S-1 Corporation and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2021 and 2020
with the independent auditor's report

S-1 Corporation and its subsidiaries

Table of contents

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Independent auditor's report

The shareholders and board of directors
S-1 Corporation

Opinion

We have audited the consolidated financial statements of S-1 Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("KIFRS").

Basis for opinion

We conducted our audits in accordance with Korean Auditing Standards ("KGAAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment testing of Building Management Division

- Rationale for the selection of key audit matter

As described in Note 15 to the consolidated financial statements, goodwill of the cash-generating unit of the Building Management Division is ₩328,093 million as of December 31, 2021. We determined the goodwill impairment testing as a key audit matter considering the significance of the amount of goodwill, involvement of management's significant judgment and estimation on goodwill impairment testing.

➢ How the Key Audit Matter was addressed in the audit

In order to respond to the key audit matter, we have performed audit procedures including:

- ✓ Assessed the competence and independence of the external specialist involved by management through checking its work experience, qualification and interest.
- ✓ Evaluated the rationality of assumptions applied to goodwill impairment valuation through communication with the relevant personnel of the Group and external valuation specialist.
- ✓ Involved the auditor's internal valuation specialists to assist in reviewing the methodology for measuring recoverable amount used in external valuation report and the variables applied to the valuation model.
- ✓ Compared the result of the auditor's independent calculation of the discount rate using the observable information with the discount rate applied by management.
- ✓ Verified the clerical accuracy of the report on goodwill impairment testing by recalculation.
- ✓ Assessed the design and effectiveness of the internal controls relating to goodwill impairment testing.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KGAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with KGAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Jong-Hun Sim.*

Ernst & Young Han Young

March 8, 2022

This audit report is effective as of March 8, 2022, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

S-1 Corporation and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2021 and 2020

"The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group."

Heechan Roh
Chief Executive Officer
S-1 Corporation

S-1 Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2021 and 2020

(Korean won in thousands)

	Notes	2021	2020
Assets			
Current assets:			
Cash and cash equivalents	6,7	₩ 218,899,851	₩ 213,172,898
Short-term financial assets	6,7	371,782,358	299,802,544
Trade and other receivables, net	6,9	138,134,682	136,697,278
Contract assets, net	9,22	18,416,119	30,927,714
Accrued income	6	1,854,725	963,122
Inventories, net	10	16,080,984	43,992,867
Advanced payments		8,906,974	4,467,949
Prepaid expenses	22	68,127,702	63,276,634
Prepaid value added tax		97,227	4,443,549
Loans and receivables	6	22,054,570	-
Total current assets		864,355,192	797,744,555
Non-current assets:			
Long-term contract assets, net	9,22	3,426,249	3,621,661
Long-term financial assets	6,7	6,000	6,000
Financial assets at fair value through OCI	5,6,8	16,446,305	21,277,112
Financial assets at fair value through profit or loss	5,6,8	15,167,485	6,546,721
Loans and receivables	6	23,370,126	49,849,801
Investment in a joint venture	11	2,468,095	2,525,716
Investment property	12	22,006,759	-
Property and equipment, net	13	478,304,508	469,575,845
Intangible assets, net	15	419,918,320	432,564,691
Right-of-use assets, net	14	49,664,433	54,779,639
Long-term prepaid expenses	22	62,733,838	56,728,318
Net defined benefit assets	17	12,328,545	9,114,990
Deferred tax assets	28	2,776,647	2,354,644
Total non-current assets		1,108,617,310	1,108,945,138
Total assets		**₩ 1,972,972,502**	**₩ 1,906,689,693**

(Continued)

S-1 Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2021 and 2020 (cont'd)
(Korean won in thousands)

	Notes		2021		2020
Liabilities					
Current liabilities:					
Trade and other payables	4,6,16	₩	218,289,592	₩	217,494,472
Lease liabilities	4,6,14		18,666,339		18,356,585
Value added tax withheld			24,185,366		29,238,831
Income tax payables			17,676,258		21,341,474
Advances received	22		79,427,910		69,401,769
Unearned revenue	22		16,234,065		15,618,213
Withholdings			9,422,584		7,386,940
Current portion of deposits withheld	4,6		33,371,229		34,107,513
Total current liabilities			417,273,343		412,945,797
Non-current liabilities:					
Long-term trade and other payables	4,16		8,635,754		7,119,069
Long-term lease liabilities	4,6,14		31,267,843		37,258,854
Net defined benefit liabilities	17		121,906		996,777
Deferred tax liabilities	28		6,203,886		2,870,905
Deposits withheld	4,6		4,870,475		4,898,397
Provisions	18		3,560,570		1,428,703
Long-term unearned revenue	22		15,681,592		14,220,035
Other non-current liabilities			42,461,329		40,766,504
Total non-current liabilities			112,803,355		109,559,244
Total liabilities		**₩**	**530,076,698**	**₩**	**522,505,041**
Equity					
Issued capital	1,19	₩	18,999,589	₩	18,999,589
Capital surplus	19		192,913,601		192,913,601
Retained earnings	20		1,378,586,893		1,324,033,323
Other components of equity	21		(147,628,814)		(151,787,177)
Equity attributable to the owners of the parent			**1,442,871,269**		**1,384,159,336**
Non-controlling interests	33		**24,535**		**25,316**
Total equity			**1,442,895,804**		**1,384,184,652**
Total liabilities and equity		**₩**	**1,972,972,502**	**₩**	**1,906,689,693**

The notes are an integral part of the consolidated financial statements.

S-1 Corporation and its subsidiaries
Consolidated statements of profit or loss
for the years ended December 31, 2021 and 2020
(Korean won in thousands except earnings per share)

	Notes		2021		2020
Sales	22,32	₩	**2,312,489,059**	₩	**2,223,340,509**
Cost of sales	24		1,756,970,435		1,672,120,747
Gross profit			**555,518,624**		**551,219,762**
Selling and administrative expenses	24,25		375,853,680		346,757,074
Operating profit			**179,664,944**		**204,462,688**
Other non-operating income	26		10,531,999		7,719,609
Other non-operating expenses	26		23,264,738		27,613,075
Finance income	27		4,968,337		4,165,189
Finance costs	27		1,157,435		1,357,040
Profit before income tax expenses			**170,743,107**		**187,377,371**
Income tax expenses	28		41,752,211		45,287,786
Profit for the year		₩	**128,990,896**	₩	**142,089,585**
Profit attributable to:					
Owners of the parent		₩	128,991,677	₩	142,090,242
Non-controlling interests	33	₩	(781)	₩	(657)
Earnings per share attributable to the owners of the parent	29				
Basic earnings per share (Korean won)		₩	3,815	₩	4,203
Diluted earnings per share (Korean won)		₩	3,815	₩	4,203

The notes are an integral part of the consolidated financial statements.

S-1 Corporation and its subsidiaries
Consolidated statements of comprehensive income
for the years ended December 31, 2021 and 2020
(Korean won in thousands)

	Notes		2021		2020
Profit for the year		₩	**128,990,896**	₩	**142,089,585**
Other comprehensive income (loss):					
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax):					
Re-measurement gain (loss) on defined benefit plans			10,120,309		(1,130,228)
Gain on valuation of financial assets at fair value through OCI			2,573,539		383,855
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translation of foreign operations			1,584,824		(239,440)
Other comprehensive income (loss) for the year, net of tax			**14,278,672**		**(985,813)**
Total comprehensive income for the year, net of tax		₩	**143,269,568**	₩	**141,103,772**
Total comprehensive income for the year attributable to:					
Owners of the parent		₩	143,270,349	₩	141,104,429
Non-controlling interests			(781)		(657)

The notes are an integral part of the consolidated financial statements.

S-1 Corporation and its subsidiaries
Consolidated statements of changes in equity
for the years ended December 31, 2021 and 2020
(Korean won in thousands)

	Attributable to the owners of the parent						
	Issued capital	**Capital surplus**	**Retained earnings**	**Other components of equity**	**Sub-total**	**Non-controlling interests**	**Total equity**
As of January 1, 2020	**₩ 18,999,589**	**₩ 192,913,601**	**₩ 1,267,598,907**	**₩ (151,931,592)**	**₩ 1,327,580,505**	**₩ 25,972**	**₩ 1,327,606,477**
Profit (loss) for the year	-	-	142,090,242	-	142,090,242	(657)	142,089,585
Net gain on valuation of fair value through OCI	-	-	-	383,855	383,855	-	383,855
Re-measurement gain on defined benefit plans	-	-	(1,130,228)	-	(1,130,228)	-	(1,130,228)
Exchange differences on translation of foreign operations	-	-	-	(239,439)	(239,439)	-	(239,439)
Total comprehensive income (loss) for the year	**-**	**-**	**140,960,014**	**144,416**	**141,104,430**	**(657)**	**141,103,773**
Dividends	-	-	(84,525,598)	-	(84,525,598)	-	(84,525,598)
Total transactions with shareholders	**-**	**-**	**(84,525,598)**	**-**	**(84,525,598)**	**-**	**(84,525,598)**
As of December 31, 2020	**₩ 18,999,589**	**₩ 192,913,601**	**₩ 1,324,033,323**	**₩ (151,787,176)**	**₩ 1,384,159,337**	**₩ 25,315**	**₩ 1,384,184,652**
As of January 1, 2021	**₩ 18,999,589**	**₩ 192,913,601**	**₩ 1,324,033,323**	**₩ (151,787,176)**	**₩ 1,384,159,337**	**₩ 25,315**	**₩ 1,384,184,652**
Profit (loss) for the year	-	-	128,991,677	-	128,991,677	(780)	128,990,897
Net gain on valuation of fair value through OCI	-	-	-	2,573,539	2,573,539	-	2,573,539
Re-measurement loss on defined benefit plans	-	-	10,120,309	-	10,120,309	-	10,120,309
Exchange differences on translation of foreign operations	-	-	-	1,584,823	1,584,823	-	1,584,823
Total comprehensive income (loss) for the year	**-**	**-**	**139,111,986**	**4,158,362**	**143,270,348**	**(780)**	**143,269,568**
Dividends	-	-	(84,525,598)	-	(84,525,598)	-	(84,525,598)
Others	-	-	(32,818)	-	(32,818)	-	(32,818)
Total transactions with shareholders	**-**	**-**	**(84,558,416)**	**-**	**(84,558,416)**	**-**	**(84,558,416)**
As of December 31, 2021	**₩ 18,999,589**	**₩ 192,913,601**	**₩ 1,378,586,893**	**₩ (147,628,814)**	**₩ 1,442,871,269**	**₩ 24,535**	**₩ 1,442,895,804**

The notes are an integral part of the consolidated financial statements.

