COVER PAGE AND DECLARATION

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1)-Introduction:

The business environment in recent decades has become more complex due to the increase in international companies. The development of finance accompanied the development of the business environment, which became more dynamic in the search for less expensive and risky international sources of finance. Finance has become associated with all business, activities and decisions made by companies, which has made finance and the functions of financial departments very important in business organizations.
Finance is the art and science of the management of money. Science, because it is based on theories and rules applicable in making all financial decisions, and art, because the application of these theories and rules varies from person to person, which leads to differences in the results of financial decisions taken by one person to another.
At the level of business enterprises, finance is related to the same type of decisions, such as: What are the sources of corporate finance? What are the different investment aspects of companies? What is the size of the profits? How much retained earnings will be reinvested? All of these financial decisions are important for both individuals and institutions, which explain the importance of studying the science of finance and the art of practicing it in making rational decisions on the basis of sound financial analysis of the company's financial statements. Which leads us to know the path the company is going on, and its position on now and what are the expectations for profits And the size of investments in the future, showing the weaknesses and strengths in the company, how to use the company’s resources effectively, and evaluating and correcting its work and striving to maximize profits and capital.

Financial analysis is a systematic processing of the available data with the aim of obtaining information that is used in the decision-making process, assessing the performance of institutions in the past and present, and predicting what they will be in the future.

Financial analysts rely on the financial statements represented by the Balance Sheet, Income Statement, and Cash Flow Statement. Through which data is analyzed and information is obtained that is useful in making decisions for the work and activities of the organization in expansion, investment and building successful good business.

Balance Sheet this statement explains what a company owns (assets), and what it owes (liabilities), and the remainder (net worth or equity in Business).

Income Statement explains firm's sales and expenses plus its profit or loss**.**

Cash Flow Statement explains the sources, uses, and balance of cash, shown on a monthly basis.

Financial statements are not isolated items, they are close related and flowing between each other to give a bigger picture about the company's financial conditions.

2)- Financial statements of Samsung electronics co

Balance sheet statement:

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		KRW	KRW	USD	USD
Assets					
Current assets					
Cash and cash equivalents	4, 28	29,382,578	26,885,999	24,890,848	22,775,922
Short-term financial instruments	4, 28	92,441,703	76,252,052	78,310,091	64,595,361
Short-term financial assets at amortized cost	4, 28	2,757,111	3,914,216	2,335,630	3,315,848
Short-term financial assets at fair value through profit or loss	4, 6, 28	71,451	1,727,436	60,528	1,463,362
Trade receivables	4, 5, 7, 28	30,965,058	35,131,343	26,231,413	29,760,796
Non-trade receivables	4, 7, 28	3,604,539	4,179,120	3,053,511	3,540,256
Prepaid expenses		2,266,100	2,406,220	1,919,680	2,038,380
Inventories	8	32,043,145	26,766,464	27,144,693	22,674,661
Other current assets	4, 28	3,754,462	4,122,410	3,180,515	3,492,215
Assets held-for-sale	32	929,432	-	787,350	-
		198,215,579	**181,385,260**	**167,914,259**	**153,656,801**
Non-current assets					
Financial assets at fair value through other comprehensive income	4, 6, 28	12,575,216	8,920,712	10,652,836	7,556,998
Financial assets at fair value through profit or loss	4, 6, 28	1,202,969	1,049,004	1,019,070	888,642
Investment in associates and joint ventures	9	8,076,779	7,591,612	6,842,078	6,431,078
Property, plant and equipment	10	128,952,892	119,825,474	109,239,795	101,507,691
Intangible assets	11	18,468,502	20,703,504	15,645,212	17,538,548
Net defined benefit assets	14	1,355,502	589,832	1,148,286	499,664
Deferred income tax assets	25	4,275,000	4,505,049	3,621,478	3,816,360
Other non-current assets	4, 7, 28	5,113,279	7,994,050	4,331,610	6,771,995
		180,020,139	**171,179,237**	**152,500,365**	**145,010,976**
Total assets		**378,235,718**	**352,564,497**	**320,414,624**	**298,667,777**

		KRW	KRW	USD	USD
Liabilities and Equity					
Current liabilities					
Trade payables	4, 28	9,739,222	8,718,222	8,250,382	7,385,463
Short-term borrowings	4, 5, 12, 28	16,553,429	14,393,468	14,022,898	12,193,131
Other payables	4, 28	11,899,022	12,002,513	10,080,012	10,167,683
Advances received	17	1,145,423	1,072,062	970,322	908,175
Withholdings	4, 28	974,521	897,355	825,545	760,176
Accrued expenses	4, 17, 28	24,330,339	19,359,624	20,610,947	16,400,108
Current income tax liabilities		4,430,272	1,387,773	3,753,014	1,175,623
Current portion of long-term liabilities	4, 12, 13, 28	716,099	846,090	606,629	716,748
Provisions	15	4,349,563	4,068,627	3,684,643	3,446,654
Other current liabilities	4, 17, 28	1,127,719	1,037,030	955,324	878,499
Liabilities held-for-sale	32	338,742	-	286,958	-
		75,604,351	**63,782,764**	**64,046,674**	**54,032,260**
Non-current liabilities					
Debentures	4, 13, 28	948,137	975,298	803,195	826,204
Long-term borrowings	4, 12, 28	1,999,716	2,197,181	1,694,018	1,861,297
Long-term other payables	4, 28	1,682,910	2,184,249	1,425,643	1,850,342
Net defined benefit liabilities	14	464,458	470,780	393,456	398,812
Deferred income tax liabilities	25	18,810,845	17,053,808	15,935,221	14,446,783
Long-term provisions	15	1,051,428	611,100	890,696	517,681
Other non-current liabilities	4, 17, 28	1,725,857	2,408,896	1,462,023	2,040,645
		26,683,351	**25,901,312**	**22,604,252**	**21,941,764**
Total liabilities		**102,287,702**	**89,684,076**	**86,650,926**	**75,974,024**
Equity attributable to owners of the Company					
Preference shares	18	119,467	119,467	101,204	101,204
Ordinary shares	18	778,047	778,047	659,107	659,107
Share premium		4,403,893	4,403,893	3,730,668	3,730,668
Retained earnings	19	271,068,211	254,582,894	229,629,870	215,664,672
Other components of equity	20	(8,687,155)	(4,968,829)	(7,359,145)	(4,209,241)
Accumulated other comprehensive income attributable to assets held-for-sale	32	(12,132)	-	(10,277)	-
		267,670,331	**254,915,472**	**226,751,427**	**215,946,410**
Non-controlling interests	31	8,277,685	7,964,949	7,012,271	6,747,343
Total equity		**275,948,016**	**262,880,421**	**233,763,698**	**222,693,753**
Total liabilities and equity		**378,235,718**	**352,564,497**	**320,414,624**	**298,667,777**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	Notes	December 31, 2018 KRW	December 31, 2017 KRW	December 31, 2018 USD	December 31, 2017 USD
Assets					
Current assets					
Cash and cash equivalents	4, 6, 31	30,340,505	30,545,130	27,577,050	27,763,038
Short-term financial instruments	5, 6, 31	65,893,797	49,447,696	59,892,100	44,943,932
Short-term available-for-sale financial assets	6, 9, 31	-	3,191,375	-	2,900,700
Short-term financial assets at amortized cost	6, 31	2,703,693	-	2,457,437	-
Short-term financial assets at fair value through profit or loss	6, 8, 31	2,001,948	-	1,819,608	-
Trade receivables	6, 7, 10, 31	33,867,733	27,695,995	30,783,014	25,173,406
Non-trade receivables	6, 10	3,080,733	4,108,961	2,800,136	3,734,711
Advance payments		1,361,807	1,753,673	1,237,772	1,593,946
Prepaid expenses		4,136,167	3,835,219	3,759,439	3,485,902
Inventories	11	28,984,704	24,983,355	26,344,738	22,707,837
Other current assets	6	2,326,337	1,421,060	2,114,450	1,291,629
Total current assets		**174,697,424**	**146,982,464**	**158,785,744**	**133,595,101**
Non-current assets					
Long-term available-for-sale financial assets	6, 9, 31	-	7,752,180	-	7,046,101
Held-to-maturity financial assets	6	-	106,751	-	97,028
Long-term financial assets at amortized cost	6, 31	238,309	-	216,603	-
Financial assets at fair value through other comprehensive income	6, 8, 31	7,301,351	-	6,636,334	-
Financial assets at fair value through profit or loss	6, 8, 31	775,427	-	704,800	-
Investment in associates and joint ventures	12	7,313,206	6,802,351	6,647,109	6,182,784
Property, plant and equipment	13	115,416,724	111,665,648	104,904,411	101,494,988
Intangible assets	14	14,891,598	14,760,483	13,535,251	13,416,078
Long-term prepaid expenses		5,009,679	3,434,375	4,553,391	3,121,567
Net defined benefit assets	17	562,356	825,892	511,136	750,669
Deferred income tax assets	28	5,468,002	5,061,687	4,969,969	4,600,662
Other non-current assets	5, 6	7,683,168	4,360,259	6,983,375	3,963,120
Total assets		**339,357,244**	**301,752,090**	**308,448,123**	**274,268,098**

