Meeting of Shareholders.

The BOD and the Independent Director Recommendation Committee have nominated the following candidates as independent directors for 2023.

The terms of two Independent Directors will expire in March of this year :

Joon-Kyung Kim(first elected in 2020), Yoon-Kyung Yuh(2020).

The Independent Director Candidate Recommendation Committee identified candidates in consideration of the necessary expertise, diversity, and other qualities in a meeting, and it recommended the Board nominate (2.1)Ms.Yoon-Kyung Yuh(re-nominated) and (2.2)Mr. Jong-Ku Choi(newly nominated) as candidates for Independent Directors.

Item 2.1 : Election of Yoon-Kyung Yuh as Independent Director

	<p>Yoon-Kyung Yuh</p> <p>Directorship Term : Re-nominated</p> <p>Date of Birth : 1968.11.17</p> <p>Main Occupation : Professor</p> <p>Independent Director</p> <p>Relationship with Largest Shareholder : None</p> <p>Recommending Party : Independent Director Candidate Recommendation Committee</p>
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Rationale for Recommendation by the Committee

Independent Director Candidate Yoon-Kyung Yuh is an expert of financial management and a professor of business administration at Ewha Womans University. She is not only highly knowledgeable in theory but also possesses outstanding capabilities in practice, which she has demonstrated during her service as a member of the Fund Management Evaluation Committee of the Ministry of Economy and Finance and the Management Committee of the Government Employee Pension Service.

Professor Yuh has been serving as the Outside Director and Chairperson of the Audit Committee of Samsung Electro-Mechanics since 2020, and has shown an attendance rate of 100% in board meeting and committee meetings during the past 3 years.

Based on her expert knowledge and experience of working with government institutions, Professor Yuh has presented professional opinions during the Company's financial decision-making process and has contributed to stable operation of the Board. In light of the above, Professor Yuh is recommended as an independent director candidate with the intention of promoting the transparent and sound operation of the Board by reappointing Director Yoon-Kyung Yuh, whose capabilities have already been well demonstrated.

Commitment to the Board

Currently serving as a professor of business administration at Ewha Womans University, the candidate possesses expert knowledge in the field of finance as well as extensive professional experience including as a member of several advisory committees for government institutions.

Since being appointed as an Independent Director and Chairperson of the Audit Committee of Samsung Electro-Mechanics in 2020, the candidate has faithfully performed her duties as an Independent Director by contributing practical advice and supervising the Company's risk response plans. The candidate is considered to have contributed meaningfully to the growth of Samsung Electro-Mechanics, and is fully willing and prepared to contribute to the company's rise to the next level as a member of the Board.

Independence

The candidate has been recommended as an independent director by the Independent Director Candidate Recommendation Committee of Samsung Electro-Mechanics, and was approved for recommendation by all committee members in attendance. (i.e. four Independent Directors) Accordingly, the candidate is considered capable of performing decision-making and her other duties in a transparent and independent manner.

Work Experience

- 2019 ~ Present : Member of the Management Committee, Government Employee Pension Service (GEPS)
- 2017 ~ Present : Member of Asset Management Committee, Radioactive Waste Control Fund, Ministry of Trade, Industry & Energy
- 2006 ~ Present : Professor, College of Business Administration, Ewha Womans University
- 2018 ~ 2021 : Member of Risk Management Committee, Korea Student Aid Foundation
- 2014 ~ 2016 : Member of the Fund Management Evaluation Group, Ministry of Economy and Finance
- 2013 ~ 2014 : Member of the Management Evaluation Committee, Financial Supervisory Service
- 2012 ~ 2014 : Non-standing Director, Member of Risk Management Committee, GEPS
- 2008 ~ 2015 : Director, Financial Planning Center, Ewha Womans University
- 2007 ~ 2015 : Director, Korean Women Economists Association

Education

- PhD. in Personal Finance, Ohio University
- M.S. in Consumer Science, Ewha Womans University
- B.S. in Consumer Science, Ewha Womans University

Other notes

- Transaction with the Company in the Recent Three Year Period : None
- Financial Delinquencies : None
- Management Team of Distressed Company : No
- Statutory Grounds for Disqualification : None
- Name and position of the company where holding the role of directors and etc : None

Item 2.2 : Election of Jong-Ku Choi as Independent Director

	<p>Jong-Ku Choi</p> <p>Directorship Term : Newly Nominated</p> <p>Date of Birth : 1957.09.20</p> <p>Main Occupation : Advisor, Yoon & Yang Law Firm Independent Director</p> <p>Relationship with Largest Shareholder : None</p> <p>Recommending Party : Independent Director Candidate Recommendation Committee</p>
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Rationale for Recommendation by the Committee

Candidate Jong-Ku Choi currently is a Special Advisor at the law firm Yoon & Yang. He is a finance expert that has served as the Chairman of the Financial Services Commission, which oversees the country's financial affairs.

