

46th period
Annual report

46th period

ANNUAL REPORT

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Letter from the CEO

Dear shareholders, how are you?

I would like to express my deepest gratitude to the shareholders who took time out of their busy schedules today to attend the 46th General Meeting of Shareholders.

Last year, as the COVID-19 situation gradually calmed down, expectations for economic recovery were high, but the uncertain business environment has continued due to interest rate hikes and inflation.

Despite these conditions, as a result of the concerted efforts of all our employees, S-1 achieved record sales of KRW 2.468 trillion in 2022, while the operating profit reached KRW 204.1 billion, a 14% increase from the previous year. These results were possible thanks to the interest and support of our shareholders. Once again, I would like to express my sincere gratitude. Now, I'll tell you about our major business achievements.

First, the security service business recorded KRW 1,225.3 billion in sales, up 4.6% from the previous year. This was the result of concentrating our sales force on growth markets where demand for security is expanding, such as apartment-integrated security and information security, based on the steady growth of the system security sector last year. The apartment-integrated security division strengthened its market dominance by increasing orders for landmarks nationwide, and the information security division laid the foundation for sales growth by expanding sales of various solutions such as a PC security platform and a cloud security control service.

The infrastructure service business achieved KRW 1,228.6 billion in sales, the highest ever.

This was the result of expanding the scope of management in the building management sector and increasing sales through sales of integrated security solutions at home and abroad.

In the building management sector, while providing customized FM services to office buildings, cultural facilities, and hotels, we expanded the market by expanding Bluescan, an IoT-based remote building management solution, to target small and medium-sized buildings and apartment houses.

In the integrated SI sector, we have secured global project execution capabilities and won large-scale security projects in various countries, such as the United States and Malaysia. As a result of these continued efforts, we were able to further solidify our position as the No. 1 company in the industry by recording a surplus for 92 consecutive quarters.

Dear shareholders!

This year, while the impact of COVID-19 is diminishing, it is expected that the difficult business environment will continue, with consumer sentiment contracting in the aftermath of the economic downturn and corporate investment capacity decreasing, but all our employees will pool their wisdom and overcome this challenge. S-1 will not be swayed by the difficult business environment, but will create synergy between core businesses while continuing to secure the company's unique super-gap competitiveness by developing new markets.

Today, I will tell you about our main management strategies to lay this foundation.

First, we will discover new growth engines by utilizing S-1's unique technology

To this end, S-1 will advance its self-developed AI technology to lead the untact solution market, which has become commonplace after the pandemic. This year, we plan to create new security demand by launching a new product, a face recognition reader with improved authentication speed and convenience, and introduce a next-generation version of intelligent CCTV with an advanced AI algorithm. In addition, as an industry leader, we will lead changes in the market by providing solutions that meet social trends, such as unmanned operation and energy cost reductions. We will increase market penetration by expanding sales of our exclusive solution for preventing the increasing number of accidents at unmanned stores (Safe 24) and our building energy management solution (BEMS) for reducing energy costs, which have been increasing due to high oil prices. Furthermore, we will focus on discovering new growth engines while pioneering product markets through collaborations with other companies such as information security companies and proptech companies.

Next, we will strengthen our market dominance through synergy between our security service and infrastructure service businesses.

We will provide the differentiated customer service that only S-1 can provide through a total building management solution that combines building management with physical security and information security. First, we will improve real estate values by providing premium building management services for large buildings, and expand safety infrastructure within buildings to prevent disasters. In addition, we will provide BlueScan, a solution targeting small and medium-sized buildings that can help realize operational efficiency, and an information security solution package that can prevent infringement of information assets of tenant companies.

Lastly, we will grow into a sustainable company through mutual growth with members of society such as shareholders, customers, and partners.

First, we will strive to maximize shareholder value.

S-1 has implemented various measures for the convenience of shareholders, such as introducing an electronic voting system and live streaming the general meeting of shareholders online.

Going forward, we will continue with various activities to expand communication with shareholders by strengthening the IR organization. In addition, we will fulfill our responsibilities as a social enterprise.