S-1 Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2021 and 2020
(Korean won in thousands)

	Notes		2021		2020
Operating activities					
Profit for the year		₩	128,990,896	₩	142,089,585
Adjustments to reconcile profit for the year to net cash flows provided by operating activities:	30		263,413,016		266,892,822
Working capital adjustments	30		(21,085,853)		(20,140,291)
Interest received			3,282,634		4,454,243
Interest paid			(927,225)		(1,058,520)
Dividend received			1,136,540		513,737
Income tax paid			(41,511,194)		(46,332,543)
Net cash flows provided by operating activities			**333,298,814**		**346,419,033**
Investing activities					
Acquisition of short-term financial instruments			(485,527,449)		(448,240,435)
Proceeds from disposal of short-term financial instruments			413,547,635		375,189,017
Acquisition of financial assets of fair value through OCI			-		(10,500,000)
Acquisition of financial assets of fair value through profit or loss			-		(4,000,000)
Proceeds from disposal of financial assets of fair value through profit or loss			27,059		-
Acquisition of property and equipment			(155,666,214)		(140,534,142)
Proceeds from disposal of property and equipment			155,408		113,097
Acquisition of intangible assets			(379,580)		(462,402)
Proceeds from disposal of intangible assets			-		63,362
Increase in deposits			(1,344,985)		(4,093,978)
Decrease in deposits			5,682,511		2,589,426
Proceeds from disposal of investment in subsidiaries			108,442		-
Net cash flows used in investing activities			**(223,397,173)**		**(229,876,055)**
Financing activities					
Dividends paid			(84,525,598)		(84,525,598)
Payment of lease liabilities			(20,881,081)		(19,242,271)
Acquisition of investment in subsidiaries			-		-
Net cash flows used in financing activities			**(105,406,679)**		**(103,767,869)**
Net foreign exchange difference			**1,231,991**		**(184,217)**
Net increase in cash and cash equivalents			**5,726,953**		**12,590,892**
Cash and cash equivalents as of January 1			**213,172,898**		**200,582,006**
Cash and cash equivalents as of December 31		**₩**	**218,899,851**	**₩**	**213,172,898**

The notes are an integral part of the consolidated financial statements.

1. General information

The accompanying consolidated financial statements have been prepared for S-1 Corporation, (the “Company”) and its six subsidiaries (collectively referred to as the "Group"), in accordance with Korean International Financial Reporting Standards (“KIFRS”) 1110 *Consolidated Financial Statements.*

The Group was established on November, 1977 and the Group is mainly engaged in fire, crime and disaster prevention services, security services and building management services. The Group became a joint venture with the SECOM CO., LTD.'s investment in September 1980, the Group was disclosed on December 13, 1995 and the Group listed its common shares on the Korea Exchange on January 30, 1996.

As of December 31, 2021, the Group’s issued capital amounts to ₩19,000 million, and the major shareholders are SECOM CO., LTD. of Japan (25.65%) and affiliates of the Samsung Group (20.57%).

1.1 Consolidated subsidiaries

Details of the Company’s subsidiaries as of December 31, 2021 and 2020 are as follows:

		2021		2020			
Subsidiaries	Location	Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest	Closing month	Main business
HTSS (Human Total Security Systems Corp.)	Korea	100.00%	-	100.00%	-	December	Security system service
S1CRM	Korea	100.00%	-	100.00%	-	December	Call center and telemarketing
SBSS (Samsung Beijing Security System)	China	100.00%	-	100.00%	-	December	Security system service
SOCM LLC. (*1)	Mongolia	-	-	100.00%	-	December	Security system service
S-1 Corporation Vietnam Co., Ltd.	Vietnam	100.00%	-	100.00%	-	December	Security system service
SVIC35	Korea	99.00%	1.00%	99.00%	1.00%	December	New technology investment association
S-1CORPORATION HUNGARY LLC	Hungary	100.00%	-	100.00%	-	December	Security system service

(*1) The Group decided to liquidate SOCM LLC, the subsidiary, in accordance with the resolution of the board of directors on January 31, 2020. And SOCM LLC was derecognized as the liquidation process was finished on April 9, 2021.

A summarized financial information of the consolidated subsidiaries as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021		2020	
	Total assets	Total liabilities	Total assets	Total liabilities
HTSS	₩ 46,766,277	₩ 28,442,911	₩ 38,447,666	₩ 27,886,385
S1CRM	4,276,817	2,270,931	4,359,359	3,009,094
SBSS	15,905,699	2,575,547	10,864,585	1,542,138
SOCM LLC.	-	-	86,463	2,111
S-1 Vietnam	5,336,145	982,508	4,598,624	1,101,498
SVIC35	2,469,316	15,817	2,547,717	16,167
S-1 Hungary	8,840,940	6,838,233	6,439,221	6,078,144

1.1 Consolidated subsidiaries (cont'd)

A summarized financial information of the consolidated subsidiaries for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021			2020		
	Sales	Profit (loss) for the year	Total comprehensive income (loss)	Sales	Profit (loss) for the year	Total comprehensive income (loss)
HTSS	₩ 178,830,895	₩ 8,028,215	₩ 7,762,085	₩ 170,415,287	₩ 5,850,458	₩ 7,414,989
S1CRM	13,897,539	127,170	655,621	13,417,567	325,746	190,037
SBSS	17,467,721	2,505,499	2,505,499	20,579,914	2,108,857	2,108,857
SOCM LLC.	-	-	-	-	(8,789)	(8,789)
S-1 Vietnam	5,089,413	464,775	464,775	5,291,006	484,606	484,606
SVIC35	1,911	(78,052)	(78,052)	3,105	(65,687)	(65,687)
S-1 Hungary	12,736,893	1,705,502	1,705,502	11,270,115	466,588	466,588

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of consolidated financial statements preparation

The consolidated financial statements have been prepared in accordance with KIFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021. The Group has not early adopted any other amended standard and interpretations that have been issued but are not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to KIFRS 1109, KIFRS 1039, KIFRS 1107, KIFRS 1104 and KIFRS 1116
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group.

2.2 New and amended standards adopted by the Group (cont'd)

Amendments to KIFRS 1116 Covid-19 Related Rent Concessions beyond 30 June 2021
During 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to KIFRS 1116 *Leases*. The amendments provide relief to lessees from applying KIFRS 1116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under KIFRS 1116 if the change was not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022.The amendment applies to annual reporting periods beginning on or after April 1, 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

KIFRS 1117 *Insurance Contracts*
During 2021, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, KIFRS 1117 will replace KIFRS 1104 *Insurance Contracts* (KIFRS 1104) that was issued in 2007. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of KIFRS 1117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in KIFRS 1104, which are largely based on grandfathering previous local accounting policies, KIFRS 1117 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of KIFRS 1117 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

KIFRS 1117 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies KIFRS 1109 and KIFRS 1115 on or before the date it first applies KIFRS 1117.

Amendments to KIFRS 1001: *Classification of Liabilities as Current or Non-current*
The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

2.3 Standards issued but not yet effective (cont'd)

Reference to the Conceptual Framework – Amendments to KIFRS 1103 *Business Combinations*
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.
The Board also added an exception to the recognition principle of KIFRS 1103 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 or KIFRS 2121 *Levies,* if incurred separately. At the same time, the Board decided to clarify existing guidance in KIFRS 1103 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use
– Amendments to KIFRS 1016 *Property, Plant and Equipment*
The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract
– Amendments to KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Definition of Accounting Estimates
– Amendments to KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

Disclosure of Accounting Policies – Amendments to KIFRS 1001 *Presentation of Financial Statements*
The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to KIFRS 1001 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted.

Narrowing the scope of the initial recognition exception of deferred income taxes
– Amendments to KIFRS 1012 *Income Taxes*
The amendments narrowed the scope of the initial recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary difference, thus to resolve accounting diversity in the recognizing of deferred tax assets and liabilities. Paragraphs 15 and 24 (initial recognition exemption of deferred income taxes) of KIFRS 1012 were amended to include an additional condition (3) where a deferred tax asset and liability shall be recognized for a temporary difference that arises on initial recognition of an asset or liability in a single transaction if that transaction give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier adoption permitted.

2.3 Standards issued but not yet effective (cont'd)

Annual Improvements 2018-2020 Cycle

Subsidiary as a first-time adopter
– KIFRS 1101 *First-time Adoption of International Financial Reporting Standards*
The amendment permits a subsidiary that elects to apply paragraph D16(1) of KIFRS 1101 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to KIFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(1) of KIFRS 1101. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

Fees in the '10 percent' test for derecognition of financial liabilities – KIFRS 1109 *Financial Instruments*
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Taxation in fair value measurements – KIFRS 1041 *Agriculture*
The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of KIFRS 1041. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

2.4 Consolidation

2.4.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins from the date the Group obtains control of a subsidiary and ceases when the Group loses control of the subsidiary.

2.4.2 Business combinations and goodwill

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by KIFRS. Acquisition-related costs are expensed as incurred.

2.4 Consolidation (cont'd)

Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Group subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the Group loses control of a subsidiary, any investment retained in the subsidiary is re-measured at its fair value at the date when control is lost and any resulting difference is recognized in profit or loss.

2.5 Segment reporting

Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision-maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

2.6 Foreign currency translation

2.6.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency'). The consolidated financial statements are presented in Korean won, which is the controlling Group's functional and presentation currency.

2.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and fair value through OCI are recognized in profit or loss and included in other comprehensive income, respectively, as part of the fair value gain or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving-weighted average method.

2.8 Property and equipment

Property and equipment is stated at its cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful life, as follows:

Accounts	Estimated useful life	Accounts	Estimated useful life
Buildings	10 - 50 years	Security equipment	5 years
Structures	5 - 25 years	Security control equipment	5 years
Vehicles	5 years	Furniture and fixtures	5 years
Others	5 years		

The depreciation method, residual values and useful life of property and equipment are reviewed at the end of each reporting period and, if appropriate, accounted for as changes in accounting estimates.

2.9 Investment properties

Properties held to earn rentals or for capital appreciation is classified as investment properties. Investment properties are measured initially at cost, including transaction costs and contain replacement costs that met the recognition criteria of the asset at the time of occurrence.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with KIFRS 1115 requirements.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.10 Government grants

Government grants are recognized at their fair values when there is reasonable assurance that the grant will be received and the Group will comply with the conditions attaching to it. Government grants related to assets are presented by deducting the grants in arriving at the carrying amount of the assets, and grants related to income are deferred and presented by deducting the related expenses for the purpose of the government grants.

2.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessee accounting

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(1) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment, refer Note 2.13 Impairment of non-financial assets.

(2) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group classifies lease liabilities as interest-bearing debt.

(3) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of vehicles and computerized equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term

Lessor accounting

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.12 Intangible assets

2.12.1 Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The ability to sell using the asset
- The ability to demonstrate how the asset will generate future economic benefits
- The availability of technical and financial resources to complete the development of the asset and to sell or use it
- The ability to measure reliably the expenditure during development

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recognized as intangible assets and the assets are amortized over their estimated useful lives and tested for impairment.