	Notes	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		KRW	KRW	USD	USD
Liabilities and Equity					
Current liabilities					
Trade payables	6, 31	8,479,916	9,083,907	7,707,554	8,256,532
Short-term borrowings	6, 7, 15, 31	13,586,660	15,767,619	12,349,168	14,331,483
Other payables	6, 31	10,711,536	13,899,633	9,735,915	12,633,635
Advances received	20	820,265	1,249,174	745,554	1,135,398
Withholdings	6	951,254	793,582	864,612	721,301
Accrued expenses	6, 20	20,339,687	13,996,273	18,487,121	12,721,473
Income tax payable		8,720,050	7,408,348	7,925,816	6,733,586
Current portion of long-term liabilities	6, 15, 16, 31	33,386	278,619	30,345	253,242
Provisions	18	4,384,038	4,294,820	3,984,734	3,903,642
Other current liabilities	6, 20	1,054,718	403,139	958,653	366,421
Total current liabilities		**69,081,510**	**67,175,114**	**62,789,472**	**61,056,713**
Non-current liabilities					
Debentures	6, 16, 31	961,972	953,361	874,354	866,528
Long-term borrowings	6, 15, 31	85,085	1,814,446	77,335	1,649,184
Long-term other payables	6, 31	3,194,043	2,043,729	2,903,125	1,857,583
Net defined benefit liabilities	17	504,064	389,922	458,153	354,407
Deferred income tax liabilities	28	15,162,523	11,710,781	13,781,500	10,644,147
Provisions	18	663,619	464,324	603,176	422,033
Other non-current liabilities	6, 20	1,951,251	2,708,985	1,773,528	2,462,247
Total liabilities		**91,604,067**	**87,260,662**	**83,260,643**	**79,312,842**

	Notes	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		KRW	KRW	USD	USD
Equity attributable to owners of the parent					
Preference shares	21	119,467	119,467	108,586	108,586
Ordinary shares	21	778,047	778,047	707,181	707,181
Share premium		4,403,893	4,403,893	4,002,780	4,002,780
Retained earnings	22	242,698,956	215,811,200	220,593,604	196,154,822
Other components of equity	23	(7,931,370)	(13,899,191)	(7,208,969)	(12,633,234)
		240,068,993	**207,213,416**	**218,203,182**	**188,340,135**
Non-controlling interests		7,684,184	7,278,012	6,984,298	6,615,121
Total equity		**247,753,177**	**214,491,428**	**225,187,480**	**194,955,256**
Total liabilities and equity		**339,357,244**	**301,752,090**	**308,448,123**	**274,268,098**

Income statement:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Notes	2020 KRW	2019 KRW	2020 USD	2019 USD
		For the years ended December 31,			
Revenue	29	236,806,988	230,400,881	200,606,179	195,179,376
Cost of sales	21	144,488,296	147,239,549	122,400,294	124,730,961
Gross profit		**92,318,692**	**83,161,332**	**78,205,885**	**70,448,415**
Selling and administrative expenses	21, 22	56,324,816	55,392,823	47,714,412	46,924,893
Operating profit	29	**35,993,876**	**27,768,509**	**30,491,473**	**23,523,522**
Other non-operating income	23	1,384,068	1,778,666	1,172,485	1,506,760
Other non-operating expense	23	2,488,902	1,414,707	2,108,422	1,198,440
Share of net profit of associates and joint ventures	9	506,530	412,960	429,096	349,831
Financial income	24	12,267,600	10,161,632	10,392,246	8,608,218
Financial expense	24	11,318,055	8,274,871	9,587,858	7,009,887
Profit before income tax		**36,345,117**	**30,432,189**	**30,789,020**	**25,780,004**
Income tax expense	25	9,937,285	8,693,324	8,418,167	7,364,371
Profit for the year		**26,407,832**	**21,738,865**	**22,370,853**	**18,415,633**
Profit attributable to					
Owners of the Company		26,090,846	21,505,054	22,102,325	18,217,565
Non-controlling interests		316,986	233,811	268,528	198,068
Earnings per share (in Korean won, in US dollars)	26				
- Basic		3,841	3,166	3.25	2.68
- Diluted		3,841	3,166	3.25	2.68

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	Notes	2018 KRW	2017 KRW	2018 USD	2017 USD
		For the year ended December 31,			
Revenue	32	243,771,415	239,575,376	221,568,382	217,754,524
Cost of sales	24	132,394,411	129,290,661	120,335,747	117,514,691
Gross profit		**111,377,004**	**110,284,715**	**101,232,635**	**100,239,833**
Selling and administrative expenses	24, 25	52,490,335	56,639,677	47,709,444	51,480,858
Operating profit		**58,886,669**	**53,645,038**	**53,523,191**	**48,758,975**
Other non-operating income	26	1,485,037	3,010,657	1,349,778	2,736,442
Other non-operating expense	26	1,142,018	1,419,648	1,038,001	1,290,345
Share of profit of associates and joint ventures	12	539,845	201,442	490,675	183,094
Financial income	27	9,999,321	9,737,391	9,088,569	8,850,496
Financial expense	27	8,608,896	8,978,913	7,824,786	8,161,100
Profit before income tax		**61,159,958**	**56,195,967**	**55,589,426**	**51,077,562**
Income tax expense	28	16,815,101	14,009,220	15,283,559	12,733,241
Profit for the period		**44,344,857**	**42,186,747**	**40,305,867**	**38,344,321**
Profit attributable to owners of the parent		43,890,877	41,344,569	39,893,236	37,578,849
Profit attributable to non-controlling interests		453,980	842,178	412,631	765,472
Earnings per share (in Korean Won, in US dollars)	29				
- Basic		6,461	5,997	5.87	5.45
- Diluted		6,461	5,997	5.87	5.45

Cash flow statement:

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	2020 KRW	2019 KRW	2020 USD	2019 USD
		For the years ended December 31,			
Operating activities					
Profit for the year		26,407,832	21,738,865	22,370,853	18,415,633
Adjustments	27	41,618,554	37,442,682	35,256,304	31,718,800
Changes in assets and liabilities arising from operating activities	27	122,424	(2,545,756)	103,708	(2,156,585)
Cash generated from operations		**68,148,810**	**56,635,791**	**57,730,865**	**47,977,848**
Interest received		2,220,209	2,306,401	1,880,804	1,953,820
Interest paid		(555,321)	(579,979)	(470,429)	(491,317)
Dividends received		243,666	241,801	206,417	204,837
Income tax paid		(4,770,355)	(13,221,099)	(4,041,108)	(11,199,983)
Net cash from operating activities		**65,287,009**	**45,382,915**	**55,306,549**	**38,445,205**
Investing activities					
Net increase in short-term financial instruments		(20,369,616)	(2,030,913)	(17,255,702)	(1,720,446)
Net decrease (increase) in short-term financial assets at amortized cost		184,104	(818,089)	155,960	(693,027)
Net decrease in short-term financial assets at fair value through profit or loss		1,704,512	374,982	1,443,942	317,658
Disposal of long-term financial instruments		12,184,301	4,586,610	10,321,680	3,885,453
Acquisition of long-term financial instruments		(8,019,263)	(12,725,465)	(6,793,354)	(10,780,116)
Disposal of financial assets at amortized cost		1,023,117	694,584	866,713	588,403
Acquisition of financial assets at amortized cost		-	(825,027)	-	(698,905)
Disposal of financial assets at fair value through other comprehensive income		32,128	1,575	27,217	1,334
Acquisition of financial assets at fair value through other comprehensive income		(245,497)	(63,773)	(207,968)	(54,024)
Disposal of financial assets at fair value through profit or loss		39,746	64,321	33,670	54,488
Acquisition of financial assets at fair value through profit or loss		(84,184)	(135,826)	(71,315)	(115,062)
Disposal of investment in associates and joint ventures		-	12,149	-	10,292
Acquisition of investment in associates and joint ventures		(83,280)	(12,778)	(70,549)	(10,825)
Disposal of property, plant and equipment		376,744	513,265	319,151	434,802
Acquisition of property, plant and equipment		(37,592,034)	(25,367,756)	(31,845,320)	(21,489,774)
Disposal of intangible assets		7,027	7,241	5,953	6,134
Acquisition of intangible assets		(2,679,779)	(3,249,914)	(2,270,120)	(2,753,098)
Cash outflow from business combinations		(49,420)	(1,019,405)	(41,865)	(863,568)
Cash inflow (outflow) from other investing activities		(57,197)	46,048	(48,453)	39,008
Net cash used in investing activities		**(53,628,591)**	**(39,948,171)**	**(45,430,360)**	**(33,841,273)**