The candidate has a long and distinguished public sector career including at the Ministry of Economy and Finance where he worked in the field of international finance as well as private sector experience in institutions such as SGI Seoul Guarantee Insurance and the Export-Import Bank of Korea. Having worked in key positions in both the public and private sector, the candidate brings deep knowledge and insight to the Board.

Considering the concerns of a financial crisis and the slowing down of the global economy due to volatility in international affairs, Mr. Choi is expected to put forth independent and objective opinions regarding business issues faced by the Company utilizing his international finance expertise, broad perspective and diverse personal network. In light of the above, he is recommended as an independent director candidate.

Commitment to the Board

The candidate currently works as a Special Advisor at the law firm Yoon & Yang. Having served as the Chairman of the Financial Services Commission, President of the Export-Import Bank of Korea and Representative Director of SGI Seoul Guarantee Insurance, the candidate has strong expertise in the field of capital market policy and international finance.

By participating in the Board, the candidate hopes to leverage his strengths to contribute to Samsung Electro-Mechanics' attainment of its vision, i.e. becoming a global technology component leader, and also to protecting shareholder rights and maintaining/improving the company's sound business management and social trust.

Independence

The candidate has been recommended as an independent director by the Independent Director Candidate Recommendation Committee of Samsung Electro-Mechanics, and was approved for recommendation by all committee members in attendance. (i.e. four Independent Directors) Accordingly, the candidate is considered capable of performing decision-making and her other duties in a transparent and independent manner.

Work Experience

- 2022 ~ Present: Special Advisor, Yoon & Yang
- 2022 ~ Present : President, Yulgok Institute
- 2020 ~ Present: President, LINA Foundation
- 2017 ~ 2019: Chairman, Financial Services Commission
- 2017 ~ 2017: President, Export-Import Bank of Korea
- 2016 ~ 2017: Representative Director, SGI Seoul Guarantee Insurance
- 2013 ~ 2014: Senior Deputy Governor, Financial Supervisory Service
- 2011 ~ 2013: International Economics Officer, Ministry of Economy & Finance

Education

- M.S. in Public Administration, University of Wisconsin
- B.S. in Department of Trade, Korea University

Other notes

- Transaction with the Company in the Recent Three Year Period : None
- Financial Delinquencies : None
- Management Team of Distressed Company : No
- Statutory Grounds for Disqualification : None
- Name and position of the company where holding the role of directors and etc :
Naracellar(Independent Director)

Agenda 3. Election of Audit Committee members


Overview

The Audit Committee provides oversight, support and checks and balances, to guide management in making sound decisions in compliance with legal processes to enhance value creation for the company. The Audit Committee is made up of independent directors, and committee members are appointed at the general shareholders' meeting. The chairman of the committee is selected by committee resolution.

The terms of two Audit Committee members will expire in March of this year :
Joon-Kyung Kim(first elected in 2020), Yoon-Kyung Yuh(2020).

The BOD seeks to appoint the following candidates to the Audit Committee.

Item 3.1 : Election of Yoon-Kyung Yuh as Audit Committee member

	<p>Yoon-Kyung Yuh</p> <p>Date of Birth : 1968.11.17</p> <p>Main Occupation : Professor</p> <p>Relationship with Largest Shareholder : None</p> <p>Recommending Party : Board of Directors</p>
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Rationale for Recommendation by the Board

As the Chairperson of the Audit Committee since 2020, Candidate Yoon-Kyung Yuh has elevated the level of the Audit Committee's operation by thoroughly scrutinizing the Audit Committee's internal control and oversight function.

In particular, as an expert in the field of financial management and investment management, the candidate has demonstrated piercing insight and outstanding expertise to faithfully perform her responsibility and duties as the Chairperson of the Audit Committee including the contribution of meaningful advice for each and every agenda item. She is believed capable of advising the Board from an objective and independent perspective based on her high ethical standards and strong sense of responsibility. In light of the above, the candidate is hereby recommended as a candidate for an Audit Committee Member.