2.12.2 Membership rights

Membership rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

2.12.3 Other intangible assets

Patents, trademarks and software for internal use are recognized at acquisition cost. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful life of five to ten years. Where an indication of impairment exists, the carrying amounts of other intangible assets are assessed and if the carrying amount exceeds its recoverable amount, it is written down to its recoverable amount.

2.12.4 Contractual customer relationships and contractual value

The contractual customer relationships and contractual value acquired in a business combination are recognized at fair value on the acquisition date. The customer relationships and contractual value have a definite useful life and are recorded at cost less any accumulated amortization. Such customer relationships and contractual value are amortized on a straight-line basis over the estimated period of ten to fifteen years.

2.12.5 Goodwill

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill arising from the acquisition of subsidiaries and business is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gain (loss) on disposal of entities includes carrying amount of disposed entity’s goodwill.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the acquirer’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, and the allocation is determined based on the operating segments.

Goodwill is tested for impairment annually or more frequently if there is any indication that it may be impaired. Goodwill is tested for impairment by comparing the carrying amount of the cash generating units or groups of cash-generating units with the recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss is immediately recognized and is not subsequently reversed.

2.13 Impairment of non-financial assets

Goodwill or intangible assets with an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered.

2.14 Financial instruments: Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.14.1 Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2.14.1 Financial assets (cont'd)

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 *Financial Instruments: Presentation and are not held for trading*. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other non-operating income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group may elect to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

2.14.1 Financial assets (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivatives and listed equity instruments that do not have an irrevocable option to treat changes in fair value in other comprehensive income. Dividends on listed equity instruments are recognized in profit or loss when rights are established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.14.1 Financial assets (cont'd)

Impairment of financial assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Debt instruments at fair value through OCI
- Trade receivables, including contract assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14.2 Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payable, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied. The Group has not designated any financial liability as of fair value through profit or loss.

2.14.2 Financial liabilities (cont'd)

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate (EIR) method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of profit or loss.

2.14.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.16 Current and deferred tax

The tax expense for the period consists of current and deferred tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates tax policies that are applied in tax returns in which applicable tax regulation is subject to interpretation. The Group recognizes current income tax on the basis of the amount expected to be paid to the tax authorities.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

2.16 Current and deferred tax (cont'd)

Deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expense when an employee has rendered service.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

The Group provides long-term employee benefits to long-term employees. Other long-term employee benefits are accounted for in the same way as the defined benefit plans. The Group recognizes service costs, net interest expense and remeasurements of other long-term employee benefits liabilities in the consolidated statement of profit or loss. Such liabilities are evaluated annually by an independent actuary.

2.18 Revenue from contracts with customers

The Group's main businesses are providing services for safety management, sales and maintenance of equipment systems, and building management. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sale of goods
Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.
The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

2.18 Revenue from contracts with customers (cont'd)

Rendering of services
The Group mainly renders security services. This service is rendered on a fixed contract, and revenue is recognized according to the time passed. For certain services that are rendered, revenue is recognized according to the percentage of completion. The percentage of completion is measured as the costs to date over the total estimated costs.

Contract balances

(1) Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

(2) Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in the Note 2.14.

(3) Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

2.19 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares are applied when dilutive effects are recognized.

2.20 Approval of the consolidated financial statements

The issuance of the Group's consolidated financial statements as of December 31, 2021 and for the year then ended were approved by the Board of Directors on January 28, 2022, which are subject to change upon approval of the annual shareholders' meeting.

3. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The estimates and assumptions are continuously evaluated with consideration to factors such as events reasonably predictable in the foreseeable future within the present circumstance according to historical experience. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Revenue recognition

Revenue from the rendering of services is recognized under the percentage-of-completion, under which revenue is generally recognized based on the costs incurred to date as a percentage of the total estimated costs to be incurred. The current revenue will be impacted in the period by factors such as variability of beginning projects, scope, costs and customer's plan.

3.2 Useful life of property and equipment

The Group determines estimated useful life of property and equipment and recognizes the amount of depreciation. These estimates are based on life cycle of products and can be affected according to competitors that correspond to change of technology and industry-life cycle. In case that newly estimated useful life decrease, management will increase the amount of depreciation. Also, the assets that are abandoned, set for held for sale and impaired in techniques can be removed or the value of assets will be reduced.

3.3 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 15).

3.4 Expected credit losses allowance for trade receivables and contract assets.

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in (Note 9).

3.5 Fair value of financial instruments

In principle, the fair value of financial instruments that are not traded in an active market is determined using valuation techniques. At the end of the reporting period, the Group makes a judgement on the choice and assumptions of various evaluation techniques based on important market conditions.

3.6 Defined benefit liability

The present value of defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 17).

3.7 Income taxes

The Group is operating in numerous countries and the income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 28). According to the 'Special Taxation for The Promotion of Investment and Mutually Beneficial Cooperation', when the Group does not invest a certain amount of taxable income to investment, wage growth, or dividend payouts, it is necessary to pay additional income taxes calculated by the tax law. As the Group reflect the tax effect of the 'Special Taxation for The promotion of Investment and Mutually Beneficial Cooperation', when computing its corporate income tax, the Group's income tax may change arising from changes in investment, wage growth, or supplier partnership.

4. Financial risk management

The Group's activities are expose to a variety of financial risks such as market risk (price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

4.1 Market risk

4.1.1 Price risk

The Group is exposed to price risk due to equity securities etc. held by the Group, which are classified as financial assets at fair value through OCI on the consolidated statement of financial position.

The table below summarizes the impact of increases (decreases) of the equity securities on the Group's comprehensive income for the year. The analysis is based on the assumption that the equity securities had increased (decreased) by 30% with all other variables held constant (Korean won in thousands):

	Impact on comprehensive income	
	2021	2020
Equity securities (listed)	₩ 3,100,256	₩ 2,202,041

4.2 Credit risk

Credit risk is managed on the Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, the credit quality of the customer is evaluated taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

The Group's maximum exposures to credit risk correspond with the carrying amount of financial assets except for the financial assets measured at fair value. Details of impaired receivables are described in (Note 9).

4.3 Liquidity risk

The Group's finance team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The Group's finance team invests surplus funds in interest-bearing current accounts, time deposits, money market deposits and marketable securities, instruments with appropriate maturities to provide sufficient liquidity in accordance with decisions made through the aforementioned forecasts.

4.3 Liquidity risk (cont'd)

The followings are the contractual maturities of financial liabilities as of December 31, 2021 and 2020 (Korean won in thousands):

	2021			
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Trade and other payables (*)	₩ 174,395,875	₩ -	₩ -	₩ -
Lease liabilities	21,004,186	28,656,968	3,480,991	-
Deposits withheld	33,371,229	4,870,475	-	-

(*) Trade and Other Payables are amounts excluding the corresponding amount of employee benefits.

	2020			
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Trade and other payables	₩ 217,494,472	₩ -	₩ -	₩ -
Lease liabilities	18,356,585	26,109,964	11,148,891	-
Long-term trade and other payables	-	7,119,069	-	-
Deposits withheld	34,107,513	4,898,397	-	-

4.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. This ratio is calculated as total liabilities divided by total capital. The gearing ratios as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Total liabilities (A)	₩ 530,076,698	₩ 522,505,041
Total equity (B)	1,442,895,805	1,384,184,652
Debt ratio (A/B)	36.74%	37.75%

5. Fair value

There is no significant change in the business and economic environments that affects the fair value of financial assets and liabilities of the Group during 2021.

5.1 Fair value of financial instruments by category

The carrying amounts and fair values of financial instruments by category as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments (*):				
Financial assets at fair value through OCI	₩ 16,446,305	₩ 16,446,305	₩ 21,277,111	₩ 21,277,111
Financial assets at fair value through profit or loss	15,167,486	15,167,486	6,546,721	6,546,721

(*) Short-term trade receivables and payables whose carrying amounts are the reasonable approximation of fair value are excluded from the fair value disclosures.

5.2 Fair value hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows (Korean won in thousands):

Level 1 - The quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - The inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e price) or indirectly (i.e derived from the price)
Level 3 - The inputs for the asset or liability that are not based on observable market data

	2021							
	Level 1		Level 2		Level 3		Total	
Recurring fair value measurements:								
Financial assets at fair value through OCI	₩	12,483,786	₩	-	₩	3,962,519	₩	16,446,305
Financial assets at fair value through profit or loss		1,149,705		-		14,017,781		15,167,486

There was no transfer between levels in the fair value hierarchy during 2021.

	2020							
	Level 1		Level 2		Level 3		Total	
Recurring fair value measurements:								
Financial assets at fair value through OCI	₩	9,683,557	₩	-	₩	11,593,554	₩	21,277,111
Financial assets at fair value through profit or loss		-		-		6,546,721		6,546,721

Valuation method and input variables of financial assets at fair value valued at level 3 as of December 31, 2021 are as follows (Korean won in thousands):

	Amount		Valuation method	Input variable
Unlisted beneficiary securities	₩	6,213,800	Income approach (Dividend Discount Model)	Discount rates, etc.
Unlisted beneficiary certificates		5,477,159	Asset approach (net asset value), etc.	
Unlisted beneficiary certificates(*)		4,000,000		
Unlisted equity instruments, etc.		2,289,340		

(*) The Group has a put option to the counterparty, D&D Investment, for common shares held by the Group, and the counterparty has a call option (exercise value of 4 billion KRW, exercise period within 3 months from the end of the PM/FM contract).

6. Category of financial instruments

Details of financial assets and liabilities by categories as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

Financial assets	2021 Amortized cost	2021 Fair value through OCI	2021 Fair value through profit or loss	2021 Total
Cash and cash equivalents	₩ 218,899,851	₩ -	₩ -	₩ 218,899,851
Short-term financial assets	371,782,358	-	-	371,782,358
Trade and other receivables	138,134,682	-	-	138,134,682
Accrued income	1,854,725	-	-	1,854,725
Long-term financial assets	6,000	-	-	6,000
Financial assets at fair value through OCI	-	16,446,305	-	16,446,305
Financial assets at fair value through profit or loss	-	-	15,167,486	15,167,486
Loans and receivables	45,424,696	-	-	45,424,696
	₩ 776,102,312	₩ 16,446,305	₩ 15,167,486	₩ 807,716,103

Financial liabilities	2021 Financial liabilities measured at amortized cost	2021 Other financial liabilities (*2)
Trade and other payables (*1)	₩ 174,395,875	₩ -
Lease liabilities	-	18,666,340
Current portion of deposits withheld	33,371,229	-
Long-term lease liabilities	-	31,267,843
Deposits withheld	4,870,475	-
	₩ 212,637,579	₩ 49,934,183

(*1) Trade Payables and Other Payables are amounts excluding the corresponding amount of employee benefits.
(*2) Other financial liabilities contain lease liabilities that are not subject to financial liabilities by category.