		For the years ended December 31,			
	Notes	2020	2019	2020	2019
		KRW	KRW	USD	USD
Financing activities					
Net increase in short-term borrowings	27	2,191,186	865,792	1,856,218	733,438
Increase in long-term borrowings	27	14,495	-	12,279	-
Repayment of debentures and long-term borrowings	27	(864,947)	(709,400)	(732,722)	(600,954)
Dividends paid		(9,676,760)	(9,639,202)	(8,197,469)	(8,165,652)
Net decrease (increase) in non-controlling interests		8,187	(1,700)	6,935	(1,440)
Net cash used in financing activities		**(8,327,839)**	**(9,484,510)**	**(7,054,759)**	**(8,034,608)**
Reclassification to assets held-for-sale	32	(139)	-	(118)	-
Effect of foreign exchange rate changes		(833,861)	595,260	(706,386)	504,262
Net increase (decrease) in cash and cash equivalents		**2,496,579**	**(3,454,506)**	**2,114,926**	**(2,926,414)**
Cash and cash equivalents					
Beginning of the year		26,885,999	30,340,505	22,775,922	25,702,336
End of the year		**29,382,578**	**26,885,999**	**24,890,848**	**22,775,922**

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.28))

		For the year ended December 31,			
	Notes	2018	2017	2018	2017
		KRW	KRW	USD	USD
Cash flows from operating activities					
Profit for the period		44,344,857	42,186,747	40,305,867	38,344,321
Adjustments	30	43,604,573	36,211,232	39,633,009	32,913,064
Changes in assets and liabilities arising from operating activities	30	(9,924,366)	(10,620,547)	(9,020,441)	(9,653,214)
Cash generated from operations		**78,025,064**	**67,777,432**	**70,918,435**	**61,604,171**
Interest received		1,788,520	1,581,117	1,625,619	1,437,108
Interest paid		(548,272)	(542,715)	(498,335)	(493,284)
Dividends received		215,992	173,305	196,319	157,520
Income tax paid		(12,449,441)	(6,827,098)	(11,315,529)	(6,205,277)
Net cash inflow from operating activities		**67,031,863**	**62,162,041**	**60,926,509**	**56,500,238**

Cash flows from investing activities				
Net (increase)decrease in short-term financial instruments	(12,368,298)	387,627	(11,241,777)	352,321
Net acquisition of short-term financial assets at amortized cost	(1,436,844)	-	(1,305,974)	-
Net acquisition of short-term financial assets at fair value through profit or loss	(139,668)	-	(126,947)	-
Disposal of short-term available-for-sale financial assets	-	499,856	-	454,328
Disposal of long-term financial instruments	255,850	1,750,221	232,547	1,590,808
Acquisition of long-term financial instruments	(7,678,654)	(1,079,355)	(6,979,272)	(981,046)
Disposal of long-term available-for-sale financial assets	-	191,826	-	174,354
Acquisition of long-term available-for-sale financial assets	-	(358,497)	-	(325,845)
Acquisition of held-to-maturity financial assets	-	(106,751)	-	(97,028)
Acquisition of financial assets at amortized cost	(158,716)	-	(144,260)	-
Disposal of financial assets at fair value through other comprehensive income	16,211	-	14,734	-
Acquisition of financial assets at fair value through other comprehensive income	(456,134)	-	(414,589)	-
Disposal of financial assets at fair value through profit or loss	80,138	-	72,839	-
Acquisition of financial assets at fair value through profit or loss	(193,848)	-	(176,192)	-
Disposal of investment in associates and joint ventures	148	355,926	135	323,508
Acquisition of investment in associates and joint ventures	(51,226)	(25,293)	(46,560)	(22,989)
Disposal of property, plant and equipment	556,973	308,354	506,243	280,269
Acquisition of property, plant and equipment	(29,556,406)	(42,792,234)	(26,864,368)	(38,894,659)
Disposal of intangible assets	11,935	733	10,848	666
Acquisition of intangible assets	(1,020,517)	(983,740)	(927,567)	(894,140)
Cash outflow from business combinations	(99,108)	(8,754,268)	(90,081)	(7,956,917)
Cash inflow from business transfers	-	1,248,834	-	1,135,088
Others	(2,289)	(28,455)	(2,080)	(25,861)
Net cash outflow from investing activities	**(52,240,453)**	**(49,385,216)**	**(47,482,321)**	**(44,887,143)**

		For the year ended December 31,			
	Notes	**2018**	**2017**	**2018**	**2017**
		KRW	KRW	USD	USD
Cash flows from financing activities					
Net increase (decrease) in short-term borrowings	30	(2,046,470)	2,730,676	(1,860,075)	2,481,962
Acquisition of treasury stock		(875,111)	(8,350,424)	(795,405)	(7,589,856)
Proceeds from long-term borrowings and debentures	30	3,580	998,311	3,254	907,383
Repayment of long-term borrowings and debentures	30	(1,986,597)	(1,140,803)	(1,805,655)	(1,036,897)
Dividends paid		(10,193,695)	(6,804,297)	(9,265,239)	(6,184,552)
Net increase in non-controlling interests		8,071	5,670	7,336	5,154
Net cash outflow from financing activities		**(15,090,222)**	**(12,560,867)**	**(13,715,784)**	**(11,416,806)**
Effect of exchange rate changes on cash and cash equivalents		94,187	(1,782,270)	85,608	(1,619,939)
Net decrease in cash and cash equivalents		**(204,625)**	**(1,566,312)**	**(185,988)**	**(1,423,650)**
Cash and cash equivalents					
Beginning of the period		**30,545,130**	**32,111,442**	**27,763,038**	**29,186,688**
End of the period		**30,340,505**	**30,545,130**	**27,577,050**	**27,763,038**

By analyzing the previous financial statements, we can clarify the company's performance, show strengths and weaknesses, suggest recommendations and make appropriate decisions in developing operations and improving the company's investment.

3)- Financial statement analysis:

3– 1) - Profitability Ratios:

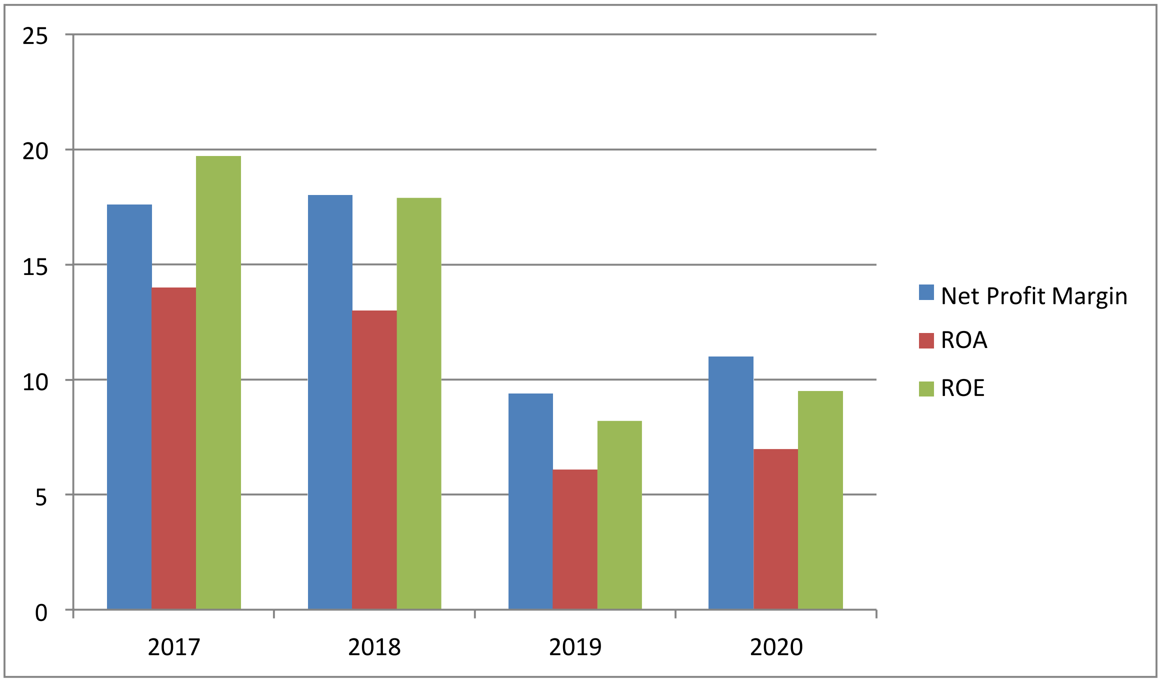
Profit rates; These metrics evaluate a company profits in relation to a certain level of Sales or a certain level of assets or owner investment. Without profits, the company cannot attract outside capital. Owners, creditors and management pay close attention to maximizing profits. (Brigham, 1999).

Profitability Ratios:		2017	2018	2019	2020
Gross Profit Margin =	Gross Profit / Net Sales	46 %	45.7 %	36 %	39 %
EBITDA Margin=	EBITDA / Net Sales	22.4 %	24%	12 %	15 %
EBIT Margin=	EBIT / Net Sales	23.5 %	25 %	13.2 %	15.3 %
Net Profit Margin=	Net Profit / Net Sales.	17.6 %	18 %	9.4 %	11 %
Return on Assets (ROA)=	Net Profit / Average Total Assets.	14 %	13 %	6.1 %	7 %
Return on Equity(ROE)=	Net Profit / Average Shareholders Equity.	19.7 %	17.9 %	8.2 %	9.5 %
Earnings Per Share (EPS)=		5.45	5.87	2.68	3.25

Net Profit Margin: This ratio is a measure of net profit after taxes and interest for every dollar of net sales. In 2020, it reached 11%. It means that the company achieved a net profit of $0.11 for every $1, while the percentage was higher in 2018, equal to 18%, and this indicates a decline in the company's profitability in the last two years. We have to calculate the profit margin before interest and taxes, and this percentage is the true measure of the efficiency of the administration, because the administration has no control over the benefits and taxes.

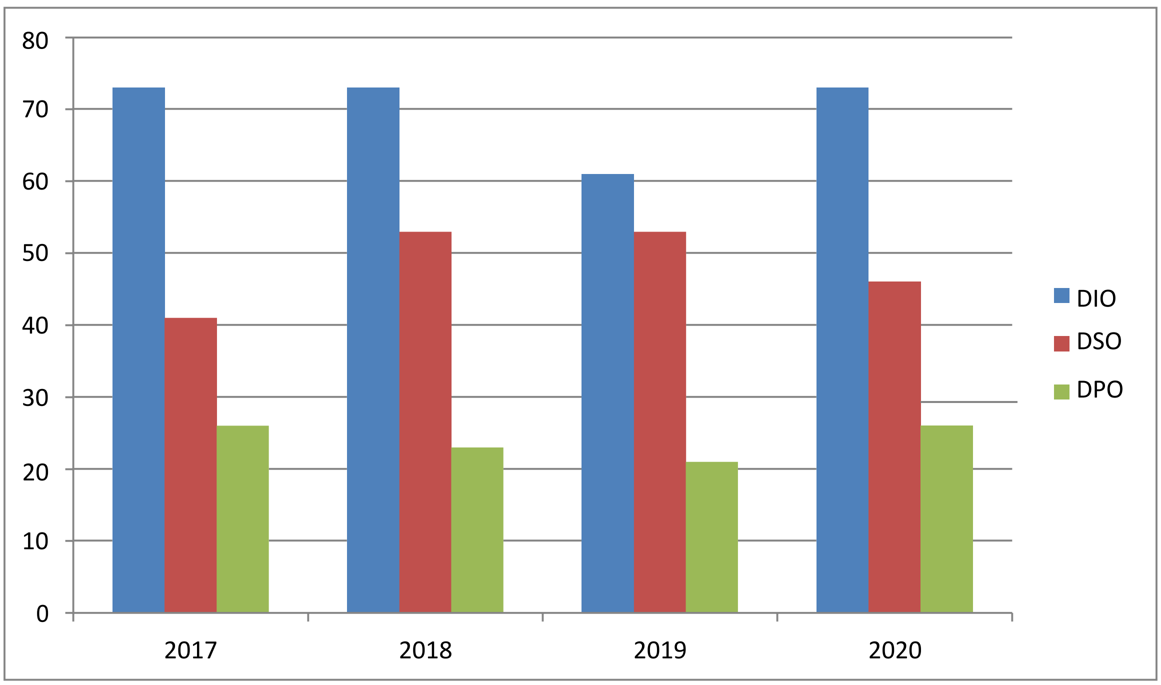
ROA: This ratio is an indicator of the company's profitability in relation to its total assets. It is used to compare companies in similar sectors to find out the size of profits resulting from investing assets. In Samsung, we notice a drop in this profit rate, which amounted to 7%, which is a low percentage compared to other companies. This indicates the weakness of management in the last two years, as profits were more in the years 2018 and 2017 and were 14%.

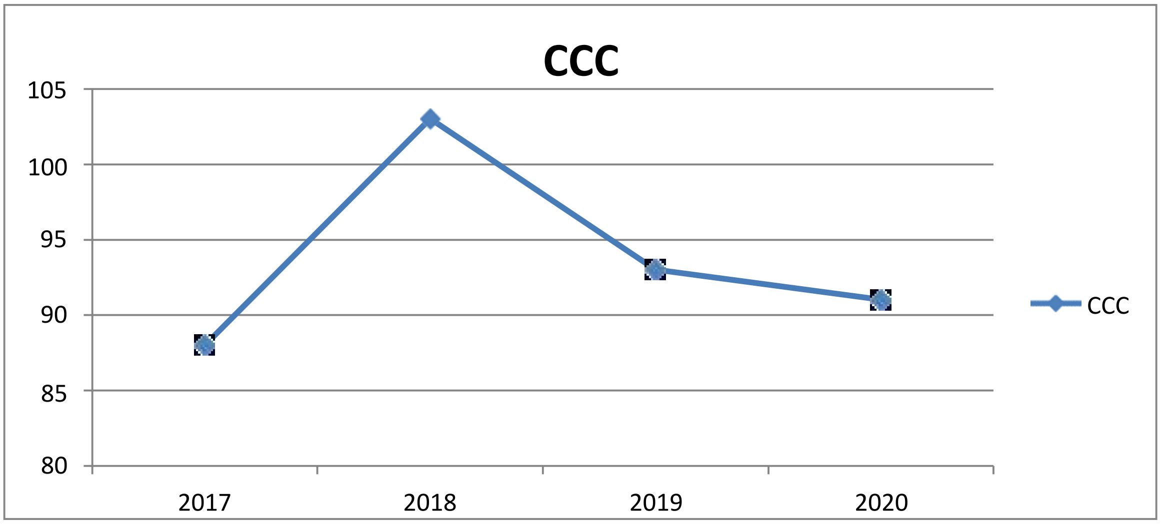
We also noted the low rates of return on ROE, and this indicates the low efficiency of the management in employing shareholders' money.