※ Please refer to the description of Item 2.1 for the career, education, and other notes of Candidate Yun-Kyung Yuh.

Item 3.2 : Election of Jong-Ku Choi as Audit Committee member

	<p>Jong-Ku Choi</p> <p>Date of Birth : 1957.09.20</p> <p>Main Occupation : Advisor, Yoon & Yang Law Firm</p> <p>Relationship with Largest Shareholder : None</p> <p>Recommending Party : Board of Directors</p>
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Rationale for Recommendation by the Board

Based on his extensive professional experience as an expert of finance, economy and industry gained while serving in various positions including the Chairman of the Financial Services Commission and the President of the Export-Import Bank of Korea, Candidate Jong-ku Choi is expected to contribute to the company's financial soundness, procedural improvement, accounting transparency and greater reliability.

Also, based on his insight in capital market related policy examples and practical experience accumulated in related areas, the candidate is believed capable of performing his duties in an independent and transparent manner by suggesting implications and response plans regarding various issues. In light of the above, the candidate is hereby recommended as a candidate for an Audit Committee Member.

※ Please refer to the description of Item 2.2 for the career, education, and other notes of Candidate Jong-Ku Choi.

Agenda 4. Approval of Director Remuneration Limit (FY2023)

Overview

Under its Board of Directors, Samsung Electro-Mechanics currently operates a Compensation Committee, which is in charge of assessing the performance compensation of directors and examining the director remuneration limit for the following fiscal year. In order to enhance the transparency of decision-making, the Compensation Committee consists of four independent directors.

FY2022 Remuneration (Actual) & FY2023 Remuneration (To be approved)

FY2022		FY2023
Approved	Actual	Proposed
7.0	4.1 - Executive Director : 3.7 - Independent Director : 0.4	7.0
※ Number of Directors (Independent) : 7 (4)		

FY2022 total remuneration limit KRW 7.0 billion

: Regular remuneration KRW 7.0 billion, long-term performance bonus KRW 0.0 billion

FY2023 total remuneration limit KRW 7.0 billion

: Regular remuneration KRW 6.0 billion, long-term performance bonus KRW 1.0 billion

In 2022, a total of KRW 4.1 billion was executed as director compensation including wage income such as salary and bonuses as well as retirement benefits for the executive directors and the remuneration for the independent directors. This is approximately 59% of the approved limit for director remuneration for FY2022.

The remuneration limit for directors presented to the 2023 General Meeting of Shareholders for approval has been calculated by taking into account the expected performance-based incentives payable assuming that the Company achieves business targets, in addition to ordinary salaries.

2. Business Overview

In 2022, demand growth for smartphones and automobiles fell short of market expectations due to various headwinds including geopolitical tension, China's lockdown in response to COVID-19, global inflation and higher interest rates.

Even at the component level, demand remained weak, due to sluggish demand for set products such as smartphone and PCs. Samsung Electro-Mechanics recorded consolidated revenue of KRW 9 trillion 424.6 billion and operating profit of KRW 1 trillion 182.8 billion in 2022.

While economic uncertainty is likely to continue in 2023 due to various risks including new COVID-19 variants emerging, continued interest rates hikes in response to inflation and weakening consumer spending power, Samsung Electro-Mechanics is developing new opportunities to expand its business, especially around new technology inflection points such as AI, servers and automotive applications.

To effectively respond to this business environment, Samsung Electro-Mechanics plans to focus its resources on strengthening its development capabilities necessary to capture the growing high-end markets for the new platforms and on building its marketing capabilities necessary to win new markets. Also, it will concentrate on further expanding its product line-up for servers, industrial applications and automotive markets where continued growth is expected.

The key products and core strategy for each of the company's business areas are as follows: The Component business supplies passive chip components that are essential for all electronic devices. The main products of the Component business include multi-layer ceramic capacitors (MLCC), chip inductors and chip resistors. The passive component business benefits from high barriers to entry. A company seeking to compete in the passive component business needs to secure multiple essential capabilities such as material development, production process technology, equipment technology and quality assurance. As a leader in passive components, Samsung Electro-Mechanics has already secured proprietary technology including its own dielectric and magnetic materials and is capable of developing competitive new products using its own manufacturing processes and equipment.