6. Category of financial instruments (cont'd)

Financial assets	2020 Amortized cost	Fair value through OCI	Fair value through profit or loss	Total
Cash and cash equivalents	₩ 213,172,898	₩ -	₩ -	₩ 213,172,898
Short-term financial assets	299,802,544	-	-	299,802,544
Trade and other receivables	136,697,278	-	-	136,697,278
Accrued income	963,122	-	-	963,122
Long-term financial assets	6,000	-	-	6,000
Financial assets at fair value through OCI	-	21,277,111	-	21,277,111
Financial assets at fair value through profit or loss	-	-	6,546,721	6,546,721
Loans and receivables	49,849,801	-	-	49,849,801
	₩ 700,491,643	₩ 21,277,111	₩ 6,546,721	₩ 728,315,476

Financial liabilities	2020 Financial liabilities measured at amortized cost	Other financial liabilities (*)
Trade and other payables	₩ 217,494,472	₩ -
Lease liabilities	-	18,356,585
Current portion of deposits withheld	34,107,513	-
Long-term trade payables and other payables	7,119,069	-
Long-term lease liabilities	-	37,258,854
Deposits withheld	4,898,397	-
	₩ 263,619,451	₩ 55,615,439

(*) Other financial liabilities contain lease liabilities that are not subject to financial liabilities by category.

Details of gains or losses on financial instruments by category for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Financial assets at fair value through OCI:		
Gain on valuation (other comprehensive income) (*1)	₩ 3,395,170	₩ 506,405
Dividend income	372,647	326,748
Fair value through profit or loss:		
Gain on valuation	617,882	-
Loss on valuation	(199,065)	-
Dividend income	588,408	11,474
Financial assets at amortized costs:		
Interest income	4,174,237	3,863,557
Bad debt expenses	(2,353,884)	(3,444,651)
Other financial liabilities:		
Interest expenses	(927,226)	(1,058,520)

(*1) The amount does not include tax effect
(*2) Net foreign exchange differences of ₩2,006 million during 2021 ((-)₩1,543 million in 2020) were generated from financial assets and financial liabilities measured at amortized cost.

7. Cash and cash equivalents

7.1 The book values of cash and cash equivalents as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Cash in bank and on hand	₩ 30,000,099	₩ 31,078,346
Short-term bank deposits (*)	188,899,752	182,094,552
	₩ 218,899,851	₩ 213,172,898

(*) Short-term bank deposits include ordinary deposits and time deposits maturing within three months from the acquisition date.

7.2 Restricted financial instruments

The Group has limited uses of long-term and short-term financial assets of ₩5,989 million as of December 31, 2021, due to the coexistence fund and the deposit for opening a checking transactions.

8. Fair value of financial instruments

8.1 Details of financial assets at fair value through OCI as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Equity instruments	₩ 16,446,305	₩ 21,277,711

Details of financial assets at fair value through profit or loss as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Equity instruments	₩ 2,030,621	₩ 2,054,650
Debt instruments	13,136,864	4,492,071
	₩ 15,167,485	₩ 6,546,721

8.2 Changes in financial instruments measured at fair value for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Beginning balance	₩ 27,823,833	₩ 12,826,641
Acquisition	-	14,500,000
Valuation	3,789,957	497,192
Ending balance	₩ 31,613,790	₩ 27,823,833

9. Trade and other receivables and contract assets

9.1 Trade and other receivables as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Trade receivables	₩ 140,824,835	₩ 143,779,068
Bad debt allowance of trade receivables	(5,558,215)	(10,452,876)
Other receivables	3,079,874	3,698,327
Bad debt allowance of other receivables	(211,812)	(327,240)
	₩ 138,134,682	₩ 136,697,278

9.2 Contract assets as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Contract assets	₩ 22,518,821	₩ 35,447,177
Bad debt allowance of contract assets	(676,453)	(897,803)
	₩ 21,842,368	₩ 34,549,374

9.3 Changes in the carrying amount of allowance for doubtful account of trade and other receivables for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021			2020		
	Trade receivables	Other receivables	Contract assets	Trade receivables	Other receivables	Contract assets
Beginning balance	₩ 10,452,876	₩ 327,240	₩ 897,803	₩ 10,682,241	₩ 121,846	₩ 1,014,802
Bed debt expenses	2,457,520	(103,636)	321,842	3,215,752	228,899	213,067
Written off and others	(7,352,180)	(11,792)	(543,192)	(3,445,118)	(23,505)	(330,067)
Ending balance	₩ 5,558,216	₩ 211,812	₩ 676,453	₩ 10,452,875	₩ 327,240	₩ 897,802

9. Trade and other receivables and contract assets (cont'd)

9.4 Information on credit risk exposure of trade and other receivables as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	
	Trade receivables	Other receivables
Receivables not overdue		
Not overdue	₩ 134,078,724	₩ 2,868,062
Debt overdue		
Less than 12 months	2,294,525	-
More than 12 months	4,451,586	211,812
Subtotal	6,746,111	211,812
Total	140,824,835	3,079,874
Expected credit loss provisions		
Less than 12 months	(535,066)	-
More than 12 months	(5,023,149)	(211,812)
Subtotal	(5,558,215)	(211,812)
Carrying amount	₩ 135,266,620	₩ 2,868,062

	2020	
	Trade receivables	Other receivables
Receivables not overdue		
Not overdue	₩ 131,050,531	₩ 3,371,086
Debt overdue		
Less than 12 months	2,835,322	228,899
More than 12 months	9,893,214	98,341
Subtotal	12,728,536	327,240
Total	143,779,068	3,698,327
Expected credit loss provisions		
Less than 12 months	(882,491)	(228,899)
More than 12 months	(9,570,384)	(98,341)
Subtotal	(10,452,876)	(327,240)
Carrying amount	₩ 133,326,192	₩ 3,371,086

10. Inventories

Inventories as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Supplies and merchandise	₩ 8,429,660	₩ 26,306,815
Security contracts-in-process	7,651,324	17,437,876
Goods in transit	-	248,177
	₩ 16,080,984	₩ 43,992,867

As of December 31, 2021, Supplies and merchandise and Security contracts-in-process that are expected to be used by the Group for more than one year have been replaced to property and equipment (see Note 13).

11. Investment in a joint venture

11.1 Details of investment in a joint venture as of December 31, 2021 are as follows (Korean won in thousands):

	2021						
	Ownership percentage		Acquisition cost		Net asset value		Carrying Amount
Koramco Investment Private REITs No.78 (*)	4.11%	₩	2,700,000	₩	2,600,295	₩	2,468,095

(*) The Group classified the equity securities as investment in a joint venture because all investors' consent is required in determining the financial and operating policies based on the investor agreement.

Details of investment in a joint venture as of December 31, 2020 are as follows (Korean won in thousands):

	2020						
	Ownership percentage		Acquisition cost		Net asset value		Carrying Amount
Koramco Investment Private REITs No.78	4.11%	₩	2,700,000	₩	2,765,262	₩	2,525,716

11.2 Changes in investment in a joint venture for the year ended December 31, 2021 are as follows (Korean won in thousands):

		2021
Opening balance	₩	2,525,716
Gain or loss on valuation using Equity Method		117,864
Dividend		(175,485)
Closing balance	₩	2,468,095

Changes in investment in a joint venture for the year ended December 31, 2020 are as follows (Korean won in thousands):

		2020
Opening balance	₩	2,561,156
Gain or loss on valuation using Equity Method		140,075
Dividend		(175,514)
Closing balance	₩	2,525,716

11.3 A summarized financial information of the joint venture as of and for the year ended December 31, 2021 is as follows (Korean won in thousands):

		2021
Total assets	₩	158,637,262
Total liabilities		95,369,746
Revenue		9,662,960
Profit for the year		2,867,749
Total comprehensive income		2,867,749

A summarized financial information of the joint venture as of and for the year ended December 31, 2020 is as follows (Korean won in thousands):

		2020
Total assets	₩	157,647,383
Total liabilities		90,366,060
Revenue		9,489,047
Profit for the year		3,408,145
Total comprehensive income		3,408,145

11. Investment in a joint venture (cont'd)

11.4 Details of adjustments of net assets of a joint venture to the carrying amount of the Group's share in the joint venture for the year ended December 31, 2021 are as follows (Korean won in thousands):

		2021
Net assets	₩	63,267,516
Ownership percentage		4.11%
The Group's share of net assets		2,600,295
Others		(132,200)
Carrying Amount	₩	2,468,095

Details of adjustments of net assets of a joint venture to the carrying amount of the Group's share in the joint venture for the year ended December 31, 2020 are as follows. (Korean won in thousands):

		2020
Net assets	₩	67,281,323
Ownership percentage		4.11%
The Group's share of net assets		2,765,262
Others		(239,546)
Carrying Amount	₩	2,525,716

12. Investment property

Details in property for the years ended December 31, 2021 and 2020 are as follows. (Unit: Korean won in thousands)

	December 31, 2021			December 31, 2020		
	Acquisition cost	Accumulated depreciation	Carrying amount	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 22,006,759	₩ -	₩ 22,006,759	₩ -	₩ -	₩ -

As of December 31, 2021, the fair value of the investment property is ₩65,313 million.

Changes in investment property for the year ended December 31, 2021 are as follows (Korean won in thousands):

	2021
Opening Balance	₩ -
Depreciation	-
Transferred (*)	22,006,759
Closing Balance	₩ 22,006,759

(*) As of December 31, 2021, it has been transferred from property and equipment according to its holding purpose (Note 13).

The rental income recognized in relation to the investment property for the year ended December 31, 2021 is ₩1,579 million.

13. Property and equipment

Changes in property and equipment for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

2021	Land	Buildings	Structures	Security equipment	Security control equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Beginning acquisition cost	₩ 52,017,102	₩ 84,702,358	₩ 10,015,272	₩ 942,811,821	₩ 27,573,499	₩ 1,343,685	₩ 74,417,020	₩ 264,988	₩ 1,193,145,745
Beginning accumulated depreciation	-	(31,987,156)	(7,543,960)	(590,903,270)	(26,370,014)	(1,181,777)	(65,583,723)	-	(723,569,901)
Beginning net book value	52,017,102	52,715,202	2,471,312	351,908,551	1,203,485	161,908	8,833,297	264,988	469,575,845
Acquisitions	-	-	-	148,788,220	202,347	-	2,167,179	4,212,386	155,370,131
Disposals	-	-	-	(18,079,510)	-	-	(159,780)	-	(18,239,289)
Depreciation	-	(1,763,237)	(396,266)	(125,581,791)	(558,866)	(53,551)	(3,735,612)	-	(132,089,323)
Other changes (*)	(22,006,759)	-	-	-	-	-	-	28,157,124	6,150,365
Transfer	-	-	-	-	-	-	872,979	(3,462,859)	(2,589,880)
Exchange differences	-	-	-	-	120,014	4,462	2,183	-	126,659
Ending acquisition cost	30,010,344	84,702,358	10,015,272	978,301,284	28,356,767	1,336,862	75,681,961	29,171,639	1,237,576,488
Ending accumulated depreciation	-	(33,750,393)	(7,940,226)	(621,265,815)	(27,389,787)	(1,224,045)	(67,701,714)	-	(759,271,980)
Ending net book value	₩ 30,010,344	₩ 50,951,965	₩ 2,075,046	₩ 357,035,470	₩ 966,980	₩ 112,817	₩ 7,980,247	₩ 29,171,639	₩ 478,304,508

(*) As of December 31, 2021, some of the land held was transferred to investment property according to its holding purpose, and some of the inventories (Supplies and merchandise and Security contracts-in-process that are expected to be used by the Group in more than one year) were transferred to construction in progress.

