

45<sup>th</sup> period  
Annual report

**S-1 CORPORATION**



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**S-1 CORPORATION**

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# Letter from the CEO

## Dear shareholders, how are you?

I'd like to express my deepest gratitude to you for your continued support for S-1.

In the aftermath of COVID-19, which has been going on for three years, I believe your anxiety and worry are great. I hope that you will be able to return to your normal daily life as soon as possible.

Even under difficult business conditions, the company was able to achieve solid performance in all business areas thanks to the dedication and efforts of its partners and employees. The credit goes to the unsparing interest and support from our shareholders. Once again, I'd like to express my sincere thanks and tell you about our major business achievements.

## S-1 achieved maximum sales despite the pandemic

Following 2020, the company achieved record high sales amounting to KRW2.3125 trillion in 2021. This is attributed to balanced growth through a continuous sales increase in each business division.

The security service business has further consolidated its market leadership as the number of new system security service customers has steadily increased. Also, the company developed a new market by launching non-contact solutions optimized for non-face-to-face work environments such as a "heat detection reader," and based on differentiated technology, S-1 has also expanded new customer orders in B2B markets such as apartment security integration and universities.

The infrastructure service business saw an increase in large orders, e.g., "landmark complexes" and "corporate headquarters buildings" as the building management and security integration business showed synergies. In addition, S-1 launched an IoT-based smart building management solution, "S-1 Blue Scan," and expanded its business to the small and medium-sized building management market.

Based on these results, S-1 was ranked No. 1 in all five domestic brand recognition and service satisfaction certifications, in 2021: it was ranked No. 1 in the Korea Brand Power Index for the 16th consecutive year" and "No. 1 in the National Customer Satisfaction Index for the first time in the industry".

## Dear shareholders!

In 2022, as the post-coronavirus era begins in earnest, the social order is expected to be reorganized. Also, the rapidly changing international situation has made the global economy more uncertain. S-1 aims to overcome the difficult business environment with thorough preparations for the future and use it as an opportunity to take a leap forward. I will tell you about the main management strategies for this.

## Discovering new growth engines through development of new markets

The company will quickly respond to market changes and discover new growth engines.

First, to take advantage of new opportunities, S-1 will build its own security building management platform by utilizing new technologies such as AI, IoT and big data. The company will implement a more advanced type of service by adding its big data such as sensor signals and facility operation data to its monitoring, control and operation know-how accumulated over 40 years. Furthermore, by actively encouraging not only the security industry but also heterogeneous companies to participate in the platform, S-1 will build a platform ecosystem that encompasses various services in addition to security and building management.

Also, S-1 will further strengthen non-contact solutions such as the "unmanned store solution," the "face recognition access solution," and the "anti-ransomware solution" to tap into new markets that are rapidly growing due to the acceleration of non-face-to-face business and unmanned operations. Furthermore, with the enforcement of the Serious Accidents Punishment Act, the demand for safety accident prevention is expected to increase, and S-1 will expand B2B orders by diversifying its lineup of disaster prevention solutions such as "SVMS for safe environment." Based on these efforts, S-1 will aggressively advance into new markets and further solidify its No. 1 position in the industry.

## Improving the business structure for customer-oriented management

To respond quickly to the heightened expectations of customers, the company will form a specialized organization to engage in customer-oriented management. First, to enhance service satisfaction, S-1 plans to establish a customer value group and operate a customer-oriented management committee.

Through this, the company will improve the entire customer service process from product development to follow-up management with a focus on customers. Also, S-1 will advance its own technology through cutting-edge technology research such as face recognition and cloud centering with its R&D center playing the central role. Furthermore, by expanding the integrated consulting organization, S-1 will build an integrated solution optimized for various customer needs, from security to building management, quarantine, and real estate asset management.

## Efforts to maximize shareholder value

The company will also continue to strive to create performance in non-financial sectors for sustainable growth.

First of all, S-1 established the ESG Secretariat and carried out full-fledged activities, and as a result, the company became the first in the industry to receive a combined grade A in Korea Corporate Governance Service's ESG evaluation of listed companies last year. Also, S-1 will also engage in social contribution activities that will make our society safer with various youth support programs such as the "Hope Scholarship Project," which helps youths in correctional facilities support themselves.

In addition, the company will take the lead in compliance based on a thorough law-abiding spirit and transparent management to enhance corporate social values.

S-1 will create an organizational culture that puts the safety and health of our employees first by establishing the "Safe Environment Center" to minimize business losses due to accidents. The company will continue to strive to grow together with its customers, shareholders, and members of our society as a social enterprise.

## Dear shareholders!

S-1 will start customer-oriented management on a full scale this year, and transform itself into a 'centennial company that will grow continuously' by improving the business structure and discovering new growth engines.

Your unstinting support and encouragement will be greatly appreciated

so that the company can continue to grow. As it is expected that

you will have difficulty attending the general meeting of shareholders

due to COVID-19 again this year, the general meeting of shareholders will be

broadcast online for the first time. So please use it often.

I wish you and your family good health and happiness.

Thank you.

March 17, 2022

S-1 Corporation

CEO **Heechan Roh**



# History of the Company

## 1970~2000's

- 1977. 11 Established as Korea Security Co. Ltd.
- 12 Acquired security service license (Minister of the Interior No. 1)
- 1981. 01 Changed company name to Korea Safety System Inc.
- 03 Launched a security monitoring system service business, first in the country
- 1986. 09 Built a national network by implementing online control systems
- 1989. 11 Joined the International Surveillance Association as the representative of Korea
- 1990. 05 Developed a security system for self-service banks
- 1993. 05 Established a Technical Research Center
- 1995. 10 Founded Samsung 3119 Rescue team
- 12 Developed a security system for self-service banks
- 1996. 01 Listed on the Korea Stock Exchange
- 03 Changed company name to S1
- 10 Developed a residential security system
- 1997. 04 Completed a state-of-the-art automated logistics center
- 06 Held an international security forum
- 08 Received a contract for establishment of an unmanned alarm system at an ROK airbase
- 09 Samsung 3119 Rescue Team designated as the first civilian emergency rescue agency in the county
- 1998. 05 Reached 100,000 contractors, first in the country
- 11 Opened the Cheon-an Specialty Security Training Facility
- 1999. 01 Founded the S1 Taekwondo team and established S-Tech Corporation, a spin-off from S1
- 10 Acquired Y2K certification
- 11 Launched the Building Master System (BMS)
- 2000. 02 Signed a partnership agreement with DACOM for high-speed Internet security business
- 05 Selected by the Korea Stock Exchange as an "excellent public disclosure corporation" for the year 1999
- 07 Entered into partnership in the Raemian Ahnsim Apartment Business with Samsung C&T and Samsung Fire & Marine Insurance
- 09 Launched ePass Combi, an intelligent access control system
- 10 Entered into partnership in the smart card business with OTI (Israel)
- 11 Entered into partnership in the smart card business with Samsung Card

## 2001~2010's

- 2002. 07 Launched Secom Smart FS (Full Security), a new digital product
- 08 Developed world's first Chip Operating System (COS) for smart cards
- 10 Implemented the integrated security system and new employee ID card system for Samsung Electronics
- 2003. 02 Selected by the Korea Financial Telecommunications & Clearing Institute as the software developer for the Korean electronic monetary system known as "K Cash"
- 09 Launched SBMS, a smart building management system
- 09 Won the first contract for the digital campus system of Chungbuk National University
- 11 Entered into an agreement with Ajou University for implementation of the multi-functiona card system
- 12 Entered into an agreement with KT Consortium for a digital home pilot project
- 2004. 02 Entered into partnership in the wireless security system business with VISONIC (Israel)
- 03 Acquired Smart card EMV certification from VISA
- 2005. 04 Won the contract for the Busan New Port security system
- 04 Won the contract for the electronic voting system pilot project
- 06 Received the Visa Smart Star Award from VISA
- 08 Won the contract for the biometric access control system of the Incheon International Airport
- 2006. 05 Won the contract for the RFID customs clearance and logistics system of the Ministry of National Unification
- 08 Entered into the youth protection agreement with the Government Youth Commission
- 11 Launched a video control system
- 2007. 01 Won the contract for the RFID integrated security system of HHIC-Phil
- 05 Won the contract for the pilot project for implementation of the U-Child Protection Area safety system
- 2008. 04 Completed the Marine Safety Management System
- 11 Completed the Integrated Security System for the Defense Security Command
- 11 Completed the security system for the Samsung office building in Seocho-dong
- 2009. 03 Established a technology research center in Russia
- 04 Launched SECOM V, an intelligent video control system
- 06 Launched SECOM Master, an integrated management system for mi-to-large buildings
- 08 Declared green management
- 11 Declared Vision 2020
- 2010. 03 Launched an AED (Automated External Defibrillator)
- 03 Entered into an MOU with the Korea Association of Cardiopulmonary Resuscitation
- 05 Established Ahnsim Nuri Volunteer Corps, a volunteer corps for cardiopulmonary resuscitation education
- 10 Launched S1 NS, a network security service
- 12 Received a "Good Design Award" from the Ministry of Knowledge Economy (for the SECOM card reader and Huen home network system)