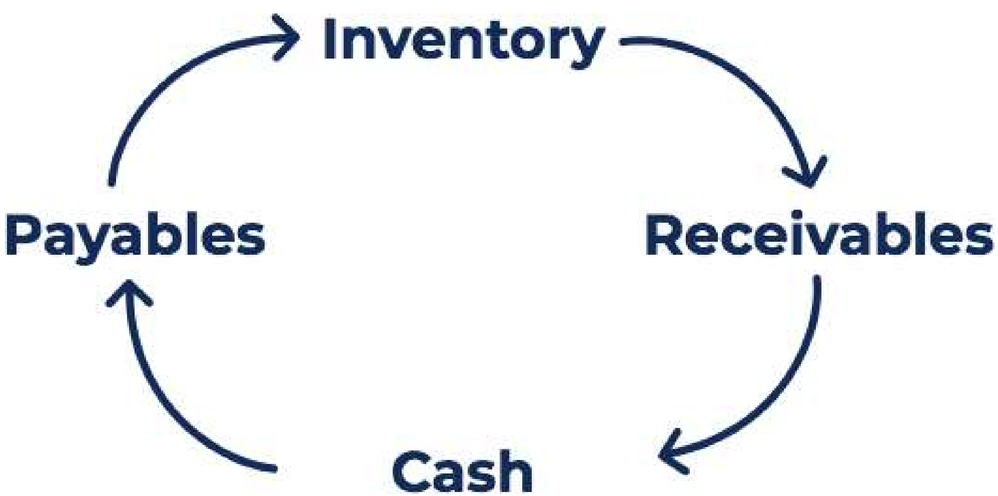
3-2)-Activity Ratios Analysis: It is also known as asset management ratios because itmeasures the efficiency of management in using its assets to produce the largest amount of products and goods.

Activity Ratios Analysis:		2017	2018	2019	2020
Inventory Turnover=	COGS / Average Inventory	5	5	6	5
DIO=	365 / Inventory Turnover	73	73	61	73
Receivables Turnover	=revenues / Average Receivables	9	7	7	8
DSO =	365 / Receivables Turnover	41	53	53	46
Payable Turnover=	COGS /Average Payable	14	16	17	14
DPO =	365 / Payable Turnover	26	23	21	26
Cash Conversion Cycle (CCC) =	DIO+ DSO- DPO	88	103	93	91





We note that (Cash Conversion Cycle) was the shortest in 2017, then increased in 2018, but improved in the year 2020 to go down to 91 days. This is an indication of an improvement in the management of receivables collection. But we aspire to reduce the period to less than that compared to the payment period, which does not exceed 27 days, and this is the reason for a large financial gap.



▪ **Inventory turnover** is a measure that indicates how often a company is sold and replaced in a period of time. (Al-Zubaidi, 2000)
It is an indicator that indicates the efficiency of management in managing inventory.

We note that inventory has been recycled approximately 5 times a year during the past four years, and this is good, but the inventory management and sales department must make a plan in order to increase inventory rotation times faster and the ability to collect money faster also because there is a gap between collection and payment, which (ccc) reached between 88 and 103days, which is a long time. Which affects the company's liquidity and its ability to pay off its liabilities.

Accounts receivable turnover ratio is an indicator of the company's efficiency in collecting its debts.

The accounts payable turnover ratio is an indicator to judge the speed of the company in paying its short-term obligations

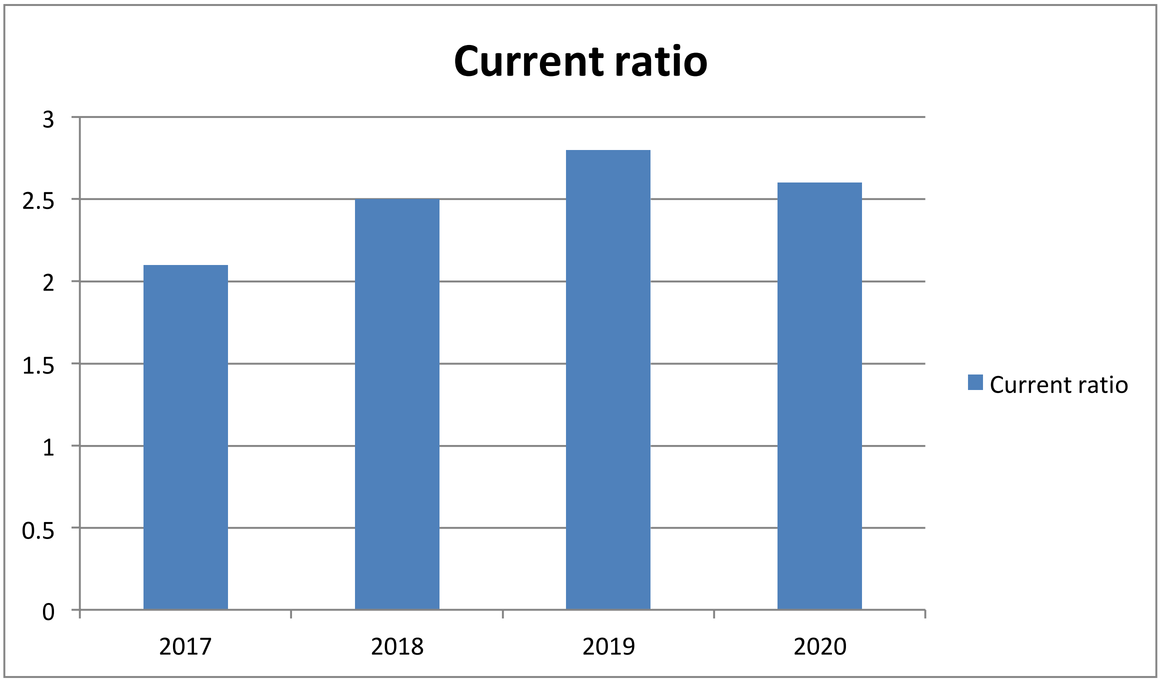
3-3)-Liquidity Ratios:

Liquidity management is defined as the ability to provide funds at a reasonable cost to meet obligations when they fall due, and one of the objectives of liquidity management is to maintain the continuity of the company's work and keep the risks of financial hardship away from it. (Altman, 1968).

Liquidity Ratios:		2017	2018	2019	2020
Current ratio=	Current Assets / Current Liability	2.1	2.5	2.8	2.6
Quick ratio=	(Current Assets-inventory-Prepaid Expenses) / Current Liability	1.75	2	2.38	2.16
Cash ratio=	Cash / Current Liability	0.45	0.44	0.42	0.39
Net working Capital=	Current Assets-Current Liability	72538388	95996272	99624541	103867585

From the previous table, we note the increase in the current liquidity ratio during the last two years, which indicates the company's ability to pay off its liabilities well. As it amounted to 2.6 dollars of current assets against 1 dollar of current liabilities, and there is a surplus of liquidity

For investment, as there is an increase in the ratio over the standard ratio, which is approximately2:1, I suggest that the management be directed towards investment and improve the investment of assets well. Where the liquidity ratio remains close to the standard. Also, the quick liquidity ratio is high enough for the company to be able to pay off all its liabilities, this indicates a goodshort-term solvency



Quick ratio: This ratio measures the company's ability to settle its obligation from its most liquid assets, it is stated in terms of **(Times 1:1).** (Al-Zubaidi, 2000)
We note that there is a large quick liquidity

Net working Capital: The net working capital that achieves the company's creditors the ratio of the margin of safety enjoyed by the current liabilities. (Moyer, 1981)
The working capital of the company is large and good, as shown in the table during the previous years, which encourages investors to invest in Samsung.

3-4)-Debt Ratios Analysis:

Debt Ratios:		2017	2018	2019	2020
DEBT TO ASSETS RATIO	= Total Liabilities/Total Assets	29 %	27%	25.4 %	27 %
Debt to Equity Ratio	= Total Liabilities/Total Owners' Equity	40.6 %	37 %	34 %	37 %
Ownership Ratio	= Total Owners' Equity / Total Assets	71 %	73 %	74.6 %	73 %
Ratio of long-term debt to equity=	long-term debt / equity	9.3 %	9%	9.8 %	9.6 %

Debt ratio, measures the percentage of total assets a company has financed by creditors, and it gives an idea of the size of the risk from the debt burden.

We note that the debt ratio did not exceed 30% during the past four years, but reached 27% in 2020. This indicates that the company relies heavily on shareholders' equity to finance its projects. This gives reassurance from investors and creditors to finance the company and put their money in it.