Centered on the ESG Committee, we will fulfill our duties as a corporate citizen through sustainable mid-to long-term environmental strategies such as reducing greenhouse gas emissions and using eco-friendly materials. As the representative company in Korea responsible for the safety and security of customers, we will take the lead in transparent management by not only ensuring employee compliance but also practicing fair trade with partners.

Dear shareholders!

Since introducing a system security service for the first time in Korea,

S-1 is proud to have set the paradigm in the industry by expanding the scope of security from video security to information security and building management.

The reason that we have been able to lead the market for the past 45 years is that we have made efforts to constantly change in preparation for an uncertain future, without resting on our laurels as the number one in the industry. This year, which starts a new 45 years, will surely be a year of challenges.

Just as we became the first mover in the security market by pioneering the future despite numerous crises, all our employees will do their best to prepare for the future of S-1 this year.

I ask for your unwavering and warm support in the future, and I sincerely wish our shareholders success and health in 2023, the Year of the Black Rabbit. Thank you.

March 16, 2023

S-1 Corporation

CEO **Beom Namkoong**



History of the Company

Beginning

1977-1988

Introduction and settling in of the domestic security business

1977

Korea Security Co., Ltd., established

1981

Launched a security monitoring system service business, the first in the country

1986

Built a national network by implementing online control systems

Pioneering

1989-1995

Rapid growth of the security industry due to industrialization

1990

Developed a security system for self-service banks

1993

Established a technical research center

1995

Founded the Samsung 3119 Rescue Team

Reborn as S-1

1996-2013

External expansion including name change (S-1), listing, introduction of IT technology

1996

Changed company name to S-1 / Listed on the Korea Stock Exchange

1998

Opened a specialty security training facility

2000

Launched the HANKS squad

2010

Applied the face recognition system to the Seoul G20 Summit

2011

Declared compliance management / Established a Chinese subsidiary

2012

Established the Suwon Integrated Control Center

Total security solution provider

2014-

Take-over of a building management business and leap into a total security solution provider

2014

Took over a building management business, and launched the Building Solution Business Division

2015

Launched "Blue Asset," a premium total real estate service brand / Completed a GOP scientific surveillance system in the midwestern region

2016

Completed construction of the 'Blue Asset Technology Education Center,' a total building management training center

2017

40th anniversary / Completed construction of the 'S-1 Bike School'

2019

Launched CLES, a next-generation enterprise security solution

2020

Received the Presidential Citation in the category of helping to establish law and order at the Crime Prevention Awards

2021

Launched "S-1 Blue Scan" / Acquired S-1 face recognition algorithm certification from KISA

2022

Established the ESG Committee / Signed an MOU for S-1-CU AED



①	②
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- ① Launched a security monitoring system service business, the first in the country
- ② First system security contractor Jupark



③	⑤
④	

- ③ Launched the HANKS squad
- ④ Established the Suwon Integrated Control Center
- ⑤ Opened a specialty security training facility



⑥	⑦
	⑧

- ⑥ Took over a building management business
- ⑦ Launched CLES, a next-generation enterprise security solution
- ⑧ Acquired S-1 face recognition algorithm certification from KISA



2.468 trillion

17 years

Won brand recognition/acquired service quality certification

The only company in the security industry to have achieved first place for 17 consecutive years in the Korea Brand Power Index (KPBI), it has also won first place in the National Customer Satisfaction Index (NCSI), Korea Service Quality Index (KS-SQI), and Korean Industry Customer Satisfaction Index (KCSI), which are considered three major service quality certifications.

2022

Sustainability Report

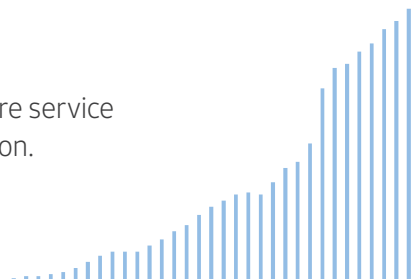
S-1 published the first sustainability report in the industry, and it contains the ESG management performance achieved by S-1 and its intention to pursue sustainable growth.

24 hours

Highest sales in history

Based on the stable growth of our security/infrastructure service businesses, we achieved record sales of KRW 2.468 trillion.