## 2011's~

- 2011. 05 Declared compliance management
- 05 Received the "2011 Transparent Management Award" from the Korean Accounting Association
- 09 Established a Chinese subsidiary
- 2012. 01 Launched S1 PS, a PC security solution
- 01 Launched SECOM Homz, a security system exclusively for apartments
- 03 Launched "enfra", an energy efficiency improvement business brand
- 06 Completed construction of a state-of-the-art security training center
- 11 Launched UVIS, a vehicle operation management system
- 11 Opened the "S1 One Step Study Room" for low-income youth
- 2013. 03 Launched an indoor 3D UWB detector
- 03 Changed company name from S1 to S-1
- 04 Launched "Facecheck S", a face recognition monitoring solution
- 06 Launched SECOM Home Black box, a smart home security system exclusively for apartments
- 09 Launched "Ahnsim Phone Service," a mobile personal security service
- 11 Acquired Korea Internet & Security Agency certification for facial recognition algorithm
- 2014. 01 Completed transfer of the building management business from Samsung Everland
- 04 Launched "S-1 UVIS-T", a freight transportation management system service
- 08 Launched "S-1 UVIS-R/F", a rental car and corporate vehicle operation management system
- 2015. 02 Launched "Ahnsim Phone LTE", a mobile personal security service
- 08 Launched "Blue Asset", a premium total real estate service brand
- 11 S-1 SVMS acquired highest-level CPNI certification from UK government
- 12 Completed GOP scientific surveillance system in the midwestern region
- 2016. 01 Opened "S-1 Detection Dog Center", a social contribution activity for cultural heritage conservation
- 03 The 3D & 2D intelligent video analysis solution won the 'IR52 Jang Young-shil Award'
- 03 Completed construction of the 'Blue Asset Technology Education Center', a total building management training center
- 11 Received the "Minister of Trade, Industry and Energy Award" at Korea Technology Awards 2016
- 2017. 03 Launched "SECOM izi", a self-security product
- 03 Established Vietnamese subsidiary
- 03 Received "HRD Management Award" at Korea Human Resources Awards
- 05 Completed construction of the 'S-1 Bike School', an education center for motorcycles
- 10 Received Prime Minister's award at the National Sharing Grand Awards in the corporate social contribution category
- 11 Launched "S-1 PS Anti-ransomware", a ransomware response service
- 11 40th anniversary
- 2018. 02 S-1 intelligent video analysis algorithm acquired Korea Internet & Security Agency intelligent CCTV performance certification
- 03 Received "Best HRD Award of the Year"
- 05 Acquired Korea Internet & Security Agency personal information management system (PIMS) certification
- 06 Held "5th All-Ring Ahnsim Campaign" to support crime victims
- 09 Held "6th S-1 security solution Fair", a state-of-the-art security exhibition
- 10 Launched a facial recognition reader
- 12 Launched in-house venture Apolo
- 2019. 03 Launched CLES, a next-generation enterprise security solution
- 03 Selected as an electric vehicle charging station operator by the Ministry of Environment
- 03 Opened S-1 Blue Asset Cleaning Education Center
- 09 Received the Ministry of the Interior and Safety award at the Korea Safety Technology Awards 2019
- 2020. 07 Received the Presidential Citation from the Ministry of Justice in the social contribution category
- 09 Launched "Cloud Manager," a cloud access and attendance management solution
- 2021. 02 Launched "S-1 Heat Scan," an intelligent heat detection reader
- 03 Ranked No. 1 in the crime prevention service category by K-BPI for 16 consecutive years
- 04 Ranked No. 1 in the unmanned security category by NCSI
- 07 Received the grand prize in the building management category from Korea Service Grand Prix for 6 consecutive years
- 07 Ranked No. 1 in the unmanned security category by KS-SQI for 9 consecutive years
- 09 Launched "S-1 Blue Scan," a smart building management solution
- 10 Ranked No. 1 in the unmanned security category by KCSI
- 11 Launched "S-1 Secudoor," a non-contact access management solution



1981



1995



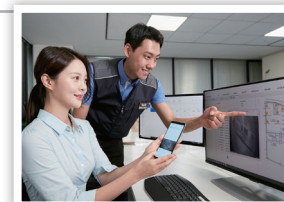
1998



2015



2019



2021

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## 1. Business overview

### Alarm Security



By adding cutting-edge technology to more than 40 years of security service know-how, S-1 presents a new paradigm for the industry and keeps customers safe and secure.

S-1 alarm security provides a seamless security service with industry-leading patrol agents, 140 dispatch bases nationwide, and an integrated control center that operates 24 hours a day.

According to the changing times, S-1 is leading the market by introducing solutions that combine cutting-edge technologies such as IoT and AI. By leading the security industry with non-contact solutions optimized for non-face-to-face environments, such as cloud server-based access and attendance management, smart CCTV that automatically detects abnormal situations, and a face recognition solution that checks fever and mask wearing at the same time, the company was ranked No. 1 in the representative domestic brand recognition and service quality survey.

### Building Management



By combining premium real estate service know-how and various solutions required for building management, S-1 provides a differentiated spatial experience and increases customer asset value.

"S-1 Blue Asset" is S-1's premium comprehensive real estate service brand that provides various facility and asset management services throughout the life cycle of real estate from purchase to the operation, sale, and disposal of a building. S-1 improves the efficiency of building management with new solutions such as smart parking and a quarantine management service and provides customers with a new space experience.

In particular, "S-1 Blue Scan," launched in 2021, is a smart building management solution that enables remote monitoring by installing IoT sensors in major facilities. It is getting a great response from the market by eliminating the gap in nighttime facility monitoring and reducing the burden of labor costs.

'S-1 Blue Asset' has been recognized for its excellence by winning the grand prize in the building management category of the Korea Service Awards for 6 consecutive years (2016-2021) since the launch of the brand based on 60 years of real estate service know-how.

### Product Sales



S-1 provides customized solutions with Security Integration(SI) consulting optimized for the physical environment and customer needs

Product sales (SI) is a service that proposes, designs, builds, and operates optimal solutions through various consulting methodologies based on the knowledge, technology, and know-how of the entire life cycle of various businesses.

S-1 provides customer-tailored security consulting by adding technology in image processing and face recognition developed by security experts based on systematic on-site diagnosis. As the demand for safety accident prevention increases with the enforcement of the Serious Accidents Punishment Act, the company provides an intelligent video solution developed in-house to prevent various disasters and accidents in advance.

S-1 has a track record of building various large-scale product sales systems at home and abroad, such as high-rise buildings and complex facilities, national infrastructure, government agencies, residences, hotels, corporate offices, plants, airports, and ports. The company is expanding our competitiveness in the global security market beyond the domestic market by providing total security solutions ranging from access management to image detection, perimeter detection, and integrated control.

### Information Security



S-1 protects customers' IT assets based on its own information security platform and 24-hour remote control service

S-1 provides a comprehensive information security service based on 24-hour remote control and systematic maintenance to protect customers' tangible assets as well as intangible assets such as information and technology. In particular, the "S-1 ESP (Endpoint Security Platform)" is an integrated information security platform that is equipped with various solutions such as PC security, personal information management, IT asset management, and work environment management to protect customer information.

S-1 also provides services to improve the efficiency of non-face-to-face work, such as the PC-OFF solution for the 52-hour workweek system, document centralization for telecommuting, and a video conferencing solution. S-1 thoroughly protects customers' valuable IT assets with reasonably-priced rental services and periodic updates and maintenance.

## Personal / Vehicle Security



S-1 provides peace of mind at a location nearest to its customers with differentiated personal/vehicle security services.

Ahnsim Mobile' is S-1's mobile communication service brand, a mobile service that combines cell phones and a security service.

S-1 protects customers by providing a security-specialized service at reasonable rates that dispatches patrol agents in case of emergency. Also, the company provides various additional services such as user location polling, power off alarm, and blocking of materials harmful to youths. "S-1 UVIS" is a vehicle operation management service that combines cutting-edge technology and control know-how.

By installing a communication terminal inside the vehicle, it is possible to check the vehicle location, status, and operation information in real time. In addition, it is applied to various fields such as delivery vehicles, rental cars, and school buses, as it can reduce vehicle operating costs and induce safe operation through operation information analysis.

## R&D



S-1 is pioneering the future of security with cutting-edge technology research that is ahead of the times.

The S-1 R&D Center is an organization specializing in future technology development that develops technologies and solutions that lead the security industry.

In particular, the intelligent image analysis solution, "S-1 SVMS (Smart Video Management System)," has obtained the highest grade certification from the 'Centre for the Protection of National Infrastructure (CPNI)' under the British government, and has received the Jang Young-sil Award, the most prestigious technology award in Korea, as well as the grand prize at the Korea Technology Awards and the Korea Safety Technology Awards. It has been recognized for its performance at home and abroad.

Also, in line with the establishment of a non-face-to-face culture due to COVID-19, S-1 strives to develop industry-leading non-contact technologies, e.g., unmanned store solutions incorporating AI, big data analysis, and sensor technology, biometric authentication-based fever detection readers, non-resident building management, and cloud systems.

## Social Contributions



S-1, creating social values, will be there for neighbors and society.

The S-1 Social Volunteer Corps continues its Creating Shared Value(CSV) activities to realize the values of safety and security.

The company is operating the 'Samsung Youth Software Academy' to support the careers and education of young people, our future, and the 'Hope Scholarship Project' to help youths in correctional facilities grow into healthy members of society.

In addition, S-1 established the Samsung 3119 Rescue Team, the first civilian emergency rescue organization in Korea, to create a world where everyone can live safely by providing special rescuers and state-of-the-art equipment and conducting emergency rescue activities and providing safety education at various disaster sites.

## Educational Facilities



S-1 trains people with the best expertise based on its "people first" philosophy.

The S-1 Training Center, established in 1998 as Korea's first security education institute, has been training professional manpower that abides by the basics and principles, and possesses professional skills, service competency, and a professional demeanor as mature citizens.

S-1 operates several unique and industry-leading training centers that enhance the work proficiency of its entire workforce, e.g., the 'Total State-of-the-Art Security Training Center' where emergency dispatch training is available in the same environment as the field, the 'System Practice Center' that can improve security system installation and maintenance capabilities, and 'S-1 Bike School,' a bike training center designed to reflect various road conditions, and other educational facilities.

Additionally, the 'Blue Asset Technology Education Center,' a total practice center for building management equipment (electrical power, machinery, fire suppression systems, elevators, etc.), trains building management experts. S-1 trains professionals who will become the foundation of a centennial company through various education programs, e.g., the "Challenge Course," a professional outdoor training program, value sharing, leadership and job specialist courses, and global competency-building education.