Debt to Equity ratio; Compare's the total liabilities of the company to the total of its shareholders equity. This is a measure of the amount of suppliers, lenders, creditors, and Commitment to the company in return for what the shareholders have committed. (Preve, 2010)

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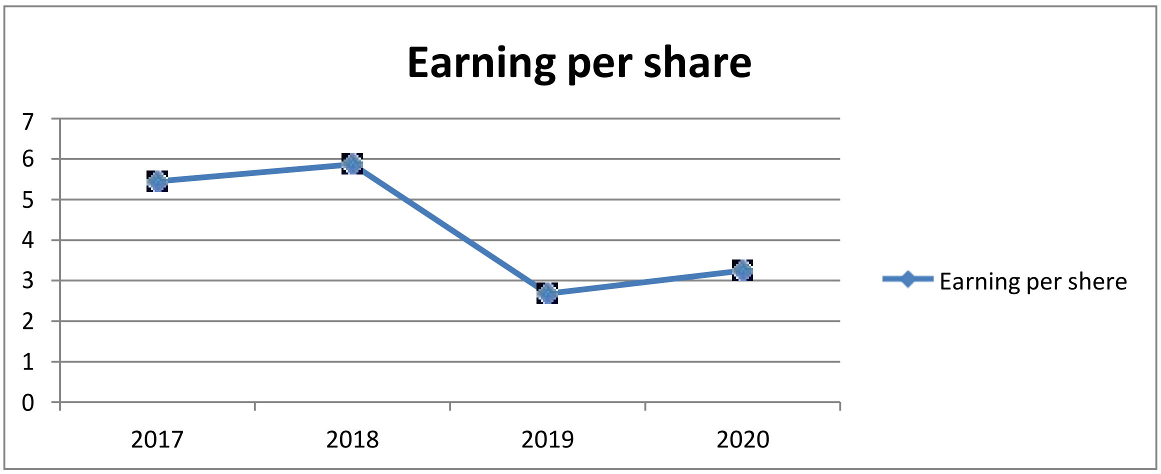
3-5)-Market based Ratios:

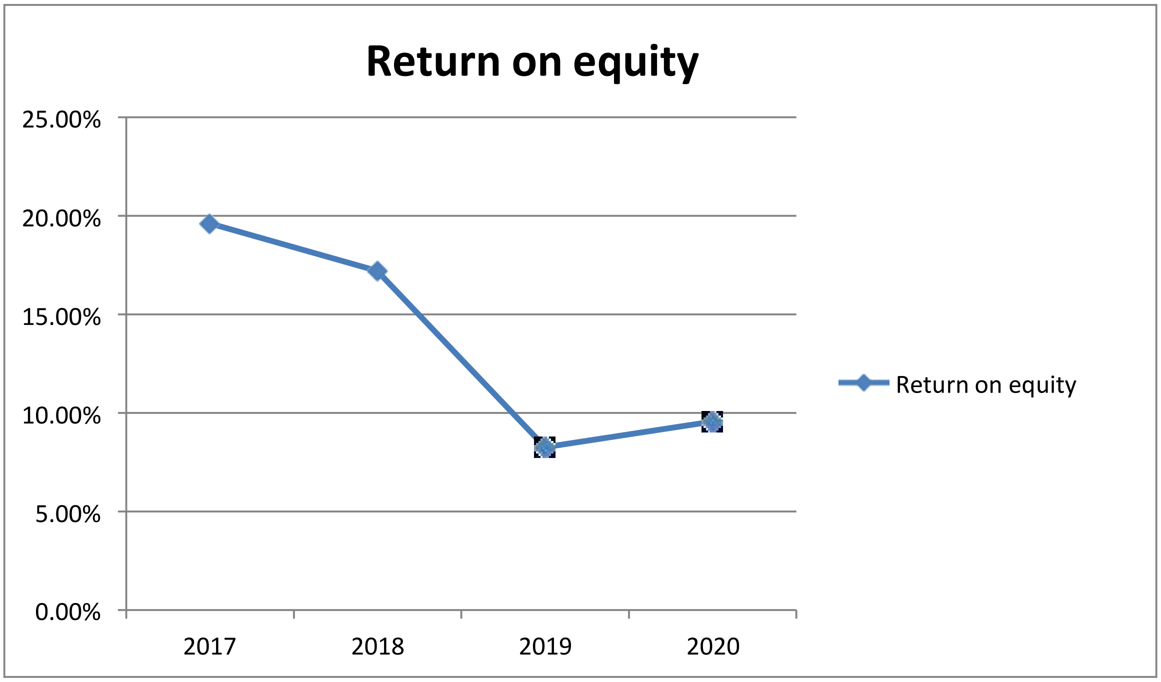
Share ratios are of particular importance to shareholders and potential investors for shares andare important for the company's management to measure its impact on the prices of ordinary shares in the market.

Market based Ratios:		2017	2018	2019	2020
Earning per share EPS =	NI / Number of Shares	5.45	5.87	2.68	3.25
return on equity ratio	NI / OE	19.6 %	17.2 %	8.26 %	9.56 %
Price to earnings per share ratio	Market price / EPS	4.5	5	4.8	5

The price to earnings per share ratio is about 5 approximately during the previous years. It is a low ratio



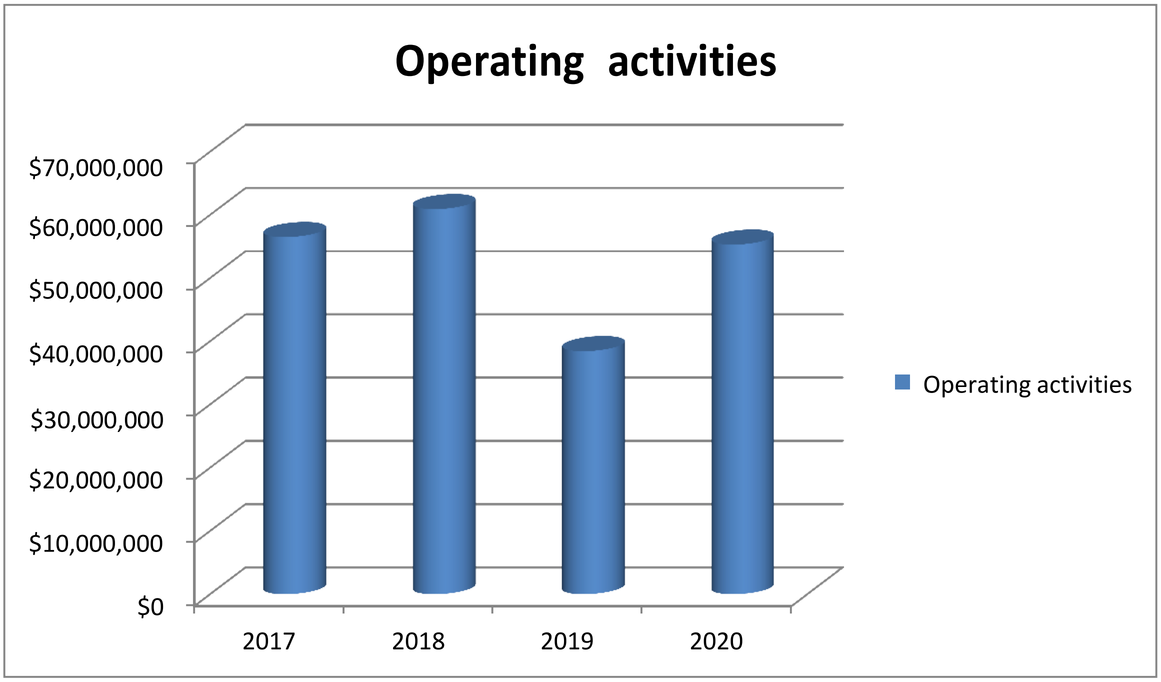
We note a decrease in **Earning per share** during the last two years. This is a bad indication for the company's management to reconsider market prices and seek to improve the return on shares to entice the company's investors



We also note a decrease in **return on equity**, which are bearish indicators during the last two years. The company's management must monitor the market and share prices and improve its performance in order to maintain share prices and achieve the largest returns on assets and shares

4)-CASH FLOW: This list shows how changes to certain items in the statement of financial position affect the company's cash flows, by determining whether those changes are sources or uses of cash. (Brealy, 2003)

CASH FLOW:	2017 USD	2018 USD	2019 USD	2020 USD
Net cash from operating activities($)	56500238	60926509	38445205	55306549
Net cash used in investing activities($)	(44887143)	(47482321)	(33841273)	(45430360)
Net cash used in financing activities($)	(11416806)	(13715784)	(8034608)	(7054759)
Net increase (decrease) in cash and cash equivalents($)	(1423650)	(185988)	(2926414)	2114926
Beginning of the year($)	29186688	27763038	25702336	22775922
End of the period($)	27763038	25702336	22775922	24890848



4-1)-<u>Operating activities</u>:

We note from the chart that the cash flows from operating activities were high in 2017 and 2018, then decreased significantly in 2019 and then rose again in 2020, reaching $55,306,549. The results were all positive. This gives the company the ability to invest, pay its obligations and pay dividends to its beneficiaries, and this is a good thing. Indicates the company's efficiency in managing its operational business and achieving financial flows for the company's development and progress in the coming years.