KRW2.468
trillion



Ranked first in the crime prevention and security category for the 17th consecutive year in the Korea Brand Power Index (KBPI) in 2022



Ranked first in the unmanned security category for the second consecutive year in the National Customer Satisfaction Index (NCSI) in 2022



Ranked first in the unmanned security category for the 10th consecutive year in the Korea Service Quality Index (KS-SQI) in 2022



Ranked first in the unmanned Security category for the eighth consecutive year in the Korean Industry Customer Satisfaction Index (KCSI) in 2022



Launched Ahnsim 24, an unmanned store security solution

In order to strengthen the security of unmanned stores, we launched the security solution 'Ahnsim 24', which includes functions such as access authentication, video control, and remote lighting ON/OFF.



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1. Business overview

| Security Service |



"We are keeping customers safe and secure by adding state-of-the-art solutions to our 40 years of operational know-how."

S-1, which introduced a security service for the first time in Korea, provides seamless security through 24-hour monitoring of 140 dispatch bases and integrated control centers nationwide. Recently, we have been leading the market by introducing security solutions that incorporate cutting-edge technologies such as IoT and AI in accordance with the changing times.

| Real Estate Service |



"We provide comprehensive real estate services optimized for the building life cycle."

S-1 Blue Asset is S-1's premium comprehensive real estate service brand that provides various facilities and asset management services throughout the life cycle of real estate, from purchase to operation, sale and disposal. Based on 60 years of real estate service know-how, it has been recognized for its excellence, such as by winning the Korea Service Grand Prize in the building management category for seven consecutive years (2016-2022) following the brand launch.

Security integration



"We provide an optimal integrated security system from security consulting to solution building and operation."

We provide customer-tailored security consulting based on systematic on-site diagnosis by experts, and have a track record of carrying out various large-scale domestic and overseas projects such as skyscrapers/complex facilities, national infrastructure facilities, government agencies, residential facilities, hotels, corporate offices, plants, airports, and ports. By providing customized total security solutions, we are expanding our competitiveness beyond the domestic market to the global security market.

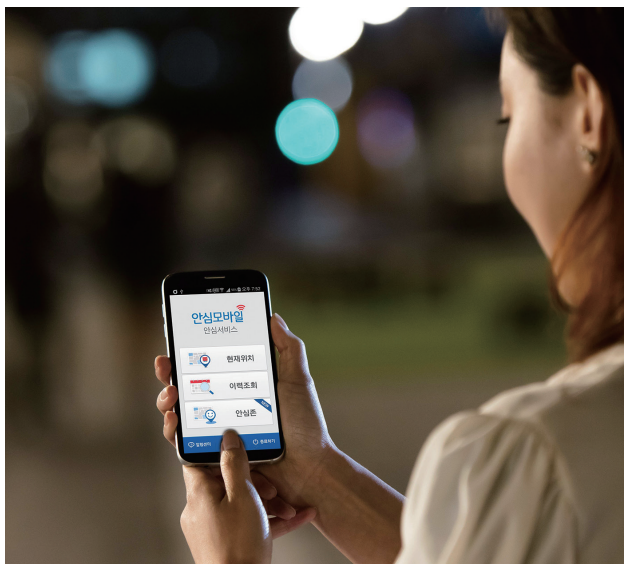
Information Security



"We provide one-stop security services based on our proprietary information security platform."

To protect personal information and technology assets, we provide one-stop information security services based on 24-hour remote control and systematic maintenance. In particular, through the S-1 Information Security Platform, we provide various solutions such as PC security, personal information management, IT asset management, and work environment management at a reasonable cost.

Mobile Security



"We provide peace of mind 24 hours a day, 365 days a year through mobile security services using IoT technology."

S-1 Ahnsim Mobile is S-1's mobile communication brand that combines mobile phones and security services. In addition to reasonable rates, we provide specialized services for emergency dispatches. S-1 UVIS is a vehicle operation management service that combines state-of-the-art technology and control know-how. By installing a communication terminal inside the vehicle, you can check the vehicle location, status, and driving information in real time.