In 2023, demand from server and automotive applications is expected to expand, and MLCC demand is likely to grow, driven by the wider penetration of 5G smartphones. The growth of the EV market and increased adoption of ADAS is expected to drive market growth, especially around high-end MLCCs such as high-voltage and high-reliability products. Even in the mobile markets, demand for MLCCs from smartphone applications may possibly recover in the second half with a recovery of economic conditions. Under such market outlook, the company will focus on increasing the sales of our high-end products to secure better profitability and build a stable business portfolio.

The main products of the Optics and Communication Solution business are camera modules and communication modules. In addition to IT devices, which has been the traditional source of demand, recently, automotive demand has been continuously increasing. The camera module business will focus on expanding its high-end products such as folded zoom and high pixel camera modules to capture the smartphone trend of adopting higher performance camera modules, and further strengthen market leadership and profitability by leveraging the competitive advantage in core component technology such as lens and actuators. Particularly, in the automotive business, the company will leverage the technology leadership gained from supplying cameras to the IT market to capture the new business opportunities emerging with the trend of higher-resolution, higher performance ADAS cameras.

The Package Solution business supplies package substrates for semiconductors and performs the role of electrically connecting the semiconductor and the main board. The main products of the Package Solution business include BGAs, which are substrates for mobile applications, and FC BGA, which are substrates for PCs. The substrates are used for packaging semiconductors used in products such as smartphones, PCs, wearables and servers. The package substrate market is experiencing a growing demand for finer pitch and high multilayer package substrates mainly for applications such as 5G smartphones, PCs, servers and network equipment. Samsung Electro-Mechanics already has a competitive technology advantage in producing fine pitch, high multilayer substrates and has been using this technology leadership to build strong strategic collaboration with key customers and to maintain its growth momentum, particularly around high-end substrates. Going forward, it will focus on capturing new market opportunities by developing next generation products and on continuously adding new applications and customers.

3. Corporate Governance

Overview

Samsung Electro-Mechanics protects shareholders' rights through transparent management. The governance of Samsung Electro-Mechanics consists of legal and transparent procedures based on the Commercial Act of Korea and the Company's Articles of Association. Each member of the Board of Directors contributes to the management and growth of the Company, and effectively performs monitoring/checking functions.

Board Composition

Election of Directors and Terms of Office

Directors are elected by shareholders at a general meeting of shareholders. Candidates for executive directors are nominated by the Board of Directors, while candidates for independent directors are nominated by the Independent Director Recommendation Committee. The total number of directors shall be greater than three and no more than nine. In the case of electing two or more directors, the cumulative voting system prescribed in Article 382-2 of the Commercial Act is not applied. The term of office is three years, and a director may be re-elected at a shareholders' meeting.

Election of Chairman

The chairman of the Board of Directors is elected from among the directors following a resolution of the Board. Currently, independent director Yong-Kyun Kim is serving as chairman.

Board Expertise and Diversity

The Company does not set restrictions pertaining to race, sex, region of origin, or area of expertise when considering Board members. It actively considers individuals who can participate in the Board with new and diverse perspectives. In particular, for independent directors, the Company seeks candidates who meet the qualifications set forth by relevant laws and regulations, and have expertise or experience in areas such as management, economics, accounting, law or relevant technologies.

Director Independence

The "independence" of independent directors is evaluated in accordance with Article 382 and Article 542-8 of the Commercial Act, and with Article 22-2 of the Articles of Incorporation of the Company. If a requirement is not met, a determination of no "independence" is made. In particular, individuals who engage in Company business, have key interests with major shareholders or with the Company, or have worked as employees of the Company within the past two years are prohibited from serving as independent directors.

Operations of the Board of Directors

Board Types

- Regular Board Meetings: Meetings are held once every quarter as a general rule.
- Special Board Meetings: Meetings are held as needed.

Board Meetings

The chairman calls the meeting of the Board of Directors and must notify each director of the meeting date at least 12 hours before the time of meeting. A director may request the chairman convene a meeting of the Board by submitting the agenda and objectives if he or she has determined that there are justifiable reasons for business purposes. If the chairman refuses to convene the Board without just cause, the director who raised the subject matter may himself or herself call a meeting of the Board.

Board Resolution

A resolution of the Board of Directors shall be made when a majority of the directors are in attendance and by a majority vote of the directors in attendance. However, to the extent permitted by relevant laws and ordinances, it is possible to conduct a meeting by means of telecommunication. In order to conduct a fair evaluation and engage in a rational decision-making process, directors with special interests in the subject matters being reviewed are prohibited from exercising their voting rights and are not included in the number of voting rights of the directors in attendance.