2020	Land	Buildings	Structures	Security equipment	Security control equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Beginning acquisition cost	₩ 52,017,102	₩ 84,702,359	₩ 10,015,272	₩ 910,327,592	₩ 27,030,682	₩ 1,347,434	₩ 73,362,413	₩ 1,624,110	₩ 1,160,426,964
Beginning accumulated depreciation	-	(30,223,919)	(7,144,642)	(563,567,281)	(25,699,656)	(1,113,513)	(62,443,621)	-	(690,192,632)
Beginning net book value	52,017,102	54,478,439	2,870,630	346,760,310	1,331,027	233,921	10,918,792	1,624,110	470,234,332
Acquisitions	-	-	-	131,051,744	522,390	-	1,205,619	6,863,826	139,643,579
Disposals	-	-	-	(2,161,989)	-	-	(96,705)	-	(2,258,693)
Depreciation	-	(1,763,237)	(399,318)	(123,741,515)	(662,855)	(69,461)	(3,958,497)	-	(130,594,884)
Transfer	-	-	-	-	-	-	764,448	(8,222,948)	(7,458,500)
Exchange differences	-	-	-	-	12,924	(2,552)	(360)	-	10,011
Ending acquisition cost	52,017,102	84,702,359	10,015,272	942,811,821	27,573,499	1,343,685	74,417,020	264,988	1,193,145,745
Ending accumulated depreciation	-	(31,987,156)	(7,543,960)	(590,903,270)	(26,370,014)	(1,181,777)	(65,583,723)	-	(723,569,901)
Ending net book value	₩ 52,017,102	₩ 52,715,202	₩ 2,471,312	₩ 351,908,551	₩ 1,203,485	₩ 161,908	₩ 8,833,297	₩ 264,988	₩ 469,575,845

13. Property and equipment (cont'd)

Depreciation in property and equipment for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021		2020	
Cost of Sales	₩	129,294,642	₩	127,605,194
Selling and administrative expenses		2,794,681		2,989,690
Total	₩	132,089,323	₩	130,594,884

14. Leases

The Group has lease contracts for various items of buildings, vehicles and computerized equipment used in its operations. The lease term of the Group's right-of-use assets is generally from one year to five years. The Group's obligations under the lease agreements are covered by the right of the lease provider to the leased assets. In general, the Group is restricted from distributing the lease assets and sub-leasing.

The Group also has certain leases of vehicles and computerized equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Details of right-of-use assets as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021		
	Acquisition cost	Accumulated depreciation	Carrying amount
Buildings	₩ 57,913,873	₩ (27,415,221)	₩ 30,498,652
Vehicles	34,062,530	(17,448,908)	16,613,622
Computerized equipment	2,624,406	(1,118,798)	1,505,608
Auxiliary Facilities	1,046,551	-	1,046,551
	₩ 95,647,360	₩ (45,982,927)	₩ 49,664,433

	2020		
	Acquisition cost	Accumulated depreciation	Carrying amount
Buildings	₩ 54,017,186	₩ (17,102,991)	₩ 36,914,195
Vehicles	30,065,880	(14,144,568)	15,921,312
Computerized equipment	2,624,406	(680,274)	1,944,132
	₩ 86,707,473	₩ (31,927,834)	₩ 54,779,639

Changes in right-of-use assets for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021				
	Building	Vehicles	Computerized equipment	Auxiliary Facilities	Total
Beginning balance	₩ 36,914,195	₩ 15,921,312	₩ 1,944,132	₩ -	₩ 54,779,639
Increase	6,180,228	10,590,315	-	1,046,551	17,817,094
Decrease (Termination of contract)	(592,994)	(891,577)	-	-	(1,484,571)
Depreciation	(12,002,777)	(9,006,428)	(438,524)	-	(21,447,729)
Ending Balance	₩ 30,498,652	₩ 16,613,622	₩ 1,505,608	₩ 1,046,551	₩ 49,664,433

	2020				
	Building	Vehicles	Computerized equipment	Auxiliary Facilities	Total
Beginning balance	₩ 6,608,897	₩ 17,698,407	₩ 2,426,850	₩ -	₩ 26,734,155
Increase	41,108,665	7,961,654	-	-	49,070,318
Decrease (Termination of contract)	(211,094)	(731,915)	(44,194)	-	(987,203)
Depreciation	(10,592,273)	(9,006,834)	(438,524)	-	(20,037,631)
Ending Balance	₩ 36,914,195	₩ 15,921,312	₩ 1,944,132	₩ -	₩ 54,779,639

14. Leases (cont'd)

Changes in lease liabilities for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Beginning balance	₩ 55,615,439	₩ 26,851,949
Increase	16,770,543	49,070,318
Decrease (Termination of contract)	(1,572,467)	(1,058,034)
Interest expense	926,637	1,058,520
Payment of lease liabilities	(21,807,719)	(20,300,791)
Foreign currency translation	1,749	(6,523)
Ending balance	₩ 49,934,182	₩ 55,615,439

Amounts recognized in the statement of comprehensive income in relation to leases for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Expense relating to short-term leases	₩ 7,454,780	₩ 6,838,293
Expense relating to leases of low-value assets	4,260,074	2,818,529
Depreciation expense of right-of-use assets	21,447,729	20,037,631
Interest expense on lease liabilities	926,637	1,058,520

The total cash outflow of the lease for the years ended December 31, 2021 and 2020 are ₩33,523 million and ₩29,958 million, respectively.

15. Intangible assets

15.1 Changes in intangible assets for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021				
	Goodwill	Industrial property	Development costs	Others	Total
Beginning balance	₩ 328,092,729	₩ 355,369	₩ 18	₩ 104,114,629	₩ 432,562,745
Increase (*)	-	50,822	-	2,820,949	2,871,771
Disposal	-	-	-	-	-
Amortization	-	(66,420)	-	(15,460,782)	(15,527,202)
Exchange differences	-	-	-	11,006	11,006
Ending balance	₩ 328,092,729	₩ 339,771	₩ 18	₩ 91,485,802	₩ 419,918,320

(*) Increase includes amounts transferred from 'construction-in-progress'.

	2020				
	Goodwill	Industrial property	Development costs	Others	Total
Beginning balance	₩ 328,092,729	₩ 338,342	₩ 18	₩ 111,495,201	₩ 439,926,290
Increase (*)	-	81,079	-	7,879,844	7,960,922
Disposal	-	-	-	(69,340)	(69,340)
Amortization	-	(64,052)	-	(15,183,955)	(15,248,007)
Exchange differences	-	-	-	(5,175)	(5,175)
Ending balance	₩ 328,092,729	₩ 355,369	₩ 18	₩ 104,116,575	₩ 432,564,691

(*) Increase includes amounts transferred from 'construction-in-progress'.

15. Intangible assets (cont'd)

15.2 Amortization of intangible assets for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Cost of Sales	₩ 557,780	₩ 490,242
Selling and administrative expenses	14,969,422	14,757,765
Total	₩ 15,527,202	₩ 15,248,007

The total amount of research and development expenditure recognized as an expense by the Group for the years ended December 31, 2021 and 2020 are ₩19,820 million and ₩12,118 million, respectively.

15.3 Impairment tests for goodwill

As of December 31, 2021, the Group has goodwill which arose from the acquisition of a business in 2014. Details of goodwill allocated to groups of cash generating units under the management's control are as follows (Korean won in thousands):

	2021
Building management	₩328,092,729

The Group tests annually for impairment. The recoverable amount of the Group of cash generating units is estimated using the calculation of value in use. The calculation of value in use, based on a five-year financial budget approved by management, used pre-tax cash flow estimation. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the cash-generating units operate. In addition, a constant growth rate assumption is used for the perpetual cash flow calculation. The key assumptions used for value-in-use calculations in 2021 are as follows:

	2021
Operating profit rate of cash sales to total sales	8.9~9.1%
Revenue growth rate (*1)	1.8~5.0%
Perpetual growth rate	1.00%
Discount rate after tax (*2)	12.64%

(*1) The estimate of cash flows for the next five years is calculated using the revenue growth rate that is based on historical growth rate.
(*2) After-tax discount rate applied to the expected cash flow projections.

The Group determined budgeted sales growth rate based on past performances and its expectations of the market development.

The impairment test suggests that the carrying value of cash generating units does not exceed the recoverable amount.

16. Trade and other payables

Trade and other payables as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021		2020	
	Current	Non-current	Current	Non-current
Trade payables	₩ 101,488,153	₩ -	₩ 106,051,560	₩ -
Other payables	65,241,350	-	62,273,594	-
Accrued expenses	51,560,089	8,635,754	49,169,318	7,119,069
	₩ 218,289,592	₩ 8,635,754	₩ 217,494,472	₩ 7,119,069

17. Net defined benefit liabilities (assets)

Defined benefit plans that the Group operates are pension plans based on the final salary of employees and provide a guaranteed amount of pensions to employees. The level of benefits provided depends on the length of service and the final salary of employees. The benefit payments are from separately administered funds.

17.1 Net defined benefit liabilities (assets) recognized in the consolidated statements of financial position as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Present value of defined benefit obligations	₩ 349,687,800	₩ 342,307,413
Fair value of plan assets (*)	(361,894,440)	(350,425,626)
Subtotal	(12,206,640)	(8,118,213)
Net defined benefit assets	(12,328,545)	(9,114,990)
Net defined benefit liabilities	121,905	996,777

(*) Contribution to the National Pension Fund of ₩330 million (2020: ₩341 million), is included in the fair value of plan assets.