## 2. Company overview

### 1) Objectives

- Telecommunications business
- Security services pursuant to the Security Services Business Act, including facility security services, mechanical equipment security services, escort security services and personal protection services
- Development of programs for wired and wireless information and communication businesses, such as the Internet and satellites, manufacture and sale of communication devices, and related service businesses like e-commerce
- Investigation, guidance and counseling with regard to safety management
- Transportation, management and arrangement of cash and valuables
- Security services using protection dogs and raising and training of protection dogs
- General electrical work, telecommunications business and general subsidiary construction work
- Export and import of devices and safety management
- Development, manufacturing and sales of medical devices and related services
- Manufacturing and sales of water purifiers
- Design, supervision, construction and inspection of fire protection systems
- Real estate, equipment and interior construction businesses, and other related services
- Stolen vehicle tracking and recovery systems
- Education business
- Development, manufacturing, sales, monitoring and certification of products related to information protection
- Recruiting of card merchants and members, and development, manufacturing, sales, monitoring and certification of related devices and services
- Environment-ally friendly, public hygiene, animal disease control, and related services
- Location information business, location-based services, development of programs for location-based services, and manufacturing and sales of related devices
- Manufacturing, sales and maintenance of crime-prevention, disaster prevention, and safety devices and systems
- Development and sale of software
- Manufacturing and sales of foods and pharmaceuticals, and related services
- Health and fitness coaching, management, sale of goods, visiting care and related services
- Operation of welfare facilities for senior citizens and related services
- Sale of tombs and funeral services
- Energy diagnostics for improving the efficiency of energy use, investment in facilities, and manufacturing, sales, installation, construction, R&D and management of machines and materials, and related services
- Sales and rental of medical devices for animals and quasi-drugs, and related services
- Verification business related to greenhouse gas and energy management by objective
- Renewable energy business (development and generation of renewable energy, and manufacturing, assembly, installation and sales of equipment/cultivation, storing, processing and distribution of raw materials, and other related businesses)
- Management, leasing, supply and brokerage of real estate, facility maintenance services, housing management services, and other related services
- All businesses incidental to those mentioned above

### 2) Description of key businesses

Business	Description
Security service	Alarm security, integrated security, security products, etc.
Building management service	Facility and property management, consulting, etc.

### 3) Sales offices in the country

(As of December 31, 2021, unit: place)

Classification	Gyeonggi	Seoul	Bugyeong	Gyeongbuk	Chungcheong	Honam	Gangwon	Total
Business team	1	1	1	1	1	1	1	7
Branch	24	20	17	11	10	10	7	99
Total	25	21	18	12	11	11	8	106

### 4) Employees

(As of December 31, 2021)

(Unit: KRW1 million)

Business division	Gender	Employee							Non-affiliated workers			Notes	
		Number of employees					Average length of service	Total annual salary	Average salary per person	Male	Female		Total
		Workers with no fixed period		Fixed-term workers		Total							
Alarm security	Male	4,834	–	267	–	5,101	12.9	385,672	75	11,133	4,013	15,146	–
Alarm security	Female	358	3	2	–	360	12.9	24,184	68				–
Building management	Male	1,164	–	4	–	1,168	9.9	78,627	67	11,133	4,013	15,146	–
Building management	Female	122	–	10	–	132	8.6	7,519	56				–
<b>Total</b>		<b>6,478</b>	<b>3</b>	<b>283</b>	<b>–</b>	<b>6,761</b>	<b>12.3</b>	<b>496,002</b>	<b>73</b>				–

※ The total annual salary and the average salary per person are based on the earned income of the statement of income payment, submitted to the competent tax office in accordance with Article 20 of the Income Tax Act. (before earned income deduction is reflected)

※ The number of employees and salaries above exclude executive directors and full-time auditors, and they are not a comparison between men and women in the same position.

※ The average salary per person is based on the sum of the average monthly salary of each month from January to December 2021

### 5) Information on shares

#### ① Types and total number of shares issued

(Unit: share, KRW1,000)

Type of share	Number of shares	Amount	Component ratio	Notes
Common shares	37,999,178	18,999,589	100%	–

#### ② Changes in capital stock

There has been no change in capital stock in the past 5 years.

#### ③ Stock-related matters

Closing date	December 31		
Reference date	December 31	Stock book closing period	From January 1 to 31
Notification method	Website (http://www.s1.co.kr) / Joongang Ilbo		
Transfer agent	Name of agent	Hana Bank Security Agency Department	
	Address	72, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul	

### 6) Matters concerning corporate bonds

“N/A”



### 3. Business performance

#### 1) Business overview

Business area	Overview
Security service	Providing safety and security to customers with an elite workforce, a nationwide network, and differentiated systems and products
Real estate service	Maximizing customer asset value with differentiated solutions beyond safe and comfortable space management
integrated security SI	Providing optimal integrated solutions to meet customer needs through security consulting
Information security	Thoroughly protecting customer information assets with professional manpower, control service know-how, and proven solutions
Personal / vehicle security	Adding security to safety through differentiated personal / vehicle security service
R&D	Leading non-contact security in the era of COVID-19 by developing innovative technologies
Social contributions	Creating social value and contributing to neighbors and society
Education	Training talents with the best professional competency and dignity based on a People first philosophy

#### 2) Sales(separate)

(Unit: KRW100 million)

Business division	Type of sales	Item	45 <sup>th</sup>	44 <sup>th</sup>	43 <sup>rd</sup>
Security system service	System	System security service and installation	10,954	10,694	10,467
	Product sales	Sales of security-related products	2,576	2,665	2,840
	integrated security	integrated security	2,669	2,529	2,233
	Other	Education, etc.	39	36	54
	Subtotal			16,238	15,924
Building management service	Management service	Real estate service	6,533	5,967	5,609
Total			22,771	21,891	21,203

#### 3) New construction and expansion of major facilities and fund-raising status(separate)

##### ① New construction and expansion of major facilities

(Unit: KRW100 million)

Classification	Land	Buildings and structures	Machines and tools	Construction in progress	Other tangible assets	Total
Beginning	520	552	86	3	3,520	4,681
Increase (decrease)	Δ220	–	28	288	1,307	1,403
Depreciation	–	Δ22	Δ36	–	Δ1,256	Δ1,314
Ending	300	530	78	291	3,571	4,770

##### ② Fund-raising status

“N/A”

### 4. Matters concerning business combination, etc.

#### 1) Parent company

“N/A”

#### 2) Subsidiaries

(As of December 31, 2021, unit: KRW1,000, share, %)

Company name	Location	Capital stock	Business category	Relationship		
				Number of shares owned	Ownership	Relationship
Human TSS, Inc.	Daebo Bldg., 141, Gwongwang-ro, Gwonseon-gu, Suwon, Gyeonggi-do	1,000,000	Security system	200,000	100.00	Service transaction
S-1 CRM Corporation	S-1 Bldg., 522, Gyeongsudaero, Paldal-gu, Suwon, Gyeonggi-do	700,000	Call center service and telemarketing	140,000	100.00	Service transaction
Samsung Beijing Security Systems	S-1 Corporation, 1002, 10th Floor, Building C, Wanke Square, Zhuzong Town, Daxing District Beijing, China	1,483,533	Security system service	Shares not issued	100.00	Commodity trade
S-1 CORPORATION VIETNAM CO., LTD	2nd floor, Halla Office Building, Yen Phong Industrial Park, Yen Trung Commune, Yen Phong District, Bac Ninh province, Vietnam	1,131,000	Security system service	Shares not issued	100.00	Commodity trade
S-1 CORPORATION HUNGARY LLC	1036 Budapest, Lajos utca 74-76. 4. em.	31,840	Security system service	Shares not issued	100.00	Commodity trade
SVIC No. 35 new technology business investment partnership	11, Seocho-daero 74-gil, Seocho-gu, Seoul (Seocho-dong)	2,989,800	Investment in new technology	Shares not issued	99.00	Investment partnership

## 5. Business performance and financial status of the past 3 years

### 1) Business performance (separate summary income statement)

(Unit: KRW100 million)

Title	45 <sup>th</sup>	44 <sup>th</sup>	43 <sup>rd</sup>
Sales	22,771	21,891	21,203
Cost of sales	17,300	16,432	15,770
<b>Gross profit</b>	<b>5,471</b>	<b>5,459</b>	<b>5,433</b>
Selling and Administrative Expenses	3,817	3,529	3,530
<b>Operating profit</b>	<b>1,654</b>	<b>1,930</b>	<b>1,903</b>
Other non-operating income	105	76	98
Other non-operating expenses	231	275	194
Financial income	43	37	59
Financial costs	9	11	7
<b>Profit before income tax</b>	<b>1,562</b>	<b>1,757</b>	<b>1,859</b>
Income tax expense	399	428	449
<b>Profit for the year</b>	<b>1,163</b>	<b>1,329</b>	<b>1,410</b>

※ The above income statement was prepared according to the separate financial statements of IFRS.

### 2) Financial position (separate summary statement of financial position)

(Unit: KRW100 million)

Title	45 <sup>th</sup>	44 <sup>th</sup>	43 <sup>rd</sup>
<b>Assets</b>	<b>18,995</b>	<b>18,495</b>	<b>17,516</b>
Current assets	7,894	7,428	6,911
Non-current assets	11,101	11,067	10,605
<b>Liabilities</b>	<b>4,904</b>	<b>4,846</b>	<b>4,329</b>
Current liabilities	3,847	3,825	3,577
Non-current liabilities	1,057	1,021	752
<b>Capital</b>	<b>14,091</b>	<b>13,649</b>	<b>13,187</b>
Capital stock	190	190	190
Capital surplus	1,929	1,929	1,929
Retained earnings	13,456	13,040	12,581
Other components of equity	△1,484	△1,510	△1,513
<b>Total liabilities/equity</b>	<b>18,995</b>	<b>18,495</b>	<b>17,516</b>

※ The above statement of financial position was prepared according to the separate financial statements of IFRS.