4-2)-<u>Investment Activities</u>:

We found from the table of investment financial flows that they were (negative), this is because the company invests every year in funds and permanent development by purchasing new assets and developing its industry, and the facility has invested in associate and affiliated facilities, where we see a decrease in the flow of funds as a result of purchasing investments and assets and paying off commitments.

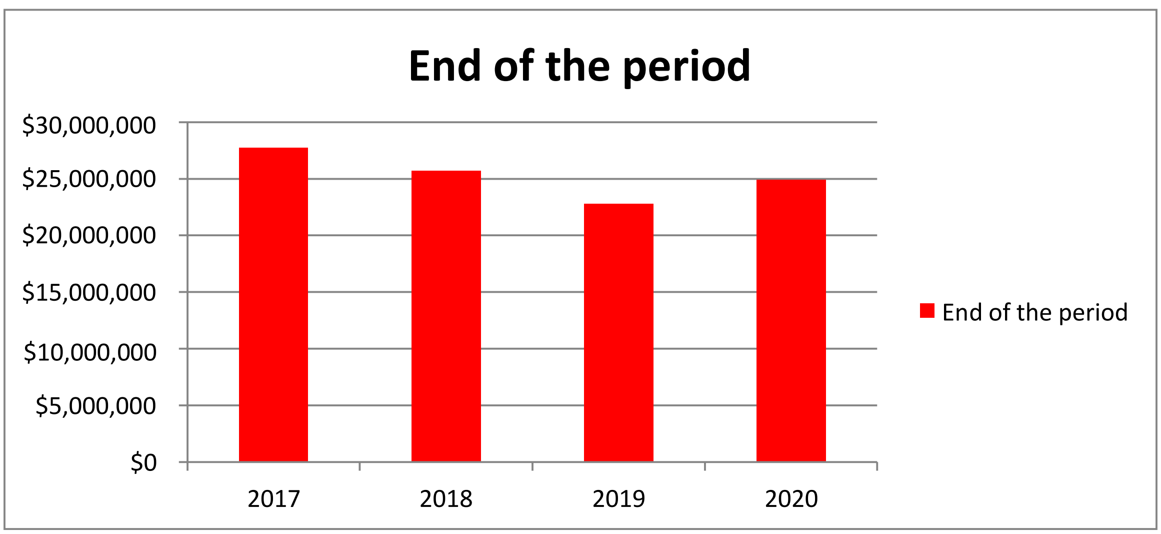
4-3)-<u>Financing activities</u>:

We note from the analysis of the financing activities that they were (negative) during the previous years, because the company repaid loans to banks, bonds and partners, and this indicates the financial strength of the company and its ability to distribute profits.

It is always able to distribute a good amount of profits, as it distributes profits every year in addition to investment and retained earnings, and there is a surplus that covers all its obligations and requirements for expansion and investment, and this is a good indicator where dividends are shown

	2017 USD	2018 USD	2019 USD	2020 USD
Dividends paid	6,184,552	9,265,239	8,165,652	8,197,469

<u>End of the period</u>:



We note that the company always has an increase in cash flows, as it reached at the end of 2020 approximately $ 24,890,848.

5) -Comments and recommendations to improve the company's business:

In general, the company's cash flows were good during the previous years as a result of operating activity and long-term investment income, and this is in the interest of the company, maintaining its reputation and encouraging investors to invest in it, which leads to a rise in the price of its shares, an increase in its profits and a rapid development in the future. And increases the strength of its competition with other companies in the market.

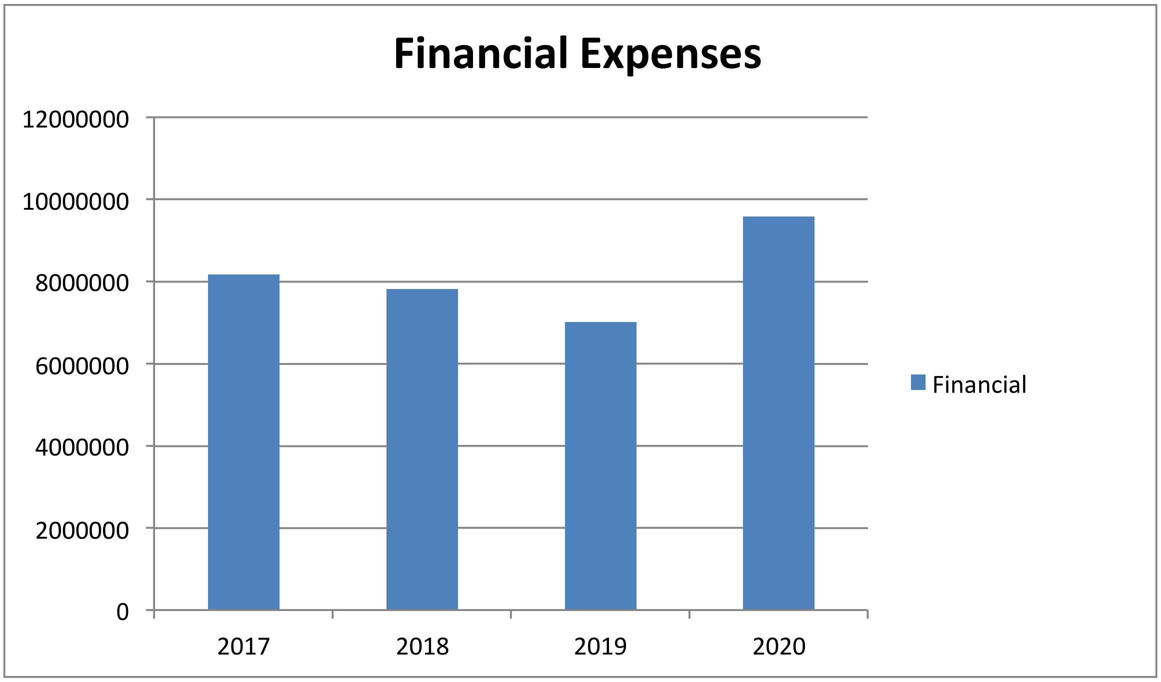
But we noticed through the analysis of the company's financial statements and the previous study and activity indicators that there is a delay in the preparation period for the stock to be ready for sale, and a delay in the collection period against the payment period for suppliers and creditors as short as 26 days, which made it pay in cash. The gap that will affect the financial capacity of the company, I recommend that the inventory be managed well and strive to improve the efficiency of the collection management to reduce the collection period to provide the company with the necessary liquidity and availability at all times, which gives the company the strength to always develop, invest and pay the requirements

We noticed that the percentage of the company's dependence on debt is low, not exceeding 30%. This reduces the payment of excessive interest on debts, and this indicates the company's strength in its dependence on its money from equity.

I recommend reducing financial expenses, as we notice their increase in 2020 and amounted to $ 9,587,858. Compared to the previous year, when it was $ 7,009,887, as expenses should be limited to important business. Rationalization methods must be followed in manufacturing.

Financial Expenses from Income Statements:

Year	2017	2018	2019	2020
financial expenses $	8,161,100	7,824,786	7,009,887	9,587,858



6)-New investment project:

I recommend a new investment project using only 40% of the own capital.

The company must choose the ideal financing method to reduce the cost of capital.

Current assets are financed by current liabilities, while fixed assets are financed by long-term debt or equity. (Kewon, 1994)

6-1)-Discount cash flow (DCF): This is the most common method that CFOs use to get a company's value. It is determined by calculating the expected free cash flows that the company can have in the future. (Higgins, 1995)

First: We must count the Weighted Average Cost of Capital (WACC).

6-2)-WACC:

It is the weighted average of the capital components cost of debt and common equity.

$$\text{WACC} = \frac{\text{Equity}}{\text{Equity + Debt}} \text{ X Cost Of Equity} + \frac{\text{Debt}}{\text{Equity + Debt}} \text{ X Cost Of Debt}$$

WACC =(W_E x re)+ (W_D x rd x (1- T))

Note that the interest rate on loans is 5%.