17.2 Changes in the present value of defined benefit obligations for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Beginning balance	₩ 342,307,413	₩ 322,460,913
Current service cost	35,782,878	36,437,668
Interest expense	6,407,392	6,239,407
Remeasurements		
Actuarial loss arising from changes in demographic assumptions	-	(812,161)
Actuarial loss arising from changes in financial assumptions	(16,587,038)	(225,496)
Actuarial gain(loss) arising from experience adjustments	7,904,529	2,308,624
Payments from plans: Benefits paid	(29,030,237)	(25,540,179)
Transfer of affiliates	2,902,863	1,438,638
Ending balance	₩ 349,687,800	₩ 342,307,413

17.3 Changes in the fair value of plan assets for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Beginning balance	₩ 350,425,626	₩ 319,361,592
Interest income	5,985,251	5,645,033
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(409,012)	(273,266)
Contributions: Employers	30,990,220	47,334,725
Payments from plans: Benefits paid	(24,903,541)	(21,642,457)
Transfer of affiliates	(194,104)	-
Ending balance	₩ 361,894,440	₩ 350,425,626

17. Net defined benefit liabilities (assets) (cont'd)

17.4 Plan assets as of December 31, 2021 and 2020 consist of the following (Korean won in thousands):

	2021			
	Quoted price	Unquoted price	Total	Composition
Cash and cash equivalents	₩ 361,564,417	₩ -	₩ 361,564,417	99.91%
Others	-	330,023	330,023	0.09%
	₩ 361,564,417	₩ 330,023	₩ 361,894,440	100.00%

	2020			
	Quoted price	Unquoted price	Total	Composition
Cash and cash equivalents	₩ 350,084,289	₩ -	₩ 350,084,289	99.90%
Others	-	341,337	341,337	0.10%
	₩ 350,084,289	₩ 341,337	₩ 350,425,626	100.00%

17.5 The principal actuarial assumptions as of December 31, 2021 and 2020 are as follows:

	2021	2020
Discount rate	2.50% ~ 2.62%	2.00%
Salary growth rate	3.36% ~ 5.00%	3.36% ~ 5.00%

17.6 The sensitivity of the defined benefit obligations as of December 31, 2021, to changes in the weighted principal assumptions is as follows (in percentage, %):

	Effect on defined benefit obligation		
	Changes in principal assumption	Increase in principal assumption	Decrease in principal assumption
Discount rate	1.00%	8.11% decrease	9.42% increase
Salary growth rate	1.00%	9.41% increase	8.25% decrease

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

17.7 Expected contributions to post-employment benefit plans for the year ended December 31, 2022 are ₩37,396 million.

17.8 The weighted average duration of the defined benefit obligations is 8.19 ~ 8.85 years.

17.9 Recognized expense related to the defined contribution plan for the year ended December 31, 2021 and 2020 are ₩13,397 million and ₩11,556 million, respectively.

18. Commitments and contingencies

18.1 Ongoing litigation

As of December 31, 2021, there are a total of 18 lawsuits pending as defendants (the litigation value of ₩89.1 billion), including Samsung SDS's damages suit (₩68.4 billion, the second trial after winning the first trial) and Contella Co., Ltd. damages suit (₩6 billion, the third trial after winning the first and second trials).

The Group reversed its provisions for ₩1,210 million based on the suit and recognized them as other income in the income statement. The management believes the outcome of civil suits will not impact the financial position of the Group.

18.2 Provisions as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021		
	Provision for Construction losses(*1)	Other(*2)	Total
Beginning balance	₩ 218,703	₩ 1,210,000	₩ 1,428,703
Transfer	1,597,615	1,744,252	3,341,867
Use and reversal	-	(1,210,000)	(1,210,000)
Ending Balance	₩ 1,816,318	₩ 1,744,252	₩ 3,560,570
Non-current	1,816,318	1,744,252	3,560,570

(*1) The Group sets the amount of the loss expected to arise from the construction contract as a provision.
(*2) Provisions related to litigation and recoveries for leased building.

	2020		
	Provision for Construction losses(*1)	Other(*2)	Total
Beginning balance	₩ 2,570	₩ 2,480,000	₩ 2,482,570
Transfer	218,703	-	218,703
Use and reversal	(2,570)	(1,270,000)	(1,272,570)
Ending Balance	₩ 218,703	₩ 1,210,000	₩ 1,428,703
Non-current	218,703	1,210,000	1,428,703

(*1) The Group sets the amount of the loss expected to arise from the construction contract as a provision.
(*2) Provisions related to litigation

18.3 Payment guarantees and agreements

(a) The Group has a technical assistance agreement with SECOM CO., LTD. for licensing and technical assistance on the security business. Under the agreement, the Group pays royalties to SECOM CO., LTD. amounting to 0.65% of a portion of sales from system security services.
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(b) As of December 31, 2021, the Group has a purchasing loan agreement with the maximum limit of ₩72 billion with Hana Bank and B2B plus agreement with the maximum limit of ₩6 billion with Woori Bank.

(c) The Group is provided with performance guarantees and construction warranty guarantees amounting to ₩135.1 billion by Seoul Guarantee Insurance and others.

(d) The Group is provided with a foreign currency guarantees amounting to SAR 10,450,000 by Shinhan Bank.

19. Issued capital and capital surplus

The number of authorized shares in accordance with the Group's article of incorporation is 80 million shares and the par value per share is ₩500. As of December 31, 2021, the total number of common shares issued is 37,999,178 shares.

Details of issued capital and capital surplus as of December 31, 2021 are as follows (Korean won in thousands, except for number of shares):

Number of common shares outstanding (*)		Issued capital		Capital surplus		Total
33,810,239	₩	18,999,589	₩	192,913,601	₩	211,913,190

(*) The difference between the number of common shares outstanding and the number of common shares issued is due to 4,188,939 shares of treasury stock.

20. Retained earnings

Retained earnings as of December 31, 2021 and 2020 consist of the followings (Korean won in thousands):

		2021		2020
Legal reserves (*)	₩	9,499,795	₩	9,499,795
Discretionary reserves		1,208,954,333		1,118,954,333
Unappropriated retained earnings		160,132,766		195,579,196
	₩	1,378,586,894	₩	1,324,033,323

(*) In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to capital.

21. Other components of equity

Other components of equity as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021		2020
Accumulated other comprehensive income:				
Net gain on valuation of financial assets at fair value through OCI	₩	7,343,190	₩	4,769,651
Gain or loss on overseas operations translation		1,071,251		(513,573)
Other:				
Treasury share		(155,751,107)		(155,751,107)
Others		(292,148)		(292,148)
	₩	(147,628,814)	₩	(151,787,177)

22. Revenue from contracts with customers

Details of revenue from contracts with customers for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

2021	Security system service	Building management service	Call center & telemarketing	Consolidation adjustments	Total
Time of transfer of goods or services					
Goods or services transferred at a point in time	₩ 129,779,893	₩ 28,806,512	₩ -	₩ -	₩ 158,586,405
Goods or services transferred over time	1,705,620,120	624,548,588	13,897,539	(192,664,176)	2,151,402,071
Total revenue from contracts with customers	1,835,400,013	653,355,100	13,897,539	(192,664,176)	2,309,988,476
Revenue from other sources	2,500,583	-	-	-	2,500,583
Total	₩ 1,837,900,596	₩ 653,355,100	₩ 13,897,539	₩ (192,664,176)	₩ 2,312,489,059

2020	Security system service	Building management service	Call center & telemarketing	Consolidation adjustments	Total
Time of transfer of goods or services					
Goods or services transferred at a point in time	₩ 6,334,575	₩ -	₩ -	₩ -	₩ 6,334,575
Goods or services transferred over time	1,792,205,383	596,651,091	13,417,567	(186,712,942)	2,215,561,098
Total revenue from contracts with customers	1,798,539,958	596,651,091	13,417,567	(186,712,942)	2,221,895,673
Revenue from other sources	1,444,837	-	-	-	1,444,837
Total	₩ 1,799,984,794	₩ 596,651,091	₩ 13,417,567	₩ (186,712,942)	₩ 2,223,340,509

Details of the Group’s contract balance as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Trade receivables	₩ 135,266,620	₩ 133,326,192
Contract assets	21,842,369	34,549,374
Advances received	79,427,910	69,401,769
Unearned revenue	31,915,657	29,838,248

Trade receivables are interest-free and the usual payment date is 30 to 90 days. Based on expected credit losses, the provision was recognized at ₩5,558 million as of the end of the current period.

Service contract assets are recognized in relation to sales of security facilities customized to customer needs. ₩676 million was recognized for expected credit loss provision relating to contract assets.

Contract liabilities include advances received and income relating to revenue from customized security facilities and security services. Contract liabilities are recognized as revenue in accordance with each contract, depending on the time-period or percentage-of-completion.

22. Revenue from contracts with customers (cont'd)

Details of the Group's contract liabilities and related revenue as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Beginning balance of contract liabilities	₩ 99,240,017	₩ 79,206,351
Revenues	93,874,589	72,927,577

The Group recognized as assets for the installation construction cost and contract fee of the system security service contract. These are presented as prepaid expenses in the consolidated statement of financial position.

Details of the Group's cost of implementation of contracts recognized as an asset revenue as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Beginning balance	₩ 115,003,732	₩ 109,339,701
Increase	114,393,794	105,121,053
Amortization	(88,223,757)	(84,400,397)
Impairment	(14,869,115)	(15,056,624)
Ending balance	₩ 126,304,654	₩ 115,003,733

Those costs were incurred directly in connection with the contract, create resources to be used to implement the contract and are expected to be recovered. Therefore, assets were recognized at the cost of implementation of the contract. In addition, the impairment loss was recognized if the amount deducted from the expected amount of the remaining cost of the contract, such as the termination of the contract, as a direct cost not yet recognized as an expense, fell short of the asset.

23. Contracts with customers recognized using the input method

As of December 31, 2021, there is no contract among which applied the percentage-of-completion method where the contract revenue accounts for more than 5% of the total sales for the year ended December 31, 2021.

Changes in contract revenues and costs due to changes in accounting estimates in relation to the contracts that recognize revenue over time based on the percentage-of-completion method, for the year ended December 31, 2021 are as follows (Korean won in thousands):

	Changes in total contract revenues	Changes in total contract costs	Effect on profit or loss
Security system service	₩ 9,507,591	₩ 20,221,711	₩ (10,714,121)

24. Expenses by nature

Expenses by nature for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Purchase of merchandise	₩ 153,052,860	₩ 157,091,339
Labor expenses	802,123,054	743,941,818
Depreciation and amortization	169,064,255	165,880,522
Outsourcing expenses	653,938,256	609,518,339
Commission expenses and royalties	47,800,002	48,733,467
Advertising expenses and sales commission expenses	23,693,983	25,706,790
Communication expenses	22,337,430	28,004,806
Transportation expenses	12,356,443	10,358,850
Others	248,457,832	229,641,890
	₩ 2,132,824,115	₩ 2,018,877,821

25. Selling and administrative expenses

Selling and administrative expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021		2020
Labor expenses	₩	217,379,909	₩	196,797,509
Development costs (*)		19,820,023		12,118,031
Depreciation and amortization		25,505,860		25,282,312
Commission expenses and royalties		22,324,291		24,023,041
Advertising expenses and sales commission expenses		20,154,033		22,529,742
Communication expenses		3,264,440		3,334,580
Insurance premium		6,265,086		5,737,386
Transportation expenses		7,258,396		7,128,075
Rental expenses		2,581,181		2,686,295
Bad debt expenses		2,779,361		3,722,853
Reversal of bad debt expense		(103,636)		(65,134)
Others		48,624,735		43,462,384
	₩	375,853,679	₩	346,757,074

(*) Depreciation and amortization costs of ₩357 million (2020: ₩435 million) are included in 'development costs'.