## 6. Tasks of the company

See “Business overview”

## 7. Directors and auditors

(As of December 31, 2021)

Name	Birthdate (gender)	Position	Registered executive	Standing/ Non-Standing	Duty	Major experiences	Tenure	Tenure expiration date	Business relationship with the company	Concurrent positions at other corporations
Heechan Roh	October 1961 (male)	President & CEO	Executive director	Standing	General manager	1985 Graduated from the Department of Economics, Yonsei University 2015 Head of the Management Support Office, Samsung Display 2017 Head of the Management Support Office, Samsung Electronics 2020 President & CEO of S-1	January 20, 2020 ~	March 18, 2023	—	—
Moriya Kiyoshi	August 1964 (male)	Vice-president and CEO	Executive director	Standing	General manager	1988 Graduated from the School of Law, Gakushuin University 1992 Golden Gate Univ. MBA 2015 President & CEO of SECOM YAMANASHI 2018 Head of the Sales Department, Kyushu Headquarters, SECOM, and executive of JR KYUSHU SECOM INC. 2020 Head of the Planning and Management Department of the International Business Division of SECOM Group 2020 Vice-president & CEO of S-1	March 19, 2020 ~	March 23, 2023	—	—
Younggi Kwon	July 1966 (male)	Vice-president	Executive director	Standing	Head of the Infrastructure Service Business Division	1988 Graduated from the Department of Business Administration, Seoul National University 1990 Graduated from the Department of Business Administration Seoul National University with a master's degree 2002 Emory Univ. MBA 2014 Head of the Support Team, Samsung SDI (Managing Director) 2015 Head of the SE Support Team 2017 Head of the BE Business Division 2018 Head of the SE Business Division 2020 Head of the Security Service Business Division 2021 Head of the Infrastructure Service Business Division	December 7, 2015 ~	March 18, 2023	—	—
Joonsung Park	October 1963 (male)	Vice-president	Executive director	Standing	Head of the Management Support Office	1988 Graduated from the Department of Business Administration, Yonsei University 2012 Head of the Support Team, FC Business Division, Everland 2013 Head of the Support Team, Samsung Well Story 2014 S-1 Head of the Building Solution Business Division 2017 Head of the Management Support Office of S-1	December 5, 2013 ~	March 23, 2023	—	—

(As of December 31, 2021)

Name	Birthdate (gender)	Position	Registered executive	Standing/ Non-Standing	Duty	Major experiences	Tenure	Tenure expiration date	Business relationship with the company	Concurrent positions at other corporations
Sato Sadahiro	August 1960 (male)	Non-executive director	Non-executive director	Non-Standing	—	1984 Graduated from the Department of Political Economics, Waseda University 2013 Head of the Sales Department, International Business Division of SECOM Group 2015 Part-time auditor of S-1 2016 Head of the International Business Division of SECOM Group 2017 Non-executive director of S-1 (Current) Head of the International Business Division of SECOM Group	March 24, 2017 ~	March 23, 2023	—	—
Nakada Takashi	April 1966 (male)	Non-executive director	Non-executive director	Non-Standing	—	1991 Graduated from the Department of Science and Engineering, Graduate School, University of Tsukuba 1995 Planning Office of SECOM Headquarters 2015 Head of the General Planning Department, SECOM Headquarters 2019 S-1 Non-executive director (Current) Deputy head of the International Business Division of SECOM Group	March 21, 2019 ~	March 20, 2022	—	—
Yeonggeol Kim	May 1953 (male)	Outside director	Outside director	Non-Standing	Outside director	2007 Doctor of Engineering, University of Seoul 2010 2nd Vice Mayor of Administration of Seoul Metropolitan City 2016 Outside director of S-1	March 11, 2016 ~	March 20, 2022	—	—
Jaehoon Lee	September 1955 (male)	Outside director	Outside director	Non-Standing	Outside director	1978 Graduated from the Department of Economics, Seoul National University 2002 Doctor of Public Administration, Sungkyunkwan University 2006 Head of the Office of Industrial Policy, Ministry of Commerce, Industry and Energy 2007 2nd Vice-minister, Ministry of Commerce, Industry and Energy 2008 2nd Vice-minister, Ministry of Knowledge Economy 2014 6th President of Korea Polytechnic University 2021 S-1 outside director (Current) Outside director of S-Oil	March 18, 2021 ~	March 17, 2024	—	Outside director of S-Oil

(As of December 31, 2021)

Name	Birthdate (gender)	Position	Registered executive	Standing / Non-Standing	Duty	Major experiences	Tenure	Tenure expiration date	Business relationship with the company	Concurrent positions at other corporations
Yunhwan Kim	November 1953 (male)	Standing Auditor	Auditor	Standing	Auditor	1997 Master of Administration, Yonsei University 2009 Doctor of Business Administration Seoul Venture University 2010 Commissioner of the Incheon Metropolitan Police Agency 2013 Business Management Director of Police Mutual Aid Association 2016 Full-time auditor of S-1	March 11, 2016 ~	March 20, 2022	-	-
Ishida Shozaburo	August 1946 (male)	Non-Standing Auditor	Auditor	Non-Standing	Auditor	1969 Graduated from the School of Law, Joongang University 2015 Designated attorney to serve as a prosecutor in the Tokyo Electric Power Corporation forcible prosecution case 2020 Part-time auditor of S-1 (Current) Attorney, Ishida Law Office Current) Arbitration member of the Second Tokyo Bar Association	March 19, 2020 ~	March 18, 2023	-	-

## 8. Major shareholders

(As of December 31, 2021)

Name of shareholder	Number of shares owned (share)	Ownership (%)	Business relationship with the company	The company's investment in the major shareholder	Notes
SECOM	9,747,383	25.65	Yes	-	
Samsung SDI	4,190,681	11.03	Yes	-	
National Pension Service	2,869,263	7.55	Yes	-	
Samsung Life Insurance	2,030,476	5.34	Yes	-	
VIRTUS	1,435,429	3.78	-	-	

## 9. Investments in other companies made by the company, the company and subsidiaries, or the company's subsidiaries

(As of December 31, 2021)

Name of other company	Parent company	Invested in other companies		Of other companies that invested in S-1	
		Number of shares owned	Ownership (%)	Number of shares	Ownership (%)
Human TSS, Inc.	S-1	200,000	100.00	-	-
S-1 CRM Corporation	S-1	140,000	100.00	-	-
Samsung Beijing Security Systems	S-1	Shares not issued	100.00	-	-
S-1 CORPORATION VIETNAM CO.,LTD	S-1	Shares not issued	100.00	-	-
S-1 CORPORATION HUNGARY LLC	S-1	Shares not issued	100.00	-	-
SVIC No. 35 New technology business investment partnership	S-1	Shares not issued	99.00	-	-
Igloo Security	S-1	1,209,829	11.00	-	-

## 10. Major creditors, etc.

"N/A"

## 11. Important facts after settlement of accounts

"N/A"

## 12. Other important information regarding business

"N/A"

## Separate financial statements

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# 1. Statement of financial position

45<sup>th</sup> period as of December 31, 202144<sup>th</sup> period as of December 31, 2020

S-1 Corporation

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>Assets</b>				
<b>I. Current assets</b>		<b>789,392,287,049</b>		<b>742,800,459,840</b>
1. Cash and cash equivalents	172,040,268,275		178,648,000,736	
2. Short-term financial instruments	359,782,109,130		290,902,544,330	
3. Accounts receivable and other receivables	126,935,025,575		132,201,411,859	
4. Contract assets	18,416,119,545		30,927,713,411	
5. Accrued revenue	1,847,784,732		958,830,459	
6. Inventories	13,603,755,805		42,219,018,762	
7. Advance payments	7,841,390,331		3,874,858,595	
8. Prepaid expenses	67,929,718,487		63,068,081,688	
9. Loans and receivables	20,996,115,169		—	
<b>II. Non-current assets</b>		<b>1,110,080,505,300</b>		<b>1,106,685,178,544</b>
1. Long-term contract assets	3,426,248,962		3,621,660,831	
2. Long-term financial assets	6,000,000		6,000,000	
3. Other comprehensive income: Financial assets at fair value	16,446,304,857		21,277,111,327	
4. Profit and loss: Financial assets at fair value	13,136,864,360		4,492,071,210	
5. Loans and receivables	23,344,263,415		48,421,452,370	
6. Subsidiary and joint venture equity securities	11,176,421,265		10,982,707,960	
7. Investments in real estate	22,006,758,600		—	
8. Tangible assets	476,988,750,175		468,116,668,920	
9. Intangible assets	419,252,100,933		431,898,909,917	
10. Right-of-use assets	49,320,835,904		54,212,975,204	
11. Long-term prepaid expenses	62,721,494,958		56,725,162,830	
12. Net defined benefit assets	12,254,461,871		6,930,457,975	
<b>Total assets</b>		<b>1,899,472,792,349</b>		<b>1,849,485,638,384</b>

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>Liabilities</b>				
<b>I. Current liabilities</b>		<b>384,697,510,205</b>		<b>382,452,248,963</b>
1. Accounts payable and other liabilities	199,168,829,286		198,040,640,394	
2. Lease liabilities	18,456,969,246		18,071,225,128	
3. Value-added tax withheld	19,837,674,132		20,683,690,517	
4. Income tax payable	16,661,873,279		20,502,761,892	
5. Advances from customers	72,805,431,219		69,190,721,236	
6. Unearned revenue	16,234,064,805		15,618,212,961	
7. Deposits received	8,161,439,437		6,237,483,387	
8. Current portion of deposits received	33,371,228,801		34,107,513,448	
<b>II. Non-current liabilities</b>		<b>105,640,399,227</b>		<b>102,099,844,905</b>
1. Long-term accounts payable and other liabilities	8,635,754,100		7,119,068,775	
2. Long-term lease liabilities	31,123,727,998		36,968,214,046	
3. Deferred tax liabilities	6,203,885,746		2,870,905,104	
4. Deposits received	4,870,474,634		4,898,396,680	
5. Provisions	3,560,569,816		1,428,702,985	
6. Long-term unearned revenue	15,681,592,465		14,220,035,527	
7. Other non-current liabilities	35,564,394,468		34,594,521,788	
<b>Total liabilities</b>		<b>490,337,909,432</b>		<b>484,552,093,868</b>
<b>Equity</b>				
<b>I. Capital stock</b>		<b>18,999,589,000</b>		<b>18,999,589,000</b>
1. Common capital stock	18,999,589,000		18,999,589,000	
<b>II. Capital surplus</b>		<b>192,913,601,374</b>		<b>192,913,601,374</b>
<b>III. Retained earnings</b>		<b>1,345,583,654,163</b>		<b>1,303,955,854,796</b>
<b>IV. Other components of equity</b>		<b>(148,361,961,620)</b>		<b>(150,935,500,654)</b>
<b>Total equity</b>		<b>1,409,134,882,917</b>		<b>1,364,933,544,516</b>
<b>Total liabilities and equity</b>		<b>1,899,472,792,349</b>		<b>1,849,485,638,384</b>