Main Matters Considered

Shareholders Meetings and Proposals

- Convening general meetings of shareholders
- Approval of operating reports and financial statements
- Amendments to the Articles of Incorporation
- Appointment and dismissal of directors
- Matters relating to the Company's dissolution, mergers and acquisitions, and transfer of the entire business or key parts of the business, as well as transfer of the entire business or key parts of the business of another company that can have significant implications for the Company
- Directors' compensation, etc.

Management Matters

- Decisions regarding basic management policies of the Company, and amendments
- Approval of management plans and of quarterly and semi-annual reports

Financial Matters

- Matters concerning issuance of shares(Decisions regarding issuance of new shares, Issuance of convertible bonds and bonds with subscription rights)
- Acquisition, disposal and retirement of treasury stock
- Approval of internal transactions
- Matters involving other key corporations and pertaining to investment/disposal, furnishing of collateral/debt guarantees, credit agreements, etc.

Matters Concerning Directors, Board of Directors, Committees

- Approval of directors' involvement in competitive businesses, of concurrent service for another business in the same industry, and of transactions between a director and the Company
- Appointment of the chairman of the Board of Directors
- Appointment of the CEO of the Company and joint representatives
- Establishment of committees, appointment and dismissal of committee members
- Establishment and dismissal of other operating rules for the Board and committees

Other

- Matters set forth in the law or the Articles of Incorporation
- Matters delegated by the meeting of shareholders and matters deemed necessary by the CEO

Responsibilities and Obligations

Fiduciary Duty of Directors

Directors have a duty of care in making decisions as corporate fiduciaries.

Duty in Good Faith

Directors must perform their duties faithfully for the Company in accordance with the provisions of the law and the Articles of Incorporation.

Prohibition of Directors' Involvement in Managing Competitive Businesses

Unless approved by the Board or by a committee set by the Board, directors may not engage in operating businesses that are in the same industry as the Company

Other

Liability Insurance

- In accordance with internal regulations and with approval from the Board or the appropriate committee, the Company provides directors with liability insurance.

Scope of indemnification: The insurance covers the damages to shareholders and other stakeholders arising from a director's violation of his or her duty of care as a fiduciary and of his or her duty in good faith.

Efforts to Support Independent Directors

In accordance with relevant regulations, independent directors, who play an integral role in maintaining the independence of the Board of Directors, may receive the assistance of external specialists in making important decisions. To this end, the Company has made it a policy to provide external support to the greatest extent possible, such as providing the services of legal or accounting advisers, upon request by independent directors.

In order to provide opportunities for independent directors to exchange opinions and suggestions on matters of overall management of the Company, meetings of independent

directors without members of management present are held regularly (at each quarterly meeting of the Board) or when needed.

The Company does not hesitate to provide all the support necessary for independent directors to actively and independently serve the Company. The Company supports regular educational or training efforts such as visits to domestic and international management sites and reports on the status of operations.

Board Committees

The Board of Directors has six sub-committees consisting of the Management Committee, the Audit Committee, the Independent Director Recommendation Committee, the Related Party Transaction Committee, the Compensation Committee and the ESG Committee.

The Management Committee

The Management Committee deliberates and decides matters either delegated by the BOD, or specified in the Articles of Incorporation or Regulations of the Board of Directors, aiming to enhance professionalism and efficiency of decision making.

The Audit Committee

The Audit Committee supervises and supports management to maximize corporate value using a system of checks and balances. The Committee consists of three Directors, and at least two thirds of them, according to relevant laws and regulations, must be Independent Directors.

The Independent Director Recommendation Committee

The Independent Director Recommendation Committee ensures that outside directors are recruited and recommended in a fair and independent matter. The Committee currently consists of four independent directors.

The Related Party Transaction Committee

The Related Party Transaction Committee (also known as Internal Transaction Committee) is a compliance body to enhance corporate governance and to promote fair transaction. The Committee reviews pending transactions between the company and its related parties.

The Compensation Committee

The Compensation Committee evaluates the appropriateness of and reviews and approves the limit on Director's compensation to be submitted for resolution at a general meeting of shareholders. The Committee is composed of four independent directors.