26. Other non-operating income and expenses

Details of other non-operating income and other non-operating expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021		2020
Other non-operating income:				
Dividend income	₩	961,055	₩	338,222
Gain on disposal and valuation of securities		620,912		-
Gain on disposal of property and equipment		41,498		61,162
Gain on foreign currency transactions		3,803,494		3,330,903
Gain on foreign currency translation		628,842		616,586
Gain on termination of lease contract		136,900		86,688
Miscellaneous gain		4,221,434		3,145,973
Share of profit of a joint venture		117,864		140,075
	₩	10,531,999	₩	7,719,609
Other non-operating expenses:				
Donations	₩	924,920	₩	1,695,858
Loss on obsolescence of inventories		-		17,876,226
Loss on disposal and valuation of securities		250,130		-
Loss on disposal of property and equipment		18,127,895		2,206,758
Loss on disposal of intangible assets		-		5,978
Loss on foreign currency transactions		2,335,319		4,877,076
Loss on foreign currency translation		654,710		616,032
Loss on termination of lease contract		49,003		15,857
Miscellaneous loss		922,761		319,289
	₩	23,264,738	₩	27,613,075

27. Finance income and costs

Finance income and costs for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021		2020
Finance income:				
Interest income	₩	4,174,237	₩	3,863,557
Gain on foreign currency translation		249		6,582
Gain on foreign currency transactions		793,850		295,051
	₩	4,968,336	₩	4,165,189
Finance costs:				
Interest expenses	₩	927,226	₩	1,058,520
Loss on foreign currency translation		1,998		58
Loss on foreign currency transactions		228,211		298,461
	₩	1,157,435	₩	1,357,039

28. Income tax

Income tax expenses for the years ended December 31, 2021 and 2020 consist of the following (Korean won in thousands):

		2021		2020
Current income tax:				
Current tax on profits for the year	₩	37,239,687	₩	42,832,374
Adjustments in respect of prior years		576,365		1,229,650
Total current tax		37,816,052		44,062,023
Deferred tax due to temporary differences		2,910,978		934,309
Deferred tax charged to equity		(1,025,181)		(291,454)
Income tax expenses	₩	41,752,211	₩	45,287,787

The reconciliation between income tax expenses at the effective tax rate and profit before income tax expenses at the Korea statutory rate for the years ended December 31, 2021 and 2020 is as follows (Korean won in thousands):

		2021		2020
Profit before income tax expenses	₩	170,743,107	₩	187,377,371
Tax calculated at statutory tax rates		40,186,143		44,640,765
Tax effects of:		1,566,068		647,021
Non-taxable income		(14,114)		(13,334)
Non-deductible expenses		2,040,966		658,612
Tax credit		(1,149,054)		(1,237,523)
Adjustment in respect of prior years		576,365		1,229,650
Change in differences at the beginning of the period, etc.		111,905		9,616
Income tax expenses	₩	41,752,211	₩	45,287,787
Effective tax rate (*)		24.45%		24.17%

(*) Income tax expenses divided by profit before income tax expenses.

28. Income tax (cont'd)

Changes in temporary differences and related deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021				
	Temporary differences			Deferred tax assets (liabilities)	
	Beginning	Increase (decrease)	Ending	Beginning	Ending
Allowance for doubtful accounts	₩ 8,405,178	₩ (5,087,304)	₩ 3,317,874	₩ 2,034,053	₩ 802,925
Accrued income	(963,122)	(891,603)	(1,854,725)	(232,981)	(448,691)
Accrued expenses (annual leave)	24,927,121	1,431,860	26,358,981	5,911,595	6,254,171
Accrued expenses (performance)	10,196,977	1,330,508	11,527,485	2,467,668	2,789,651
Defined benefit obligations	329,779,306	8,608,825	338,388,131	78,845,620	80,874,542
Plan assets	(330,967,061)	(7,372,426)	(338,339,487)	(79,106,926)	(80,863,840)
Depreciation	(20)	-	(20)	(4)	(4)
Impairment of financial assets at fair value through OCI	2,526,720	-	2,526,720	611,466	611,466
Gain on valuation of financial assets at fair value through OCI	(6,292,416)	(3,395,170)	(9,687,586)	(1,522,765)	(2,344,396)
Payables for donations	380,000	-	380,000	91,960	91,960
Other non-current liabilities	40,986,424	1,474,905	42,461,329	9,778,093	10,123,909
Provisions	1,210,000	(1,210,000)	-	292,820	-
Penalty	10,477,874	(96,762)	10,381,112	2,535,645	2,512,229
Repair and maintenance	117,945	(117,945)	-	28,543	-
Long-term unearned revenue (Construction revenue)	29,838,248	2,077,409	31,915,657	7,220,856	7,723,589
Long-term prepaid expenses	(115,003,733)	(11,300,921)	(126,304,654)	(27,830,903)	(30,565,726)
Long-term trade receivables (Unbilled Subsidy)	(6,152,885)	(84,044)	(6,236,929)	(1,488,998)	(1,509,337)
Tax and utility (acquisition tax)	40,397	2,400	42,797	9,681	10,262
Right-of-use assets	835,800	(566,051)	269,749	202,058	65,062
Construction loss allowance	218,703	1,597,615	1,816,318	52,926	439,549
Provisions for recovery	-	1,744,252	1,744,252	-	422,109
Others	(1,896,055)	(57,622)	(1,953,677)	(416,669)	(416,669)
Total	₩ (1,334,599)	₩ (11,912,074)	₩ (13,246,673)	₩ (516,261)	₩ (3,427,239)

28. Income tax (cont'd)

	2020				
	Temporary differences			Deferred tax assets (liabilities)	
	Beginning	Increase (decrease)	Ending	Beginning	Ending
Allowance for doubtful accounts	₩ 7,192,921	₩ 1,212,256	₩ 8,405,178	₩ 1,740,687	₩ 2,034,053
Accrued income	(1,553,808)	590,686	(963,122)	(375,874)	(232,981)
Accrued expenses (annual leave)	23,921,906	1,005,215	24,927,121	5,663,476	5,911,595
Accrued expenses (performance)	11,117,232	(920,255)	10,196,977	2,690,370	2,467,668
Provision for retirement benefits	307,470,834	22,308,472	329,779,306	73,503,630	78,845,620
Retirement pension management assets	(303,587,123)	(27,379,938)	(330,967,061)	(72,649,214)	(79,106,926)
Accumulated depreciation (amortization method)	(121,399)	121,379	(20)	(4)	(4)
Impairment of financial assets at fair value through OCI	2,526,720	-	2,526,720	611,466	611,466
Gain on valuation of financial assets at fair value through OCI	(5,786,011)	(506,405)	(6,292,416)	(1,400,215)	(1,522,765)
Payables for donations	380,000	-	380,000	91,960	91,960
Long-term accrued expenses (long-term employee benefits)	32,753,287	8,233,138	40,986,424	7,837,291	9,778,093
Provisions	2,480,000	(1,270,000)	1,210,000	600,160	292,820
Penalty	10,487,280	(9,406)	10,477,874	2,537,922	2,535,645
Loss on obsolescence of intangible assets	33,982	(33,982)	-	8,224	-
Repair costs	619,372	(501,427)	117,945	149,888	28,543
Long-term unearned revenue (construction revenue)	21,576,379	8,261,869	29,838,248	5,221,484	7,220,856
Long-term prepaid expenses	(101,384,733)	(13,619,000)	(115,003,733)	(24,535,105)	(27,830,903)
Long-term trade receivables (unbilled subsidy)	(3,756,793)	(2,396,092)	(6,152,885)	(909,144)	(1,488,998)
Tax and utility (acquisition tax)	25,965	14,432	40,397	6,189	9,681
Right-of-use assets	117,794	718,006	835,800	28,250	202,058
Construction loss allowance	2,570	216,133	218,703	622	52,926
Others	(1,528,991)	(228,220)	(1,757,212)	(404,015)	(416,669)
Total	₩ 2,987,387	₩ (4,183,141)	₩ (1,195,755)	₩ 418,048	₩ (516,261)

The analysis of deferred tax assets and deferred tax liabilities as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	₩ 80,856,098	₩ 74,433,414
Deferred tax asset to be recovered within 12 months	11,488,607	12,127,444
	₩ 92,344,705	₩ 86,560,858
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	₩ (95,320,126)	₩ (86,841,839)
Deferred tax liability to be recovered within 12 months	(451,818)	(235,280)
	₩ (95,771,944)	₩ (87,077,119)
Deferred tax assets, net	₩ (3,427,239)	₩ (516,261)

28. Income tax (cont'd)

Details of deferred tax charged directly to equity for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021		2020
Gain on valuation of financial assets at fair value through OCI	₩	(821,631)	₩	(122,550)
Re-measurement gain (loss) on defined benefit plans		1,846,812		414,004
	₩	1,025,181	₩	291,454

29. Earnings per share

Basic earnings per ordinary share for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021		2020
Profit attributable to owners of the parent	₩	128,991,677	₩	142,090,242
Weighted average number of ordinary shares outstanding (*)		33,810,239		33,810,239
Basic earnings per share (Korean won)	₩	3,815	₩	4,203

(*) Weighted average number of ordinary shares outstanding = Total issued shares – weighted average number of treasury shares

	2021	2020
Issued shares	37,999,178	37,999,178
Treasury shares	4,188,939	4,188,939
Weighted average number of ordinary shares outstanding	33,810,239	33,810,239

Because there is no diluted potential common stock, diluted earnings per share are the same as basic earnings per share.