R&D



"By combining cutting-edge AI, cloud and other technologies, we develop solutions that provide convenience beyond safety."

The S-1 R&D Center is an organization specializing in future technology development that develops leading technologies and solutions in the security industry. Recently, we have been striving to develop various cutting-edge solutions, such as AI, big data analysis, unmanned store solutions that incorporate sensor technology, biometric authentication-based access control solutions, and IoT-based smart building management solutions.

Corporate Social Responsibility



"We take part in various CSR activities to fulfill our social responsibility."

The S-1 Social Volunteer Group is continuing to engage in CSV (Creating Shared Value) activities to realize the value of safety and security, while the Samsung 3119 Rescue Team, the first private emergency rescue organization in Korea, conducts emergency rescue activities at various disaster sites and provides safety education to create a world where everyone can live in peace.

Human Resource Development



"Based on our philosophy of putting talent first, we nurture the most talented individuals with professional capabilities and dignity."

The S-1 Training Center was launched in 1998 as Korea's first security professional training center, and it cultivates professional personnel equipped with technical skills, service capabilities, and the dignity of mature members of society. Through various educational facilities such as the Advanced Security Training Center, S-1 Bike School, Blue Asset Technical Training Center, and Challenge Course, we are nurturing talented individuals who will become the foundation of S-1 goal of becoming a 100-year-old company.

2. Company overview

1) Objectives

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

2) Description of key businesses

Business	Description
Security services	System security service, information security, IoT security, security products, etc.
Infrastructure services	Real estate facilities and revenue management consulting, integrated security, security SI, etc.
Others	Rental, education sales, etc.

3) Sales offices in the country

(As of December 31, 2022, unit: place)

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

4) Employees

(As of December 31, 2022)

(Unit: person(s))

Business division	Gender	Employee							Non-affiliated workers			Notes				
		Number of employees					Average length of service	Total annual salary	Average salary per person	Male	Female		Total			
		Workers with no fixed period		Fixed-term workers		Total										
Total	Part-time workers	Total	Part-time workers													
Security Service	Male	4,856	–	277	1	5,133	13.4	–	–	12,146	3,608	15,754	–			
	Female	341	3	6	–	347	13.7	–	–				–			
Infrastructure Service	Male	1,197	–	2	–	1,199	10.1	–	–				–	–	–	
	Female	128	–	10	–	138	8.3	–	–				–	–	–	
Gender totals	Male	6,053	–	279	1	6,332	12.8	472,308	74				–	–	–	–
	Female	469	3	16	–	485	12.2	32,452	66				–	–	–	–
Total		6,522	3	295	1	6,817	12.7	504,760	74				–			

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

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

※ The average salary per person is based on the sum of the average monthly salary of each month from January to December 2022

5) Information on shares

① Types and total number of shares issued

(Unit: share, KRW1,000)

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

② Changes in capital stock

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

③ Stock-related matters

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

6) Matters concerning corporate bonds “N/A”

3. Business performance

1) Business overview

Business area	Overview
Security service	Providing safety and security to customers based on a big data-based integrated security control system and nationwide service infrastructure
Real estate service	Maximizing customer asset value through comprehensive real estate services such as facility management, energy efficiency, investment advice, and leasing marketing
Security solutions	Providing customized consulting for the safety of large facilities such as skyscrapers and plants, and providing optimal integrated security solutions
Information security	Protection of customer information assets with a one-stop security service through the operation of an independent information security platform and the Convergence Security Control Center
Mobile security	Creating a social environment where customers can live safely with mobile security services using IoT technology such as S-1 UVIS and Ahnsim mobile
R&D	Developing solutions that provide convenience beyond safety by applying advanced technologies such as AI and cloud technology to security
CSR	Conducting various CSR activities to fulfill social responsibilities, such as supporting the socially underprivileged and coexisting with local communities
HR development	Fostering talented individuals equipped with professional technology and service capabilities through the operation of educational facilities that reflect the same conditions as sites

2) Sales(separate)

(Unit: KRW100 million)