## 2. Income statement

45<sup>th</sup> period from January 1, 2021 to December 31, 2021  
44<sup>th</sup> period from January 1, 2020 to December 31, 2020  
S-1 Corporation

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
I. Sales		2,277,128,864,100		2,189,076,457,665
II. Cost of sales		1,729,980,762,765		1,643,176,163,801
III. Gross profit		547,148,101,335		545,900,293,864
1. Selling and Administrative expenses	381,690,588,761		352,863,898,592	
IV. Operating profit		165,457,512,574		193,036,395,272
1. Other non-operating income	10,540,453,820		7,636,020,886	
2. Other non-operating expenses	23,136,394,484		27,511,666,740	
3. Financial income	4,334,816,940		3,652,304,699	
4. Financial costs	959,542,816		1,078,788,750	
V. Profit before income tax		156,236,846,034		175,734,265,367
1. Income tax expense	39,941,438,551		42,804,620,250	
VI. Profit for the year		116,295,407,483		132,929,645,117
VII. Earnings per share				
Basic earnings per share		3,440		3,932
Diluted earnings per share		3,440		3,932

## 3. Statement of comprehensive income

45<sup>th</sup> period from January 1, 2021 to December 31, 2021  
44<sup>th</sup> period from January 1, 2020 to December 31, 2020  
S-1 Corporation

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
I. Net income		116,295,407,483		132,929,645,117
II. Other comprehensive income		12,431,528,418		(2,175,195,302)
Items that will not be reclassified as profit or loss				
1. Reassessment of the net defined benefit liability (assets)	9,857,989,384		(2,559,050,387)	
2. Gain (loss) on valuation of financial assets measured at fair value through other comprehensive income	2,573,539,034		383,855,085	
III. Total comprehensive income		128,726,935,901		130,754,449,815

## 4. Statement of changes in equity

45<sup>th</sup> period from January 1, 2021 to December 31, 2021  
44<sup>th</sup> period from January 1, 2020 to December 31, 2020  
S-1 Corporation

(Unit: KRW)

Title	Capital stock	Paid-in capital in excess of par value	Retained earnings	Other capital items	Total
January 1, 2020 (beginning of the prior period)	18,999,589,000	192,913,601,374	1,258,110,857,566	(151,319,355,739)	1,318,704,692,201
A. Total comprehensive income					
1. Net income	—	—	132,929,645,117	—	132,929,645,117
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	383,855,085	383,855,085
3. Reassessment of net defined benefit liabilities (assets)	—	—	(2,559,050,387)	—	(2,559,050,387)
B. Transactions with the owner					
1. Dividends	—	—	(84,525,597,500)	—	(84,525,597,500)
December 31, 2020 (end of the prior period)	18,999,589,000	192,913,601,374	1,303,955,854,796	(150,935,500,654)	1,364,933,544,516
January 1, 2021 (beginning of the current period)	18,999,589,000	192,913,601,374	1,303,955,854,796	(150,935,500,654)	1,364,933,544,516
A. Total comprehensive income					
1. Net income	—	—	116,295,407,483	—	116,295,407,483
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	2,573,539,034	2,573,539,034
3. Reassessment of net defined benefit liabilities (assets)	—	—	9,857,989,384	—	9,857,989,384
B. Transactions with the owner					
1. Dividend	—	—	(84,525,597,500)	—	(84,525,597,500)
December 31, 2021 (end of the current period)	18,999,589,000	192,913,601,374	1,345,583,654,163	(148,361,961,620)	1,409,134,882,917

## 5. Statement of cash flow

45<sup>th</sup> period from January 1, 2021 to December 31, 2021  
 44<sup>th</sup> period from January 1, 2020 to December 31, 2020  
 S-1 Corporation

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>I. Cash flow from operating activities</b>		<b>318,867,723,129</b>		<b>333,140,287,224</b>
1. Cash flows created from operating activities	355,091,220,188		374,528,043,021	
A. Net income	116,295,407,483		132,929,645,117	
B. Adjustment	255,181,991,831		257,077,911,592	
C. Changes in assets and liabilities related to operating activities	(16,386,179,126)		(15,479,513,688)	
2. Interest received	2,907,253,402		4,211,322,021	
3. Payment of interest	(917,112,996)		(1,045,507,206)	
4. Dividend revenue	1,136,540,389		513,736,767	
5. Income tax paid	(39,350,177,854)		(45,067,307,379)	
<b>II. Cash flows from investing activities</b>		<b>(220,506,027,099)</b>		<b>(221,190,036,365)</b>
1. Acquisition of short-term financial instruments	(458,427,200,000)		(425,640,435,200)	
2. Disposal of short-term financial instruments	389,547,635,200		360,589,016,980	
3. Other comprehensive income: Acquisition of financial assets at fair value	—		(10,500,000,000)	
4. Net income-acquisition of financial assets at fair value	—		(4,000,000,000)	
5. Acquisition of tangible assets	(155,307,597,511)		(139,900,236,972)	
6. Disposal of tangible assets	131,368,451		113,097,015	
7. Acquisition of intangible assets	(291,010,548)		(310,289,814)	
8. Disposal of intangible assets	—		56,363,636	
9. Increase in deposits	(1,159,985,100)		(3,861,977,592)	
10. Decrease in deposits	5,242,510,786		2,264,425,582	
11. Acquisition of investments in subsidiaries	(350,190,509)		—	
12. Disposal of investments in subsidiaries	108,442,132		—	
<b>III. Cash flow from financial activities</b>		<b>(104,969,428,491)</b>		<b>(103,158,797,649)</b>
1. Payment of dividends	(84,525,597,500)		(84,525,597,500)	
2. Payment of lease liabilities	(20,443,830,991)		(18,633,200,149)	
<b>IV. Net increase in cash and cash equivalents (I + II + III)</b>		<b>(6,607,732,461)</b>		<b>8,791,453,210</b>
<b>V. Beginning cash and cash equivalents</b>		<b>178,648,000,736</b>		<b>169,856,547,526</b>
<b>VI. Ending cash and cash equivalents</b>		<b>172,040,268,275</b>		<b>178,648,000,736</b>

## 6. Statements of appropriation of retained earnings

45<sup>th</sup> period from January 1, 2021 to December 31, 2021 Date of appropriation: March 17, 2022  
 44<sup>th</sup> period from January 1, 2020 to December 31, 2020 Final date of appropriation: March 18, 2021  
 S-1 Corporation

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>I. Unappropriated retained earnings</b>		<b>127,129,527,048</b>		<b>175,501,727,681</b>
1. Retained earnings brought forward from the previous year	976,130,181		45,131,132,951	
2. Reassessment of the net defined benefit liability (assets)	9,857,989,384		(2,559,050,387)	
3. Net income	116,295,407,483		132,929,645,117	
<b>II. Appropriated retained earnings</b>		<b>126,525,597,500</b>		<b>174,525,597,500</b>
1. Voluntary reserve	42,000,000,000		90,000,000,000	
2. Dividend	84,525,597,500		84,525,597,500	
Cash dividend				
Dividend per share (rate)				
Current period: KRW2,500 (500%)				
Prior period: KRW2,500 (500%)				
<b>III. Unappropriated retained earnings carried over to subsequent year</b>		<b>603,929,548</b>		<b>976,130,181</b>

## 7. Notes to financial statements

For information on the notes, please read the audit report disclosed in the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service (<http://dart.fss.or.kr>) published on March 8, 2022.



# Consolidated Financial Statements

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# 1. Consolidated statement of financial position

45<sup>th</sup> period as of December 31, 202144<sup>th</sup> period as of December 31, 2020

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>Assets</b>				
<b>I. Current assets</b>		<b>864,355,191,815</b>		<b>797,744,555,439</b>
1. Cash and cash equivalents	218,899,850,568		213,172,898,180	
2. Short-term financial instruments	371,782,358,523		299,802,544,330	
3. Accounts receivable and other receivables	138,134,681,782		136,697,278,292	
4. Contract assets	18,416,119,545		30,927,713,411	
5. Accrued revenue	1,854,724,683		963,121,731	
6. Inventories	16,080,983,712		43,992,867,397	
7. Advance payments	8,906,973,982		4,467,949,166	
8. Prepaid expenses	68,127,702,399		63,276,633,615	
9. Value-added tax refundable	97,227,029		4,443,549,317	
10. Loans and receivables	22,054,569,592		—	
<b>II. Non-current assets</b>		<b>1,108,617,310,442</b>		<b>1,108,945,137,583</b>
1. Long-term contract assets	3,426,248,962		3,621,660,831	
2. Long-term financial assets	6,000,000		6,000,000	
3. Other comprehensive income: Financial assets at fair value	16,446,304,857		21,277,111,327	
4. Profit and loss: Financial assets at fair value	15,167,485,548		6,546,721,286	
5. Loans and receivables	23,370,126,537		49,849,800,966	
6. Stocks invested in joint ventures	2,468,095,202		2,525,716,253	
7. Investments in real estate	22,006,758,600		—	
8. Tangible assets	478,304,508,094		469,575,844,787	
9. Intangible assets	419,918,319,678		432,564,691,240	
10. Right-of-use assets	49,664,432,693		54,779,638,797	
11. Long-term prepaid expenses	62,733,837,850		56,728,318,048	
12. Net defined benefit assets	12,328,545,213		9,114,989,598	
13. Deferred tax assets	2,776,647,208		2,354,644,450	
<b>Total assets</b>		<b>1,972,972,502,257</b>		<b>1,906,689,693,022</b>