30. Cash generated from operations

Cash generated from operations for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Adjustments for:		
Depreciation and amortization	₩ 169,064,255	₩ 165,880,522
Loss on disposal of inventories	-	17,305,319
Gain on disposal of inventories	(698,916)	-
Retirement benefits	36,205,020	37,032,041
Loss on foreign currency translation	656,708	616,091
Gain on foreign currency translation	(629,091)	(623,167)
Loss on disposal of property and equipment	18,127,895	2,206,758
Gain on disposal of property and equipment	(41,498)	(61,162)
Loss on disposal of intangible assets	-	5,978
Bad debt expenses	2,675,726	3,657,718
Loss on disposal of financial assets at fair value through OCI	-	-
Interest income	(4,174,237)	(3,863,557)
Interest expenses	927,226	1,058,520
Dividend	(961,055)	(338,222)
Income taxes	41,752,211	45,287,787
Miscellaneous gain	(1,210,000)	(1,270,000)
Loss on termination of lease contract	49,003	15,857
Gain on termination of lease contract	(136,900)	(86,688)
Provision of construction loss allowance	1,597,615	216,133
Share of profit of a joint venture	(117,864)	(140,075)
Loss on valuation of financial assets at fair value through profit or loss	199,065	-
Profit (loss) for the period - Gain on valuation of financial assets at fair value	(617,882)	-
Repair and maintenance	697,700	-
Loss on disposal of shares in subsidiaries	51,065	-
Gain on disposal of available-for-sale securities	(3,030)	-
Others	-	(7,030)
	₩ 263,413,016	₩ 266,892,822

30. Cash generated from operations (cont'd)

	2021	2020
Changes in operating assets and liabilities:		
Trade receivables	₩ (4,237,935)	₩ 4,266,863
Contract assets	12,469,208	19,301,615
Other receivables	725,243	(608,901)
Advanced payments	(4,439,025)	3,333,038
Prepaid expenses	(4,851,069)	(334,213)
Value added tax prepaid	4,346,322	(2,577,412)
Long-term contract assets	(84,044)	(829,945)
Inventories	453,676	(19,828,549)
Long-term prepaid expenses	(6,005,520)	(6,447,540)
Trade payables	(4,564,952)	(8,173,907)
Other payables	5,582,453	9,100,982
Advances received	10,026,141	21,273,942
Unearned revenue	615,852	-
Value added tax withheld	(5,053,464)	4,392,054
Withholdings	2,035,641	274,446
Net defined benefit liabilities	(32,013,240)	(49,793,808)
Deposits withheld	(736,285)	(1,928,233)
Long-term unearned revenue	(27,922)	-
Long-term other payables	1,461,557	(1,259,246)
Other non-current liabilities	3,211,510	9,698,522
	₩ (21,085,853)	₩ (20,140,291)

Significant non-cash transactions for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Substitution of investment real estate for tangible assets	₩ 22,006,759	₩ -
Substituting assets under construction for inventories	28,157,124	-
Increase in right-of-use assets	17,817,094	49,070,318
Substitution of intangible assets for assets under construction	2,820,949	7,879,844
Changes in payables related to acquisition of tangible assets	(296,083)	(890,563)

Changes in liabilities arising from financing activities for the year ended December 31, 2021 are as follows (Korean won in thousands):

			Non-cash transactions			
	As of January 1	Cash flows from financing activities	New	Termination	Foreign currency translation	As of December 31
Lease liabilities	₩ 55,615,439	₩ (20,881,082)	₩ 16,770,543	₩ (1,572,467)	₩ 1,749	₩ 49,934,182

31. Related party transaction

The related parties of the Group as of December 31, 2021 and 2020 are as follows:

	2021	2020
Entity with significant influence over the Group	SECOM CO., LTD.	SECOM CO., LTD.
Joint venture	Koramco Investment Private REITs No.78	Koramco Investment Private REITs No.78
Others	Affiliates of the Samsung group	Affiliates of the Samsung group

Sales and purchases with subsidiaries and others for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021			
	Sales(*)	Purchases	Other income	Other expense
Entity with significant influence over the Group:				
SECOM CO., LTD.	₩ -	₩ -	₩ -	₩ 4,604,302
Joint venture				
Koramco Investment Private REITs No.78	-	-	175,486	-
Others:				
Samsung Electronics Co., Ltd.	433,569,921	7,160,387	-	-
Samsung Life Insurance Co., Ltd.	65,927,755	10,874,375	6,797,402	1,435,944
Samsung Display Co., Ltd.	51,949,618	79,280	-	-
Other affiliates	263,041,710	56,628,170	92,399	11,054,305
	₩ 814,489,004	₩ 74,742,212	₩ 7,065,287	₩ 17,094,551

(*) There is a difference of ₩7,132 million from the consolidated financial statements due to the effect of the revenues recognized by the percentage of completion method, etc. among sales transaction with related parties.

	2020			
	Sales	Purchases	Other income	Other expense
Entity with significant influence over the Group:				
SECOM CO., LTD.	₩ -	₩ -	₩ -	₩ 4,632,516
Joint venture				
Koramco Investment Private REITs No.78	-	-	175,514	-
Others:				
Samsung Electronics Co., Ltd.	412,167,600	10,949,909	-	-
Samsung Life Insurance Co., Ltd.	64,891,910	10,118,375	6,723,911	1,536,206
Samsung Display Co., Ltd.	53,237,478	23,136	-	-
Other affiliates	245,426,943	54,432,589	54,885	10,481,706
	₩ 775,723,931	₩ 75,524,009	₩ 6,954,311	₩ 16,650,429

31. Related party transaction (cont'd)

Outstanding balances with related parties as of December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021			
	Trade receivables	Other receivables	Trade payables	Other payables
Entity with significant influence over the Group:				
SECOM CO., LTD.	₩ -	₩ -	₩ -	₩ 2,310,067
Others:				
Samsung Electronics Co., Ltd.	29,780,958	107,107	1,663,630	399,974
Samsung Life Insurance Co., Ltd.	210,053	373,823,661	99,693	478,354
Samsung Display Co., Ltd.	5,851,696	-	44,771	3,237
Other affiliates	36,084,394	8,210,842	18,320,265	1,195,034
	₩ 71,927,101	₩ 382,141,610	₩ 20,128,359	₩ 4,386,666

(*) Other receivables from other affiliates comprise plan assets of ₩361,564 million in Samsung Life Insurance Co., Ltd. and leasehold deposits of ₩12,259 million.

	2020			
	Trade receivables	Other receivables	Trade payables	Other payables
Entity with significant influence over the Group:				
SECOM CO., LTD.	₩ -	₩ -	₩ -	₩ 2,317,290
Others:				
Samsung Electronics Co., Ltd.	32,310,383	83,756	1,463,141	157,641
Samsung Life Insurance Co., Ltd.	224,560	366,854,986	-	305,290
Samsung Display Co., Ltd.	8,618,083	-	3,891	58,464
Other affiliates	30,782,269	8,037,250	16,246,920	1,242,857
	₩ 71,935,295	₩ 374,975,992	₩ 17,713,952	₩ 4,081,543

(*) Other receivables from other affiliates comprise plan assets of ₩350,084 million in Samsung Life Insurance Co., Ltd. and leasehold deposits of ₩16,771 million.

Dividends paid to SECOM CO., LTD., a related party of the Group, amounts to ₩24,368 million for the year ended December 31, 2021 (2020: ₩24,368 million). Dividends paid to other related parties amount to ₩19,539 million (2020: ₩19,539 million). In addition, dividends received from Koramco Investment Private REITs No.78, a related party of the Group, amounts to ₩175 million for the year ended December 31, 2021.

The Group entered into a technical assistance agreement with SECOM CO., LTD., which has significant influence over the Group.

	Related product	Provided by	Fee
Technical assistance	Security system	SECOM CO., LTD.	0.65% of a portion of sales

As of December 31, 2021, there are no payment guarantees and collaterals provided by the Group to the related parties.

31. Related party transaction (cont'd)

Key management consists of registered executive officers who have authority and responsibility in the planning, operations and control of the business of the Group. The compensation paid or payable to key management for employee services for the years ended December 31, 2021 and 2020 consists of (Korean won in millions):

	2021		2020	
Salaries and other short-term employee benefits	₩	4,494	₩	3,952
Retirement benefits		1,781		883
Other long-term benefits		952		1,966
	₩	7,227	₩	6,801

32. Segment information

According to management of the Group who oversees the strategic decision-making process and determines the operating segment, the Group has three operating segments.

The following table presents the revenue by segment from external customers for the years ended December 31, 2021 and 2020 (Korean won in thousands):

	2021				
	Security system service	Building management service	Call center & telemarketing	Consolidation adjustments	Total
Revenues					
Goods or services transferred at a point in time	₩ 129,779,893	₩ 28,806,512	₩ -	₩ -	₩ 158,586,405
Goods or services transferred over time	1,708,120,704	624,548,588	13,897,539	(192,664,176)	2,153,902,655
Revenues	1,837,900,597	653,355,100	13,897,539	(192,664,176)	2,312,489,060
Internal	178,766,637	-	13,897,539	(192,664,176)	-
External	1,659,133,960	653,355,100	-	-	2,312,489,060
Operating profit	130,684,242	48,827,824	152,879	-	179,664,945
Total assets	1,246,142,374	732,648,796	4,276,817	(10,095,484)	1,972,972,503
Non-current assets					
Property and equipment, intangible assets and others	544,392,841	402,942,941	551,478	-	947,887,260
Increase and decrease in property and equipment, intangible assets and others	1,006,742	(10,133,038)	93,382	-	(9,032,914)
Depreciation and amortization	152,283,492	16,624,280	156,483	-	169,064,255

	2020				
	Security system service	Building management service	Call center & telemarketing	Consolidation adjustments	Total
Revenues					
Goods or services transferred at a point in time	₩ 6,334,575	₩ -	₩ -	₩ -	₩ 6,334,575
Goods or services transferred over time	1,793,650,220	596,651,091	13,417,567	(186,712,942)	2,217,005,935
Gross sales	1,799,984,794	596,651,091	13,417,567	(186,712,942)	2,223,340,509
Internal	173,295,376	-	13,417,567	(186,712,942)	-
External	1,626,689,419	596,651,091	-	-	2,223,340,509
Operating profit	157,733,776	46,350,028	378,884	-	204,462,688
Total assets	1,318,727,001	593,742,914	4,359,359	(10,139,582)	1,906,689,693
Non-current assets					
Property and equipment, intangible assets and others	543,386,100	413,075,979	458,096	-	956,920,175
Increase and decrease in property and equipment, intangible assets and others	19,645,365	339,415	40,618	-	20,025,398
Depreciation and amortization	150,869,173	14,929,388	81,961	-	165,880,522

Revenues from major customers accounting for more than 10% of the Group's revenue amount to ₩433,570 million and ₩412,168 million for the years ended December 31, 2021 and 2020 respectively.

33. Information about non-controlling interests

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021									
	Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests		Dividends paid to non-controlling interests		Others		Accumulated non-controlling interests at the end of the year	
SVIC35	₩	25,316	₩	(781)	₩	-	₩	-	₩	24,535

	2020									
	Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests		Dividends paid to non-controlling interests		Others		Accumulated non-controlling interests at the end of the year	
SVIC35	₩	25,972	₩	(657)	₩	-	₩	-	₩	25,316

34. Uncertainty of the impact of Covid-19

In order to prevent the spread of Covid-19, a various prevention and control measures, including restrictions on travelling are being implemented worldwide, and as a result, the global economy has been extensively affected. In addition, governments are implementing various support measures to address Covid-19. The line items affected by Covid-19 are mainly the collectability of trade receivables and impairment of intangible assets. The Group has prepared the consolidated financial statements by reasonably estimating the impact of Covid-19 on the Group. However, there are significant uncertainties in estimating the timing for endpoint of Covid-19 and the impact of Covid-19 on the Group.