The tax rate is 25%. **Cost of Debt** = rd (1-T) = 0.05 X (1-0.25)=0.0375 . (3.75 %)

Risk-free interest rate = 9.5%

Risk premium = 5.5% (this is in South Korea)

re = Risk-free interest rate + Risk Premium= 9,5 %+5.5 %= 15 % **(cost of equity).**

Finance:

Debt	**O /E**
60 %	40 %
W_D = 0.60	W_E = 0.40
rd = 0.05	re = RF + RP
Tax rate= 25%	re= 9.5 % + 5.5 % = 15 %

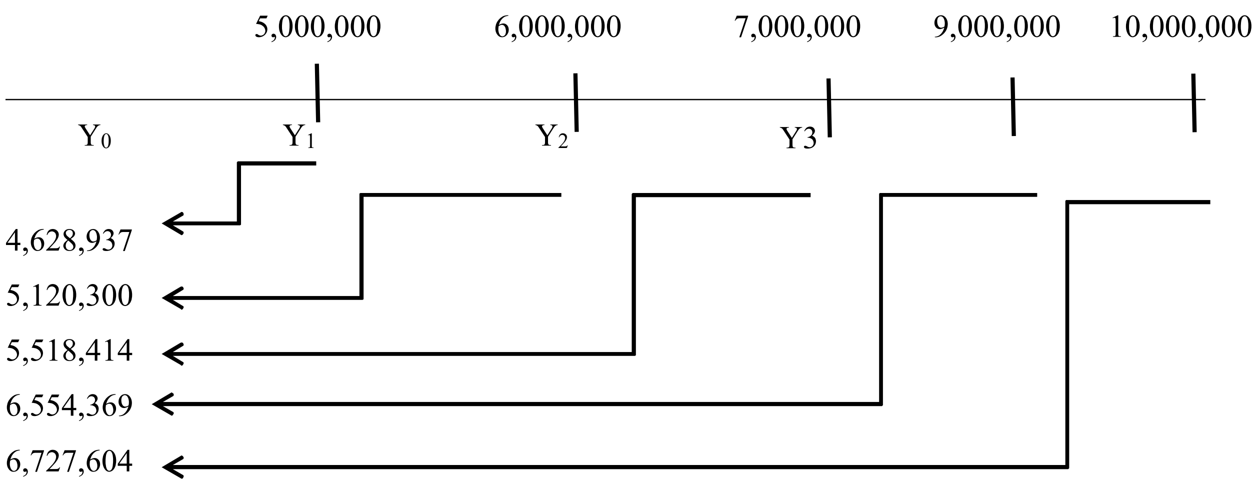
WACC =(W_E x re)+ (W_D x rd x (1- T))

WACC= (0.40 x 0.15)+ (0.60 x 0.05 x (1- 0.25)) = 8.25 %

WACC = 0.0825

The company wants to invest \$1,000,000.

The financial returns from the project during the next three years:



$$PV = \frac{FV}{(1+r)^n}$$

$$\frac{5{,}000{,}000}{(1 + 0.0825)} + \frac{6{,}000{,}000}{(1 + 0.0825)^2} + \frac{7{,}000{,}000}{(1 + 0.0825)^3} + \frac{9{,}000{,}000}{(1 + 0.0825)^4} + \frac{10{,}000{,}000}{(1 + 0.0825)^5}$$

Present Value (PV) = 4,628,937 + 5,120,300 + 5,518,414 + 6554369+6727604 = \$28,539,624 .

(NPV)= Present Value – Initial Investment = 28,539,624 – 10,000,000= \$18,539,624 > 0 (positive).

Investment is expected to add value to investors, Accept the investment.

Because this project increases profits for the company, which helps to increase its profits and increase its ability to pay its obligations.
Because there is a good flow of the company's own funds through which we can cover the costs of the project, I recommend the company own funds.

7)-Investment Dividends:

Investments in an economic project are influenced by the nature of its work and the scope of its activities, which are two main factors that the project relies on to allocate its invested capital among various investments. Most of the capital remaining in industrial companies is used to finance fixed assets (machinery, equipment, buildings or a new production line, etc.). or a promising project) and in the event that the rights of the promoters are insufficient to cover these investments, the project will use long-term debt financing as most of the different sources of financing are mainly property rights. And long-term liabilities are used in fixed assets. The smaller part of the invested capital is used for investments in day-to-day business, which usually require much less money than the acquisition of fixed assets.
the following table of liquidity ratios:

Liquidity Ratios:		2017	2018	2019	2020
Current ratio=	Current Assets / Current Liability	2.1	2.5	2.8	2.6
Quick ratio=	(Current Assets-inventory-Prepaid Expenses) / Current Liability	1.75	2	2.38	2.16
Cash ratio=	Cash / Current Liability	0.45	0.44	0.42	0.39
Net working Capital=	Current Assets-Current Liability	72538388	95996272	99624541	103867585

We note that there is excellent liquidity that exceeds the ratio of 2: 1. Thus, we are able to cover the costs of the investment projects, which we have considered, and part of the funds remains to be distributed to investors.

We also noticed from the income data table that the company’s income in the last year 2020 was about $22,370,853, so we can create our investment by taking 40% of it. We can then distribute the profits to the beneficiaries.

Therefore, the company can distribute profits because there is a surplus in income and the flow of money after deducting the money in the process of investing in the project. But there is no objection to keeping part of the retained earnings in the company's treasury in favor of emergency circumstances and expected risks. In order for the company to remain able to overcome the risks it may face and remain ready to pay its obligations in a timely manner, and not be exposed to the risk of bankruptcy for any out-of-control situation, as happened in the sudden Corona (Covid 2019) pandemic that wiped out most of the companies. Because of the lack of good planning for such circumstances and its inability to pay its obligations.
From this point of view, he emphasized that part of the profits would be retained as a reserve for the company. The other part will be distributed to investors.

I recommend the company’s senior management to take the necessary measures and procedures, plan well for the future and develop a strategic plan aimed at raising the company’s productivity and placing its investments from the surplus funds in several diversified projects to ensure income from various parties and to ensure an increase in the flow of funds to be always able to develop and expand to As well as overcoming the difficulties and dangers that she may face. Among these methods:

Increasing the efficiency of the use of funds.
Reducing the debt ratio.
Relying on less risky financing sources for the company.
Investing in more liquid assets.
Reducing the percentage of dividends from profits.
Achieving monetary balance (the balance between cash
inflows and outflows).
Diversification of investments.

8)-Conclusion:

We found that the importance of financial analysis has increased in light of the expansion of business activities in our contemporary world, which has become contributing to the interpretation of the course of events and the manufacture of recommendations for information users to make rational decisions in a world where competition and uncertainty have increased. Financial analysis is one of the most important tools used by the financial decision maker, or any other party with an interest. The importance of financial analysis is not limited to the management of the company alone but goes beyond that to its shareholders and creditors. Financial analysis is considered the cornerstone for producing the most useful financial statements and speeding up decisions. It is an essential component that allows a better understanding of strengths and weaknesses. (Ash, 1992)

We saw the importance of financial analysis below:

• (Determine the efficiency of the management of all funds on the one hand and how they work on the other.

• Assistance in the financial planning process of the company.

• An indicator of the success or failure of business management in achieving the desired goals.

• An indicator of the real financial situation of the company.

• Prepare an adequate basis for relevant decisions. (Ross, 1986)

This was very clear through our study and analysis of the financial statements of the Korean company Samsung, where it became clear that we have the weaknesses and strengths of the company, and we have shown the efficiency of the company in its ability to pay its obligations in a timely manner, and its ability to expand and develop its investment projects. It’s making profits every year. But there must be some shortcomings in minor aspects, such as the delay in the collection period, which in turn made a financial gap that occurs during operations. I, in turn, recommend from this aspect that the collection department reconsider and take the necessary measures to overcome this defect and raise its efficiency, which would benefit the company and its financial strength in circulation. It was also clear to us that the company's dependence on Long-term debt does not exceed 30%. This is considered a strong point for the company and encourages investors to invest in this company because they feel confident of paying the financial returns to them without worries.

I also recommend management to make an effort to rationalize the use of financial resources, and to appoint skilled, experienced and well-educated personnel in all departments, especially financial analysts, because their job is very sensitive, because if there are errors in the analysis and understanding of financial statements, it will give wrong results that directly affect decisions The company and its financial capacity, which leads to the failure to achieve its strategic objectives, which affects its continuity.

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