The ESG Committee

The ESG Committee deliberates and takes resolutions over matters related with shareholder value enhancement and corporate social responsibility with a focus on Environmental, Social and Governance matters.

Composition of the BOD committees

Committee	Members		
	Chair	Executive Director	Independent Director
Management	Duck-Hyun Chang	Duck-Hyun Chang Doo-Young Kim Sung-Jin Kim	-
Audit	Yoon-Kyung Yuh	-	Yong-Kyun Kim Joon-Kyung Kim Yoon-Kyung Yuh
Independent Director Recommendation	Yong-Kyun Kim	-	Yong-Kyun Kim Joon-Kyung Kim Yoon-Kyung Yuh Yoon-Jeong Lee
Related Party Transactions	Joon-Kyung Kim	-	Yong-Kyun Kim Joon-Kyung Kim Yoon-Jeong Lee
Compensation	Yong-Kyun Kim	-	Yong-Kyun Kim Joon-Kyung Kim Yoon-Kyung Yuh Yoon-Jeong Lee
ESG	Yoon-Jeong Lee	Duck-Hyun Chang Sung-Jin Kim	Yong-Kyun Kim Joon-Kyung Kim Yoon-Kyung Yuh Yoon-Jeong Lee

※ As of the end of December 2022

Profile of the BOD members

[Executive Directors]



Duck-Hyun Chang

Date of Birth : Feb. 13, 1964

Start of term : Mar.16, 2022
(1st term started in Mar. 2022)

Expiration of term : Mar.16, 2025

2021 ~ Present

President & CEO, Samsung Electro-Mechanics

2020 ~ 2021

Head of Sensor Business Team, S.LSI Division, Samsung Electronics

2017 ~ 2020

Head of SOC Development, S.LSI Division, Samsung Electronics

2015 ~ 2017

Head of LSI Development, S.LSI Division, Samsung Electronics

2013 ~ 2015

Head of Solution Development, Memory Division, Samsung Electronics

2012 ~ 2013

Flash Development, Memory Division, Samsung Electronics



Doo-Young Kim

Date of Birth : Dec. 13, 1966

Start of term : Mar.17, 2021
(1st term started in Mar. 2021)

Expiration of term : Mar.17, 2024

2020 ~ Present

EVP, Head of Component Division, Samsung Electro-Mechanics

2018 ~ 2019

EVP, Component Manufacturing Team, Samsung Electro-Mechanics

2015 ~ 2018

SVP, LCR Manufacturing Team, Samsung Electro-Mechanics

2011 ~ 2015

VP, LCR Development Team, Samsung Electro-Mechanics



Sung-Jin Kim

Date of Birth : Mar. 6, 1965

Start of term : Mar.16, 2022
(1st term started in Mar. 2022)

Expiration of term : Mar.16, 2025

2020 ~ Present

Head of Corporate Business Support Team, Samsung Electro-Mechanics

2020 ~ 2021

Head of Support Team, IT & Mobile Communications (IM) Division, Samsung Electronics

2017 ~ 2020

Head of Support Team, Consumer Electronics (CE) Division, Samsung Electronics

2015 ~ 2017

Head of the Global Support Group, Corporate Management Office, Samsung Electronics

2011 ~ 2014

Head of Support Team, SEA & Oceania Office, Samsung Electronics

[Independent Directors]



Yong-Kyun Kim

Date of Birth : Jul. 2, 1954

Start of term : Mar. 17, 2021
(1st term started in Mar. 2018)
Expiration of term : Mar. 17, 2024

2010 ~ Present
2010 ~ Present

2017 ~ 2020
2013 ~ 2017

2009 ~ 2010

1979

Managing Partner, Barun Law
Honorary Ambassador, Bapsang
Community Foundation
President, The Jung Foundation
Adjunct Professor, School of Law,
Seoul National University
Chief Judge, Seoul Administrative
Court & Chief Judge, Seoul Family
Court
Graduated from the Judicial Research &
Training Institute



Joon-Kyung Kim

Date of Birth : Apr. 10, 1956

Start of term : Mar. 18, 2020
(1st term started in Mar. 2020)
Expiration of term : Mar. 18, 2023

2008 ~ Present

2013 ~ 2017

2008

2006 ~ 2007
2004 ~ 2007

Professor, KDI School of Public Policy
and Management
President, Korea Development Institute
(KDI)
Secretary to the President for Economy
and Finance
Vice-President, KDI
Head of Macro-economic/Finance
Research, KDI