Business division	Item	46 th	45 th	44 th
Security system service	System security services, information security , IoT security etc.	11,173	10,624	10,437
	Security products	1,080	1,090	1,043
	Subtotal	12,253	11,714	11,480
Infrastructure service	Building management service	6,893	6,533	5,966
	Integrated security	2,777	2,545	2,388
	Security System Integration	2,209	1,828	1,898
	Subtotal	11,879	10,906	10,252
Others	Rental, education, etc.	141	151	159
Total		24,273	22,771	21,891

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

① New construction and expansion of major facilities

(Unit: KRW100 million)

Classification	Land	Buildings and structures	Machines and tools	Construction in progress	Other tangible assets	Total
Beginning	300	530	78	291	3,571	4,770
Increase (decrease)	—	3	31	△16	1,281	1,299
Depreciation	—	△22	△35	—	△1,280	△1,337
Ending	300	511	74	275	3,572	4,732

② Fund-raising status

“N/A”

4. Matters concerning business combination, etc.

1) Parent company

“N/A”

2) Subsidiaries

(As of December 31, 2022, unit: KRW1,000, share, %)

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

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

1) Business performance(separate summary income statement)

(Unit: KRW100 million)

Title	46 th	45 th	44 th
Sales	24,273	22,771	21,891
Cost of sales	18,412	17,300	16,432
Gross profit	5,861	5,471	5,459
Selling and Administrative Expenses	3,933	3,817	3,529
Operating profit	1,928	1,654	1,930
Other non-operating income	98	105	76
Other non-operating expenses	236	231	275
Financial income	104	43	37
Financial costs	10	9	11
Profit before income tax	1,884	1,562	1,757
Income tax expense	469	399	428
Profit for the year	1,415	1,163	1,329

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

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

(Unit: KRW100 million)

Title	46 th	45 th	44 th
Assets	19,857	18,995	18,495
Current assets	8,668	7,894	7,428
Non-current assets	11,189	11,101	11,067
Liabilities	5,123	4,904	4,846
Current liabilities	4,111	3,847	3,825
Non-current liabilities	1,012	1,057	1,021
Capital	14,734	14,091	13,649
Capital stock	190	190	190
Capital surplus	1,929	1,929	1,929
Retained earnings	14,113	13,456	13,040
Other components of equity	△1,498	△1,484	△1,510
Total liabilities/equity	19,857	18,995	18,495

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

6. Tasks of the company

See “Business overview”

7. Directors and auditors

(As of December 31, 2022)

Name	Birthdate (gender)	Position	Registered executive	Standing/ Non- Standing	Duty	Major experiences	Tenure	Tenure expiration date	Business relationship with the company	Concurrent positions at other corporations
Beom Namkoong	January 1964 (male)	President & CEO	Executive director	Standing	General manager	1989 Graduated from the Department of Business Administration, Korea University 2009 Head of the Accounting Group, Samsung Electronics 2013 Head of the Finance Team (Headquarters), Samsung Electronics	December 7, 2021 ~	March 16, 2025	—	—
Moriya Kiyoshi	August 1964 (male)	Vice- president and CEO	Executive director	Standing	General manager	1988 Graduated from the School of Law, Gakushuin University 1992 MBA, Golden Gate Univ. 2015 President & CEO of SECOM YAMANASHI 2018 Head of the Sales Department, Kyushu Headquarters, SECOM , and executive of JR KYUSHU SECOM INC. 2020 Head of the Planning and Management Department of the International Business Division of SECOM Group 2020 Vice-president & CEO of S-1	March 19, 2020 ~	March 23, 2023	—	—
Younggi Kwon	July 1966 (male)	Vice- president	Executive director	Standing	Head of the Management Support Office	1988 Graduated from the Department of Business Administration, Seoul National University 1990 Graduated from the Department of Business Administration Seoul National University with a master's degree 2002 Emory Univ. MBA 2014 Head of the Support Team, Samsung SDI (Managing Director) 2015 Head of the SE Support Team 2017 Head of the BE Business Division 2018 Head of the SE Business Division 2020 Head of the Security Service Business Division 2021 Head of the Infrastructure Service Business Division 2022 Head of the Management Support Office	December 7, 2015 ~	March 18, 2023	—	—
Joonsung Park	October 1963 (male)	Vice- president	Executive director	Standing	Standing Advisor	1988 Graduated from the Department of Business Administration, Yonsei University 2012 Head of the Support Team, FC Business Division, Everland 2013 Head of the Support Team, Samsung Well Story 2014 S-1 Head of the Building Solution Business Division 2017 Head of the Management Support Office of S-1 2022 Full-time advisor	December 5, 2013 ~	March 23, 2023	—	—