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>Liabilities</b>				
<b>I. Current liabilities</b>		<b>417,273,343,011</b>		<b>412,945,796,807</b>
1. Accounts payable and other liabilities	218,289,592,313		217,494,471,939	
2. Lease liabilities	18,666,339,563		18,356,584,851	
3. Value-added tax withheld	24,185,366,457		29,238,830,749	
4. Income tax payable	17,676,257,645		21,341,474,336	
5. Advances from customers	79,427,909,638		69,401,768,990	
6. Unearned revenue	16,234,064,805		15,618,212,961	
7. Deposits received	9,422,583,789		7,386,939,533	
8. Current portion of deposits received	33,371,228,801		34,107,513,448	
<b>II. Non-current liabilities</b>		<b>112,803,354,743</b>		<b>109,559,244,177</b>
1. Long-term accounts payable and other liabilities	8,635,754,100		7,119,068,775	
2. Long-term lease liabilities	31,267,842,704		37,258,854,312	
3. Net defined benefit liability	121,905,915		996,777,085	
4. Deferred tax liabilities	6,203,885,746		2,870,905,104	
5. Deposits received	4,870,474,634		4,898,396,680	
6. Provisions	3,560,569,816		1,428,702,985	
7. Long-term unearned revenue	15,681,592,465		14,220,035,527	
8. Other non-current liabilities	42,461,329,363		40,766,503,709	
<b>Total liabilities</b>		<b>530,076,697,754</b>		<b>522,505,040,984</b>
<b>Equity</b>				
<b>Controlling Company Shareholder's Equity</b>		<b>1,442,871,269,516</b>		<b>1,384,159,336,534</b>
<b>I. Capital stock</b>		<b>18,999,589,000</b>		<b>18,999,589,000</b>
1. Common capital stock	18,999,589,000		18,999,589,000	
<b>II. Capital surplus</b>		<b>192,913,601,374</b>		<b>192,913,601,374</b>
<b>III. Retained earnings</b>		<b>1,378,586,893,437</b>		<b>1,324,033,322,914</b>
<b>IV. Other components of Equity</b>		<b>(147,628,814,295)</b>		<b>(151,787,176,754)</b>
<b>Non-controlling interests</b>		<b>24,534,987</b>		<b>25,315,504</b>
<b>Total equity</b>		<b>1,442,895,804,503</b>		<b>1,384,184,652,038</b>
<b>Total liabilities and equity</b>		<b>1,972,972,502,257</b>		<b>1,906,689,693,022</b>

## 2. Consolidated income statement

45<sup>th</sup> period from January 1, 2021 to December 31, 202144<sup>th</sup> period from January 1, 2020 to December 31, 2020

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
I. Sales		2,312,489,059,004		2,223,340,509,340
II. Cost of sales		1,756,970,435,411		1,672,120,747,514
III. Gross profit		555,518,623,593		551,219,761,826
1. Selling and administrative expenses	375,853,679,446		346,757,073,614	
IV. Operating profit		179,664,944,147		204,462,688,212
1. Other non-operating income	10,531,999,398		7,719,608,614	
2. Other non-operating expenses	23,264,737,853		27,613,075,185	
3. Financial income	4,968,336,443		4,165,189,217	
4. Financial cost	1,157,435,184		1,357,039,454	
V. Profit before income tax		170,743,106,951		187,377,371,404
1. Income tax expenses	41,752,210,548		45,287,786,530	
VI. Profit for the year		128,990,896,403		142,089,584,874
Controlling Company Shareholder's Equity		128,991,676,920		142,090,241,747
Non-controlling interests		(780,517)		(656,873)
VII. Gain and loss per share of the controlling company Shareholder's equity				
Basic earnings per share		3,815		4,203
Diluted earnings per share		3,815		4,203

## 3. Consolidated comprehensive income statement

45<sup>th</sup> period from January 1, 2021 to December 31, 202144<sup>th</sup> period from January 1, 2020 to December 31, 2020

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
I. Net income		128,990,896,403		142,089,584,874
II. Other comprehensive income		14,278,671,788		(985,812,861)
Items that will not be reclassified as profit or loss				
1. Reassessment of the net defined benefit liability (asset)	10,120,309,329		(1,130,228,377)	
2. Gain (loss) on valuation of financial assets measured at fair value through other comprehensive income	2,573,539,034		383,855,085	
Items that may be reclassified as profit or loss in the future				
1. Gain or loss on overseas operations translation	1,584,823,425		(239,439,569)	
III. Total comprehensive income		143,269,568,191		141,103,772,013
1. Total comprehensive income attributable to controlling interests		143,270,348,708		141,104,428,886
2. Non-controlling interests		(780,517)		(656,873)

## 4. Consolidated statement of changes in equity

45<sup>th</sup> period from January 1, 2021 to December 31, 202144<sup>th</sup> period from January 1, 2020 to December 31, 2020

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	Owners' equity					Non-controlling interests	Total
	Capita stock	Paid-in capital in excess of par value	Retained earnings	Other capital items	Owners' equity		
January 1, 2020 (beginning of the prior period)	18,999,589,000	192,913,601,374	1,267,598,907,044	(151,931,592,270)	1,327,580,505,148	25,972,377	1,327,606,477,525
A. Total comprehensive income							
1. Net income	—	—	142,090,241,747	—	142,090,241,747	(656,873)	142,089,584,874
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	383,855,085	383,855,085	—	383,855,085
3. Reassessment of net defined benefit liabilities (assets)	—	—	(1,130,228,377)	—	(1,130,228,377)	—	(1,130,228,377)
4. Overseas business profit/loss on foreign exchange	—	—	—	(239,439,569)	(239,439,569)	—	(239,439,569)
B. Transactions with the owner							—
1. Dividends	—	—	(84,525,597,500)	—	(84,525,597,500)	—	(84,525,597,500)
December 31, 2020 (end of the prior period)	18,999,589,000	192,913,601,374	1,324,033,322,914	(151,787,176,754)	1,384,159,336,534	25,315,504	1,384,184,652,038
January 1, 2021 (beginning of the current period)	18,999,589,000	192,913,601,374	1,324,033,322,914	(151,787,176,754)	1,384,159,336,534	25,315,504	1,384,184,652,038
A. Total comprehensive income							—
1. Net income	—	—	128,991,676,920	—	128,991,676,920	(780,517)	128,990,896,403
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	2,573,539,034	2,573,539,034	—	2,573,539,034
3. Reassessment of net defined benefit liabilities (assets)	—	—	10,120,309,329	—	10,120,309,329	—	10,120,309,329
4. Overseas profit/loss on foreign exchange	—	—	—	1,584,823,425	1,584,823,425	—	1,584,823,425
B. Transactions with the owner							—
1. Dividends	—	—	(84,525,597,500)	—	(84,525,597,500)	—	(84,525,597,500)
2. Other	—	—	(32,818,226)	—	(32,818,226)	—	(32,818,226)
December 31, 2021 (end of the current period)	18,999,589,000	192,913,601,374	1,378,586,893,437	(147,628,814,295)	1,442,871,269,516	24,534,987	1,442,895,804,503

## 5. Consolidated statement of cash flow

45<sup>th</sup> period from January 1, 2021 to December 31, 202144<sup>th</sup> period from January 1, 2020 to December 31, 2020

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>I. Cash flow from operating activities</b>		<b>333,298,813,818</b>		<b>346,419,033,180</b>
1. Operating cash flow	371,318,059,651		388,842,115,732	
A. Net income	128,990,896,403		142,089,584,874	
B. Adjustment	263,413,016,212		266,892,821,644	
C. Increase (decrease) in assets and liabilities related to operating activities	(21,085,852,964)		(20,140,290,786)	
2. Interest received	3,282,634,159		4,454,242,685	
3. Payment of interest	(927,225,594)		(1,058,519,633)	
4. Dividend revenue	1,136,540,389		513,736,767	
5. Income tax paid	(41,511,194,787)		(46,332,542,371)	
<b>II. Cash flows from investing activities</b>		<b>(223,397,173,258)</b>		<b>(229,876,055,066)</b>
1. Acquisition of short-term financial instruments	(485,527,449,393)		(448,240,435,200)	
2. Disposal of short-term financial instruments	413,547,635,200		375,189,016,980	
3. Other comprehensive income: Acquisition of financial assets at fair value	—		(10,500,000,000)	
4. Profit and loss: Acquisition of financial assets at fair value	—		(4,000,000,000)	
5. Profit and loss: Disposal of financial assets at fair value	27,058,888		—	
6. Acquisition of tangible assets	(155,666,213,906)		(140,534,142,019)	
7. Disposal of tangible assets	155,407,851		113,097,015	
8. Acquisition of intangible assets	(379,579,716)		(462,401,538)	
9. Disposal of intangible assets	—		63,361,706	
10. Increase in deposits	(1,344,985,100)		(4,093,977,592)	
11. Decrease in deposits	5,682,510,786		2,589,425,582	
12. Disposal of investments in subsidiaries	108,442,132		—	

(Unit: KRW)

Title	45 <sup>th</sup> (current) period		44 <sup>th</sup> (prior) period	
<b>III. Cash flow from financial activities</b>		<b>(105,406,679,408)</b>		<b>(103,767,868,625)</b>
1. Payment of dividends	(84,525,597,500)		(84,525,597,500)	
2. Payment of lease liabilities	(20,881,081,908)		(19,242,271,125)	
<b>IV. Profit/loss on foreign exchange of cash flow</b>		<b>1,231,991,236</b>		<b>(184,216,942)</b>
<b>V. Net increase in cash and cash equivalents (I + II + III + IV)</b>		<b>5,726,952,388</b>		<b>12,590,892,547</b>
<b>VI. Beginning cash and cash equivalents</b>		<b>213,172,898,180</b>		<b>200,582,005,633</b>
<b>VII. Ending cash and cash equivalents</b>		<b>218,899,850,568</b>		<b>213,172,898,180</b>

## 6. Notes to consolidated financial statements

For information on the notes, please read the audit report disclosed in the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service (<http://dart.fss.or.kr>) published on March 8, 2022.