Yoon-Kyung Yuh

Date of Birth : Nov. 17, 1968

Start of term : Mar. 18, 2020
(1st term started in Mar. 2020)
Expiration of term : Mar. 18, 2023

2006 ~ Present

2019 ~ Present

2017 ~ Present

2018 ~ 2021

2014 ~ 2016

2008 ~ 2015

Professor, College of Business
Administration, Ewha Women's
University (Finance)
Member, Management Committee,
Government Employee Pension
Service (GEPS)
Member, Asset Management
Committee, Radioactive Waste Control
Fund, Ministry of Trade, Industry &
Energy
Member, Risk Management
Committee, Korea Student Aid
Foundation
Member of the Fund Management
Evaluation Board, Ministry of Finance
and Planning
Head of the Financial Planning Center,
Management Research Center, Ewha
Women's University



Yoon-Jeong Lee

Date of Birth : Aug. 30, 1968

Start of term : Mar. 16, 2022
(1st term started in Mar. 2022)
Expiration of term : Mar. 16, 2025

1999 ~ Present
2021 ~ Present

2018 ~ Present

2017 ~ Present

2015 ~ 2016

Attorney, Kim & Chang
Legal counsel, Ministry of
Environment
Vice President, Korea Environmental
Law Association
Member, Central Environmental
Dispute Mediation Committee,
Ministry of Environment
Member of the 8th Sustainable
Development Committee, Ministry of
Environment

BOD Activities

Board meetings & voting results of independent directors

R o u n d	Date	Agenda	Result	Board Members and Attendance				
				Yong-Kyun Kim (Attendance : 100%)	Joon-Kyung Kim (Attendance : 100%)	Yoon-Kyung Yuh (Attendance : 100%)	Yoon-Jeong Lee (Attendance : 100%)	Ji-Beom Yoo (Attendance : 100%)
				For / Against				
22 - 1st	2022-01-26	1. Approval of the 49th Period Financial Statements and Business Report	Approval	For	For	For		For
		2. Appointment of Samsung Compliance Committee Members	Approval	For	For	For		For
		3. Report on 2021 Business Results and 2022 Plan	Report item	-	-	-		-
22 - 2nd	2022-02-15	1. Resolution on the Agenda and Convocation of the 49th General Meeting of Shareholders	Approval	For	For	For	-	For
		2. Appointment of Acting Representative in Case of Absence of Representative Director	Approval	For	For	For		For
		3. Report on the Operational Status of the Internal Control over Financial Reporting in 2021	Report item	-	-	-		-
		4. Report on the Assessment of the Operational Status of the Internal Control over Financial Reporting in 2021	Report item	-	-	-		-
22 - 3rd	2022-02-28	1. Investment regarding Package Substrate	Approval	For	For	For		For
		2. Investment of Loan to the Vietnam Subsidiary	Approval	For	For	For		For
22 - 4th	2022-03-16	1. Appointment of Representative Director and Director Duties	Approval	For	For	For	For	
		2. Approval of Execution of Director Remuneration	Approval	For	For	For	For	
		3. Report on IR Activities	Report item	-	-	-	-	
22 - 5th	2022-04-27	1. Sponsoring New Funds for Smart Factory of Suppliers	Approval	For	For	For	For	-
		2. Approval of Large Size Internal Transactions with Affiliates	Approval	For	For	For	For	
		3. Report on 2022 1st Quarter Business Results and 2nd Quarter Outlook	Report item	-	-	-	-	
22 - 6th	2022-05-30	1. Additional Expansion of the Package Building in Busan	Approval	For	For	For	For	
		2. Amendment of the Regulation on Establishment and Operation of the Samsung Compliance Committee	Approval	For	For	For	For	