(As of December 31, 2022)

Name	Birthdate (gender)	Position	Registered executive	Standing / Non-Standing	Duty	Major experiences	Tenure	Tenure expiration date	Business relationship with the company	Concurrent positions at other corporations
Sato Sadahiro	August 1960 (male)	Non-executive director	Non-executive director	Non-Standing	–	1984 Graduated from the Department of Political Economics, Waseda University 2013 Head of the Sales Department, International Business Division of SECOM CO., LTD. 2015 Part-time auditor of S-1 2016 Head of the International Business Division of SECOM CO., LTD. executive officer 2017 Non-executive director of S-1 (Current) Head of the International Business Division of SECOM Group	March 24, 2017 ~	March 23, 2023	–	–
Nakada Takashi	April 1966 (male)	Non-executive director	Non-executive director	Non-Standing	–	1991 Graduated from the Department of Science and Engineering, Graduate School, University of Tsukuba 1995 Planning Office of SECOM Headquarters 2016 Head of Headquarters General Planning Department, SECOM CO., LTD. 2019 S-1 Non-executive director (Current) Deputy head of the International Business Division of SECOM CO., LTD.	March 21, 2019 ~	March 20, 2022	–	–
Jaehoon Lee	September 1955 (male)	Outside director	Outside director	Non-Standing	Outside director	1978 Graduated from the Department of Economics, Seoul National University 2002 Doctor of Public Administration, Sungkyunkwan University 2006 Head of the Office of Industrial Policy, Ministry of Commerce, Industry and Energy 2007 2nd Vice-minister, Ministry of Commerce, Industry and Energy 2008 2nd Vice-minister, Ministry of Knowledge Economy 2014 6th President of Korea Polytechnic University 2021 S-1 outside director (Current) Outside director of S-Oil	March 18, 2021 ~	March 17, 2024	–	Outside director of S-Oil
Lee Man-woo	November 1954 (male)	Outside director	Outside director	Non-Standing	Outside director	1977 Bachelor of Business Administration, Korea University 1984 Master of Accounting, Syracuse University Graduate School 1987 PhD in Business Administration (Accounting), University of Georgia Graduate School, USA 1980 Certified public accountant in Korea 1987 Certified public accountant in the US 1988 Professor at Korea University Business School 1994 Member of the Tax Development Review Committee, Ministry of Strategy and Finance 2006 President of the Korean Academic Society of Taxation 2006, 2010 Member of the National Economic Advisory Committee 2006 KBS guest commentator 2013 Chairman of the IR Advisory Committee of the KOREA Investor Relations Service 2020 Professor emeritus, Korea University Business School	March 17, 2022 ~	March 16, 2025		

(As of December 31, 2022)

Name	Birthdate (gender)	Position	Registered executive	Standing / Non- Standing	Duty	Major experiences	Tenure	Tenure expiration date	Business relationship with the company	Concurrent positions at other corporations
Yunhwan Kim	November 1953 (male)	Standing Auditor	Auditor	Standing	Auditor	1997 Master of Administration, Yonsei University 2009 Doctor of Business Administration Seoul Venture University 2010 Commissioner of the Incheon Metropolitan Police Agency 2013 Business Management Director of Police Mutual Aid Association 2016 Full-time auditor of S-1	March 11, 2016 ~	March 20, 2022	-	-
Ishida Shozaburo	August 1946 (male)	Non- Standing Auditor	Auditor	Non- Standing	Auditor	1969 Graduated from the School of Law, Chuo University 2011 ~ present Established Ishida Law Firm, Representative Attorney 2015 ~ present Designated attorney serving as a prosecutor in the Tokyo Electric Power Corporation compulsory prosecution case 2020 ~ present S-1 non-standing auditor	March 19, 2020 ~	March 18, 2023	-	-