## Resolution of Board of Directors

By a resolution of the Board of Directors, the financial statements and annual report of the 45<sup>th</sup> period (January 1, 2021 ~ December 31, 2021) are submitted as described above

January 28, 2022

S-1 Corporation  
CEO Heechan Roh

## Resolution of Board of Directors

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CEO	Moriya Kiyoshi
Director	Younggi Kwon
Director	Joonsung Park
Director	Sato Sadahiro
Director	Nakada Takashi
Outside director	Yeonggeol Kim
Outside director	Jaehoon Lee

# Audit report

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## 1. Auditors' report

The auditors audited the accounting and business of the 45<sup>th</sup> business year (from January 1, 2021 to December 31, 2021), and report the following:

### 1) Outline of the auditing method

The auditors perused accounting books and related documents for auditing, reviewed financial statements, consolidated financial statements and supplementary schedules, made comparisons, conducted due diligence, requested the presence of related officials, asked questions if it was deemed necessary, and followed the appropriate auditing procedure.

For the purpose of auditing, the auditors used appropriate methods: e.g., the auditors attended BOD meetings and other important meetings, and if deemed necessary, received business reports from directors, and inspected and reviewed documents related to important businesses. In their perusal, they used appropriate methods. The auditors received and reviewed a report on the operating status of the internal accounting management system, which was instituted to prepare and disclose reliable accounting data.

### 2) Matters concerning financial statements, such as the statement of financial position, the consolidated statement of financial position, the comprehensive income statement and the consolidated comprehensive income statement.

Financial statements, including the statement of financial position, the consolidated statement of financial position, the comprehensive income statement, and the consolidated comprehensive income statement, appropriately reflect the financial status and management performance of the company according to laws and the articles of incorporation.

### 3) Matters concerning the statements of appropriation of retained earnings

The statements of appropriation of retained earnings are appropriate according to laws and the articles of incorporation.

### 4) Matters concerning the annual report

The annual report appropriately reflects the status of the company according to laws and the articles of incorporation.

February 24, 2022

S-1 Corporation

Auditor Yunhwan Kim

Auditor Ishida Shozaburo

## 2. Independent auditor's report on financial statements

### To shareholders and the Board of Directors

#### Our opinion

We audited the financial statements of S-1 Corporation (hereinafter referred to as the "Company"). The financial statements consist of the statement of financial position as of December 31, 2021 and December 31, 2020, as well as the income statement, comprehensive income statement, statement of changes in equity, statement of cash flow of the two reporting periods ending on the same dates, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements of S-1 Corporation impartially reflect the financial position of S-1 Corporation as of December 31, 2021 and December 31, 2020, and the financial performance and cash flow of S-1 Corporation ending on the same dates according to Korean equivalents of International Financial Reporting Standards(K-IFRS) from the viewpoint of materiality.

We also audited the internal accounting management system of S-1 (as of December 31, 2021) based on the "concept system of the internal accounting management system design and operation," announced by the Operating Committee of Internal Control over Financial Reporting, according to the auditing standards of the Republic of Korea, and expressed a qualified opinion in the audit report dated March 8, 2022.

#### Basis for audit opinion

We audited according to Korean auditing standards. Our responsibility according to these standards is described in the paragraph concerning the auditors' responsibility for the financial statements in this audit report. We are independent from the company according to the ethical requirements of the Republic of Korea related to the auditing of the financial statements, and we fulfilled other ethical responsibilities according to these requirements. We believe that the auditing evidence we obtained is sufficient and appropriate as the basis for the audit opinion.

#### Key audit matters

The key audit matters are those which, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

#### Assessing the goodwill impairment of the building management division

##### Reasons for determination as key audit matters

As mentioned in Note 15, the goodwill of the building management division in cash-generating units was recorded as KRW328,093 million as of December 31, 2021. Considering that the assessment of the materiality of the goodwill amount and damage is accompanied by the management's significant judgment and estimation, we decided that goodwill damage assessment is a key audit matter.

#### How we handled key audit matters while auditing

To respond to the key audit matters, we performed the auditing procedure including the following:

- Eligibility and independence were evaluated by checking the work experience, qualifications and interests of the external experts the company used.
- The rationality of the assumptions applied were reviewed during the review of damage through communication between the company's insiders and external experts.
- Special auditors, i.e., internal experts, were used to review the variables applied to measure the recoverable amounts as well as the evaluation model used in the external evaluation report.
- Observable information was used to compare the independently calculated discount rate with the discount rate that the management had applied.
- The accuracy of the calculations in the goodwill damage assessment report were checked and verified.
- The design and operational effectiveness of the internal controls related to the impairment test was evaluated.

#### Management and governing body's responsibilities for the financial statements

The management is responsible for impartially preparing and presenting financial statements according to K-IFRS as well as the internal controls internally determined to be necessary for preparing the financial statements without any material distortion caused by error or fraud.

When preparing the financial statements, the management is responsible for evaluating the company's ability to continue to exist as a going concern, and if applicable, disclosing matters related to the going concern.

As long as the management does not have any intention of liquidating the company or ceasing operations, the management is also responsible for using the going concern's accounting methods.

The governing body is responsible for auditing the financial reporting procedure of the company.

#### Auditors' responsibility for the auditing of the financial statements

Our purpose is to gain reasonable confidence concerning the absence of material distortions due to fraud or errors in the company's financial statements, and publish an audit report including our opinions. Reasonable confidence means a high level of confidence, but does not guarantee that the audit conducted according to the auditing standards will always discover material distortion. Distortions may be caused by fraud or error, and if it is reasonably expected that distortions will affect the economic decision making of stakeholders based on the financial statements individually or collectively, such distortions will be regarded as material.

As part of the audit, we make professional judgments throughout the auditing process with a reasonable amount of professional skepticism and in strict accordance with auditing standards.

- We identify and assess the risk of a material misstatement of the financial statements due to fraud or error, and design and conduct the auditing procedure in response to such a risk. We also obtain sufficient and adequate audit evidence as grounds for our opinions. Since fraud may involve collusion, forgery, intentional omissions, false statements or neutralization of an internal control, the risk of not discovering a material misstatement due to fraud is greater than the risk due to an error.

- We understand the internal controls related to auditing in order to design audit procedures that are appropriate for the situation.
- We assess the adequacy of the accounting policy that management had applied to prepare the financial statements, and the rationality of the disclosure related to the accounting estimates derived by the management.
- If we make a conclusion about whether there is material uncertainty related to accidents or situations likely to cause significant skepticism about the adequacy of the going concern's assumptions of accounting used by management, our conclusion concerning the ability to continue as a going concern is based on the audit evidence that we have obtained. If we conclude that there is material uncertainty, we call attention to the audit report in regard to the related disclosure of the financial statements, and if the disclosure is deemed inadequate, we are required to change our opinion. Our conclusion is based on the audit evidence we obtained by the audit report date, but a future accident or situation may halt the Company's continuation as a going concern.
- We evaluate the overall representation, structure and contents of the financial statements including disclosures, and evaluate whether the financial statements impartially represent the transactions and accidents on which the financial statements are based.

We communicate with the governing body about significant findings of the audit such as the planned scope and timing of auditing, and significant inadequacies of internal controls identified during the audit.

Also, we are careful to comply with all ethical requirements related to independence, and provide the governing body with a statement that we communicate with the governing body about all relations thought to be related to the issue of our independence, other matters and related institutional safety devices, if applicable.

We selected the most significant matters among those we had communicated with the governing body as key audit matters. Unless laws exclude their public disclosure, or in an extremely rare case, we conclude that they should not be communicated in the audit report because the negative results of describing them in the audit report are reasonably expected to exceed the public benefits of communicating them, we describe them in the audit report.

The executive officer who conducted the audit that served as the basis for this audit report is Jongheon Shim.

Ernst & Young Korea, 111, Yeouigongwon-ro, Yeongdeungpo-gu, Seoul

CEO **Yonggeun Park**

March 8, 2022

This audit report is valid as of the audit report date (March 8, 2022). Accordingly, it is highly possible that incidents or situations may occur between the audit report date and perusal of this report that may seriously affect the attached financial statements of the company, and as a result this audit report may be subsequently modified.

### 3. Independent auditor's report on consolidated financial statements

#### To shareholders and the Board of Directors

##### Our opinion

We audited the consolidated financial statements of S-1 Corporation and its subsidiary companies (hereinafter referred to as "consolidated companies"). The financial statements consist of the consolidated statement of financial position as of December 31, 2021 and December 31, 2020, and the consolidated income statement, consolidated comprehensive income statement, consolidated statement of changes in equity, and consolidated statement of cash flow of the two reporting periods ending on the same dates, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of S-1 Corporation impartially reflect the consolidated financial position of S-1 Corporation as of December 31, 2021 and December 31, 2020, and the consolidated financial performance and consolidated cash flow of S-1 Corporation ending on the same dates according to K-IFRS from the viewpoint of materiality.

##### Basis for audit opinion

We audited according to Korean auditing standards. Our responsibility according to these standards is described in the paragraph concerning the auditors' responsibility for the consolidated financial statements in this audit report. We are independent from the company according to the ethical requirements of the Republic of Korea related to the auditing of the consolidated financial statements, and we fulfilled other ethical responsibilities according to these requirements. We believe that the auditing evidence we obtained is sufficient and appropriate as the basis for the audit opinion.

##### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

##### Assessing the goodwill impairment of the building management division

###### Reasons for selecting the key audit matters

As mentioned in Note 14, the goodwill of the building management division in cash-generating units is recorded as KRW328,093 million as of December 31, 2021. Considering that the assessment of the materiality of the goodwill amount and damage is accompanied by the management's significant judgment and estimation, we decided that goodwill damage assessment is a key audit matter.