R o u n d	Date	Agenda	Result	Board Members and Attendance				
				Yong-Kyun Kim (Attendance : 100%)	Joon-Kyung Kim (Attendance : 100%)	Yoon-Kyung Yuh (Attendance : 100%)	Yoon-Jeong Lee (Attendance : 100%)	Ji-Beom Yoo (Attendance : 100%)
				For / Against				
22 - 7th	2022- 07-27	1. Sponsorship for SungKyunKwan University and Samsung Foundation	Approval	For	For	For	For	-
		2. Joint Operation of the Samsung Youth SW Academy	Approval	For	For	For	For	
		3. Joint Operation of Samsung Junior SW Academy	Approval	For	For	For	For	
		4. Report on 2022 2nd Quarter Business Results and 3rd Quarter Outlook	Report item	-	-	-	-	
22 - 8th	2022- 10-26	1. Approval of Establishment of Safety and Health Plan	Approval	For	For	For	For	
		2. Report on 2022 3rd Quarter Business Results and Full Year Outlook	Report item	-	-	-	-	
22 - 9th	2022- 11-30	1. Approval of Large Size Internal Transactions with Affiliates	Approval	For	For	For	For	
		2. Approval of Transaction Limit for Related Party Transactions	Approval	For	For	For	For	
		3. Execution of Donation to Community Chest	Approval	For	For	For	For	
		4. Report on Compliance Effectiveness Assessment Result	Report item	-	-	-	-	

Committee participation of Independent Directors in FY2022

The Audit Committee

Date	Agenda
Feb. 15 2022	<ol style="list-style-type: none"> 1. Report on Operational Status of Internal Control over Financial Reporting in 2021 2. Report on Assessment of Operational Status of Internal Control over Financial Reporting in 2021 3. Approval of Amendment of the Regulation on Internal Control over Financial Reporting 4. Report on 49th Period Financial Statements and Business Report 5. Report on 2021 2nd Half Audit Findings 6. Report on Results of the External Auditor's Audit 7. Report on Execution of External Sponsorship Funds in 4th Quarter 2021
Apr. 27 2022	<ol style="list-style-type: none"> 1. Verification of External Auditor's Compliance Status in 2021 2. Report on Internal Control over Financial Reporting Work Plan for 2022 3. Report on 2022 1st Quarter Financial Statements 4. Report on 2022 1st Quarter External Auditor's Review Result 5. Report on 2022 1st Quarter Execution of External Sponsorship Funds
Jul. 27 2022	<ol style="list-style-type: none"> 1. Establishment of Standards for Selection of External Auditor for 2023 2. Report on 2022 2nd Quarter Financial Statements 3. Report on Progress Update of Consolidated ICFR Dry-Test 4. Report on 2022 2nd Quarter External Auditor's Review Results 5. Report on 2022 2nd Quarter Execution of External Sponsorship Funds 6. Report on 2022 1st Half Audit Findings
Oct. 26 2022	<ol style="list-style-type: none"> 1. Report on 2022 3rd Quarter Financial Statements 2. Mid-term Report on 2022 Internal Control over Financial Reporting 3. Report on 2022 3rd Quarter External Auditor Review Results 4. Report on Results of Execution of 2022 3rd Quarter External Sponsorship Funds
Nov. 18 2022	<ol style="list-style-type: none"> 1. Selection of External Auditor for 2023

The Related Party Transaction Committee

Date	Agenda
Feb. 15 2022	<ol style="list-style-type: none"> 1. Report on Result of Internal Transactions with Affiliates in 2021
Apr. 27 2022	<ol style="list-style-type: none"> 1. Deliberation on Large-size Internal Transactions with Affiliates 2. Report on Results of Internal Transactions with Affiliates in 1st Quarter 2022
May. 30 2022	<ol style="list-style-type: none"> 1. Deliberation on Large-size Internal Transactions with Affiliates
Jul. 27 2022	<ol style="list-style-type: none"> 1. Report on Results of Internal Transactions with Affiliates in 2nd Quarter 2022
Oct. 26 2022	<ol style="list-style-type: none"> 1. Report on Results of Internal Transaction with Affiliates in 3rd Quarter 2022
Nov. 30 2022	<ol style="list-style-type: none"> 1. Deliberation on Large-size Internal Transactions with Affiliates 2. Deliberation on Ceiling for Related Party Transaction for 2023

The Compensation Committee

Date	Agenda
Feb. 15 2022	1. Deliberation on Remuneration Ceiling for Registered Directors for the 50th Period 2. Deliberation on Individual Annual Pay for Inside Directors for the 50th Period

The Independent Director Recommendation Committee

Date	Agenda
Feb. 15 2022	1. Recommendation of Independent Director Candidate

The ESG Committee

Date	Agenda
Apr. 27 2022	1. Appointment of Chairperson of the ESG Committee 2. Publication of the Corporate Governance Report 3. Publication of the Sustainability Report
Oct. 26 2022	1. Plans on Announcing Declaration on Environmental Management