8. Major shareholders

(As of December 31, 2022)

Name of shareholder	Number of shares owned (share)	Ownership (%)	Business relationship with the company	The company's investment in the major shareholder	Notes
SECOM	9,747,383	25.65	Yes	-	
Samsung SDI	4,190,681	11.03	Yes	-	
National Pension Service	2,651,349	6.98	Yes	-	
Samsung Life Insurance	2,030,476	5.34	Yes	-	
VIRTUS	998,604	2.63	-	-	

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

(As of December 31, 2022)

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

10. Major creditors, etc.

“N/A”

11. Important facts after settlement of accounts

“N/A”

12. Other important information regarding business

“N/A”

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1. Statement of financial position

46th period as of December 31, 202245th period as of December 31, 2021

S-1 Corporation

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
Assets				
I. Current assets		866,826,726,799		789,392,287,049
1. Cash and cash equivalents	190,130,689,006		172,040,268,275	
2. Short-term financial instruments	364,762,109,130		359,782,109,130	
3. Accounts receivable and other receivables	154,206,014,044		126,935,025,575	
4. Contract assets	38,937,002,168		18,416,119,545	
5. Accrued revenue	5,608,640,957		1,847,784,732	
6. Inventories	15,370,293,059		13,603,755,805	
7. Advance payments	2,309,567,126		7,841,390,331	
8. Prepaid expenses	78,853,165,002		67,929,718,487	
9. Loans and receivables	16,649,246,307		20,996,115,169	
II. Non-current assets		1,118,872,434,645		1,110,080,505,300
1. Long-term contract assets	3,531,866,786		3,426,248,962	
2. Long-term financial assets	6,000,000		6,000,000	
3. Other comprehensive income: Financial assets at fair value	14,543,017,547		16,446,304,857	
4. Profit and loss: Financial assets at fair value	13,184,824,900		13,136,864,360	
5. Loans and receivables	27,631,572,512		23,344,263,415	
6. Subsidiary and joint venture equity securities	11,176,421,265		11,176,421,265	
7. Investments in real estate	22,006,758,600		22,006,758,600	
8. Tangible assets	473,242,391,065		476,988,750,175	
9. Intangible assets	404,894,755,764		419,252,100,933	
10. Right-of-use assets	45,408,664,494		49,320,835,904	
11. Long-term prepaid expenses	71,762,987,104		62,721,494,958	
12. Net defined benefit assets	31,483,174,608		12,254,461,871	
Total assets		1,985,699,161,444		1,899,472,792,349

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
Liabilities				
I. Current liabilities		411,013,161,173		384,697,510,205
1. Accounts payable and other liabilities	212,903,813,161		199,168,829,286	
2. Lease liabilities	20,073,981,918		18,456,969,246	
3. Value-added tax withheld	20,684,596,329		19,837,674,132	
4. Income tax payable	26,031,936,606		16,661,873,279	
5. Advances from customers	73,372,480,380		72,805,431,219	
6. Unearned revenue	18,411,770,577		16,234,064,805	
7. Deposits received	7,497,896,726		8,161,439,437	
8. Current portion of deposits received	32,036,685,476		33,371,228,801	
II. Non-current liabilities		101,245,120,797		105,640,399,227
1. Long-term accounts payable and other liabilities	6,571,754,100		8,635,754,100	
2. Long-term lease liabilities	26,170,542,031		31,123,727,998	
3. Deferred tax liabilities	11,040,409,879		6,203,885,746	
4. Deposits received	5,209,124,204		4,870,474,634	
5. Provisions	3,676,187,486		3,560,569,816	
6. Long-term unearned revenue	16,784,766,835		15,681,592,465	
7. Other non-current liabilities	31,792,336,262		35,564,394,468	
Total liabilities		512,258,281,970		490,337,909,432
Equity				
I. Capital stock		18,999,589,000		18,999,589,000
1. Common capital stock	18,999,589,000		18,999,589,000	
II. Capital surplus		192,913,601,374		192,913,601,374
III. Retained earnings		1,411,353,278,661		1,345,583,654,163
IV. Other components of equity		(149,825,589,561)		(148,361,961,620)
Total equity		1,473,440,879,474		1,409,134,882,917
Total liabilities and equity		1,985,699,161,444		1,899,472,792,349