### How key audit matters were handled

The key auditing procedures were followed when assessing any damage to goodwill:

- The eligibility and independence of the external experts that the company used were evaluated by checking their qualifications and work experience as well as any potential conflicts of interest
- The rationality of assumptions applied concerning any damage was reviewed through an evaluation of the communication between the company's insiders and external experts
- Auditors, i.e., internal experts, were used to review the evaluation model and variables applied to the method of measuring the recoverable amounts used in the external evaluation report
- Observable information was used to compare the independently calculated discount rate with the discount rate that management had applied
- The calculations used for formulating the goodwill damage assessment report were recalculated for accuracy before being verified
- The design of internal controls related to the impairment test was evaluated for operational effectiveness

### The management and governing body's responsibility for the consolidated financial statements

Management is responsible for impartially preparing and presenting the consolidated financial statements according to Korean equivalents of International Financial Reporting Standards (K-IFRS) as well as the internal controls internally determined to be necessary for preparing the consolidated financial statements without any material distortion caused by fraud or error. When preparing the consolidated financial statements, management is responsible for evaluating the company's ability to continue to exist as a going concern, and if applicable, disclosing matters that may imperil the company's ability to continue as a going concern. As long as management does not have any intention of liquidating the company or ceasing operations, management is also responsible for using the assumptions of accounting of the going concern.

The governing body is responsible for auditing the financial reporting procedure of the company.

### Auditors' responsibility for the auditing of the consolidated financial statements

Our purpose is to gain reasonable confidence concerning the absence of material distortions due to fraud or errors in the consolidated companies' consolidated financial statements, and publish an audit report including our opinions. Reasonable confidence means a high level of confidence, but does not guarantee that the audit conducted according to the auditing standards will always discover any material distortion. Distortions may be caused by fraud or error, and if it is reasonably expected that any distortion will affect the economic decision making of stakeholders based on the consolidated financial statements individually or collectively, such distortion will be regarded as material.

As part of the audit conducted in accordance with auditing standards, we also make professional judgments throughout the auditing process with a reasonable amount of professional skepticism.

- We design and conduct the auditing procedure to uncover any material misstatement within the consolidated financial statements due to fraud or error, and carefully assess the risk thereof. We are also careful to obtain adequate evidence as grounds for our audit opinion. Since fraud may involve collusion, forgery, intentional omissions, false statements or neutralization of an internal control, the risk of not discovering a material misstatement due to fraud is greater than a risk due to an error.

- We understand the internal controls related to auditing to design audit procedures that are appropriate for the situation. However, it is not intended to express an opinion on the effectiveness of the internal controls.
- To prepare the consolidated financial statements, the adequacy of the accounting policies applied by management and the rationality of the disclosures related to the accounting estimates derived by management are to be assessed.
- If we make a conclusion about whether there is material uncertainty related to accidents or situations likely to cause significant skepticism about the adequacy of the going concern's assumption of accounting used by the management, the conclusion will be based on the audit evidence obtained. If we conclude that there is material uncertainty, we will call attention to the audit report with regard to the related disclosure of the consolidated financial statements, and if the disclosure is deemed inadequate, we are required to change our opinion. Importantly, our conclusion is based on the audit evidence we have obtained by the audit report date, but a subsequent accident or situation may halt the consolidated companies' continuation as going concerns.
- We evaluate the overall representation, structure and contents of the consolidated financial statements including disclosures, and evaluate whether the financial statements impartially represent the transactions and accidents on which the consolidated financial statements are based.
- To express our opinion on the consolidated financial statements, we obtain sufficient and adequate audit evidence related to the financial information of the company or the business activities in the group. We are responsible for directing; supervising and performing the group audit, and take full responsibility for the audit opinion.

We communicate with the governing body concerning the significant findings of the audit, such as the planned scope and timing of auditing and any significant inadequacies of any internal controls identified during the audit.

Also, we comply with all ethical requirements related to independence as we provide the governing body with a statement that we communicate with them regarding all relations thought to be related to our independence, any other related matters and relevant institutional safety devices, if applicable.

Among all the matters of the audit of the consolidated financial statements, we selected the most significant ones to discuss with the governing body as key concerns. Unless laws exclude their public disclosure, or in an extremely rare case, we conclude that they should not be communicated in the audit report because the negative results of describing them in the audit report are reasonably expected to exceed the public benefits of communicating them, we describe them in the audit report.

The executive officer who conducted the audit that served as the basis for this audit report is Jongheon Shim

Ernst & Young Korea, 111, Yeojuigongwon-ro, Yeongdeungpo-gu, Seoul

CEO **Yonggeun Park**

March 8, 2022

This audit report is valid as of the audit report date (March 8, 2022). Accordingly, it is highly possible that incidents or situations may occur between the audit report date and perusal of this report that may seriously affect the attached financial statements of the company, and as a result this audit report may be subsequently modified.

## 4. Independent auditors' report on the internal controls over financial reporting

### To shareholders and the Board of Directors

#### Auditors' opinion on the internal controls over financial reporting

We audited the internal controls over financial reporting of S-1 Corporation (hereinafter referred to as the "Company") based on the "conceptual design and operation of an internal accounting management system" announced by the Operating Committee of Internal Controls over Financial Reporting, on December 31, 2021.

In our opinion and after thorough review, we consider that the company's internal controls over financial reporting are designed effectively and operated from the viewpoint of the "conceptual design and operation of an internal accounting management system" as of December 31, 2021.

As of December 31, 2021 and in accordance with the auditing standards of the Republic of Korea, we also audited the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the reporting period ending on the same date, as well as the notes of the financial statements including a summary of significant accounting policies, and expressed an unqualified opinion in the audit report dated March 8, 2022.

#### Basis for audit opinion

We audited the financial records of the company according to Republic of Korea auditing standards. Our responsibility according to these standards is described in the paragraph concerning the auditors' responsibility for the auditing of the internal controls over financial reporting in this audit report.

We are independent from the company according to the ethical requirements of the Republic of Korea related to the auditing of the internal controls over financial reporting, and we fulfilled all other ethical responsibilities according to these requirements. We believe that the auditing evidence we obtained is sufficient and appropriate as the basis for the audit opinion.

#### The responsibilities of management and the governing bodies for the internal controls over financial reporting

The management is responsible for designing and executing effective internal controls over financial reporting, which includes assessing the effectiveness of the internal controls over financial reporting.

The governing body is responsible for monitoring the company's internal controls over financial reporting.

#### Auditors' responsibility for the auditing of the internal controls over financial reporting

Our responsibility is to express opinions on the company's internal controls over financial reporting based on our auditing practices and expertise. We audited according to Republic of Korea auditing standards. The standards require that we should plan and execute the audit to gain reasonable confidence concerning the effective maintenance of the internal controls over financial reporting from the viewpoint of materiality.

The auditing of the internal controls over financial reporting includes the performance of the procedure for obtaining audit evidence concerning the existence of material weakness. The selection of evidence varies depending on the auditors' judgment, including risk assessment related to the existence of material weakness. The auditing includes the acquisition of an understanding of the internal controls over financial reporting, and testing and evaluation of the design and operation of the internal controls over financial reporting based on the assessed risk.

#### Definition and inherent limitations of the internal controls over financial reporting

The company's internal controls over financial reporting are handled by the governing body, the management and other employees. It is a process designed to provide reasonable confidence concerning the preparation of reliable financial statements according to the Korean International Financial Reporting Standards. The company's internal controls over financial reporting include policies and procedures for (1) maintaining records that reflect the trading and disposition of the company's assets with a reasonable level of correctness and impartiality, (2) providing reasonable confidence that transactions are recorded so that the financial statements are prepared according to the Korean International Financial Reporting Standards, and that the revenues and expenditures of the company are made with the approval of the company's management and Board of Directors, and (3) providing reasonable confidence in preventing or discovering the inappropriate acquisition, use and disposition of the company's assets, which may have a material influence on the financial statements, and to report such instances in a timely manner.

The internal controls over financial reporting may not discover or prevent material distortion in the financial statements due to inherent limitations. Also, when estimating the future effectiveness of an evaluation, the internal controls over financial reporting may become inappropriate as the situation may have changed or procedures or policies were not followed, and the evaluation and estimations concerning a future period may change.

The executive officer who conducted the audit that served as the basis for this audit report is Jongheon Shim.

Ernst & Young Korea, 111, Yoeuigongwon-ro, Yeongdeungpo-gu, Seoul

CEO **Yonggeun Park**

March 8, 2022

This audit report is valid as of the audit report date (March 8, 2022). Accordingly, it is highly possible that incidents or situations may occur between the audit report date and perusal of this report that may seriously affect the attached financial statements of the company, and as a result this audit report may be subsequently modified.

## Internal Controls over Financial Reporting Operating Status Report

To the shareholders, board of directors, and auditors of S-1 shareholders

The CEO and the internal accounting manager evaluated the design and operating status of our internal accounting management system for the fiscal year ending on December 31, 2021.

The management of the company, including the CEO and the internal accounting manager, is responsible for the design and operation of the internal accounting management system.

To prepare and disclose reliable financial statements, the CEO and internal accounting manager both evaluated whether the company's internal accounting system was designed and operated effectively so as to prevent and find errors or illegalities that may cause distortions in the financial statements.

The CEO and the internal accounting manager used the "conceptual design and operation of an internal accounting management system" announced by the Operating Committee of Internal Control over Financial Reporting as the frame of reference for the design and operation of the internal controls over financial reporting. Also, in evaluating the design and operation of the internal controls over financial reporting, we used the "best-practices guideline for internal control over financial reporting" announced by the Operating Committee of Internal Control over Financial Reporting.

As a result of evaluating the operating status of internal controls over financial reporting, the CEO and the internal accounting manager believe that the company's internal controls over financial reporting as of December 31, 2021 are designed and operated effectively from the viewpoint of materiality based on the "conceptual design and operation of an internal accounting management system".

The CEO and internal accounting manager confirm that the report does not include any false descriptions or statements, and anything that must be described or stated has not been omitted.

Additionally, the CEO and internal accounting manager confirm that nothing likely to cause a serious misunderstanding of the report has been described or stated, and both have directly checked and reviewed the report with due care.

February 24, 2022

CEO Heechan Roh

Internal Accounting Manager Joonseong Park

## Internal Controls over Financial Reporting Operating Status Report

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