2. Income statement

46th period from January 1, 2022 to December 31, 2022

45th period from January 1, 2021 to December 31, 2021

S-1 Corporation

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
I. Sales		2,427,260,264,241		2,277,128,864,100
II. Cost of sales		1,841,174,342,283		1,729,980,762,765
III. Gross profit		586,085,921,958		547,148,101,335
1. Selling and Administrative expenses	393,260,775,584		381,690,588,761	
IV. Operating profit		192,825,146,374		165,457,512,574
1. Other non-operating income	9,810,886,152		10,540,453,820	
2. Other non-operating expenses	23,580,788,519		23,136,394,484	
3. Financial income	10,375,471,185		4,334,816,940	
4. Financial costs	1,030,374,483		959,542,816	
V. Profit before income tax		188,400,340,709		156,236,846,034
1. Income tax expense	46,868,999,225		39,941,438,551	
VI. Profit for the year		141,531,341,484		116,295,407,483
VII. Earnings per share				
Basic earnings per share		4,186		3,440
Diluted earnings per share		4,186		3,440

3. Statement of comprehensive income

46th period from January 1, 2022 to December 31, 2022

45th period from January 1, 2021 to December 31, 2021

S-1 Corporation

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
I. Net income		141,531,341,484		116,295,407,483
II. Other comprehensive income		7,300,252,573		12,431,528,418
Items that will not be reclassified as profit or loss				
1. Reassessment of the net defined benefit liability (assets)	8,763,880,514		9,857,989,384	
2. Gain (loss) on valuation of financial assets measured at fair value through other comprehensive income	(1,463,627,941)		2,573,539,034	
III. Total comprehensive income		148,831,594,057		128,726,935,901

4. Statement of changes in equity

46th period from January 1, 2022 to December 31, 202245th period from January 1, 2021 to December 31, 2021

S-1 Corporation

(Unit: KRW)

Title	Capital stock	Paid-in capital in excess of par value	Retained earnings	Other capital items	Total
January 1, 2021 (beginning of the prior period)	18,999,589,000	192,913,601,374	1,303,955,854,796	(150,935,500,654)	1,364,933,544,516
A. Total comprehensive income					
1. Net income	—	—	116,295,407,483	—	116,295,407,483
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	2,573,539,034	2,573,539,034
3. Reassessment of net defined benefit liabilities (assets)	—	—	9,857,989,384	—	9,857,989,384
B. Transactions with the owner					
1. Dividends	—	—	(84,525,597,500)	—	(84,525,597,500)
December 31, 2021 (end of the prior period)	18,999,589,000	192,913,601,374	1,345,583,654,163	(148,361,961,620)	1,409,134,882,917
January 1, 2022 (beginning of the current period)	18,999,589,000	192,913,601,374	1,345,583,654,163	(148,361,961,620)	1,409,134,882,917
A. Total comprehensive income					
1. Net income	—	—	141,531,341,484	—	141,531,341,484
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	(1,463,627,941)	(1,463,627,941)
3. Reassessment of net defined benefit liabilities (assets)	—	—	8,763,880,514	—	8,763,880,514
B. Transactions with the owner					
1. Dividend	—	—	(84,525,597,500)	—	(84,525,597,500)
December 31, 2022 (end of the current period)	18,999,589,000	192,913,601,374	1,411,353,278,661	(149,825,589,561)	1,473,440,879,474

5. Statement of cash flow

46th period from January 1, 2022 to December 31, 2022

45th period from January 1, 2021 to December 31, 2021

S-1 Corporation

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
I. Cash flow from operating activities		262,034,568,668		318,867,723,129
1. Cash flows created from operating activities	294,981,193,987		355,091,220,188	
A. Net income	141,531,341,484		116,295,407,483	
B. Adjustment	253,203,893,056		255,181,991,831	
C. Changes in assets and liabilities related to operating activities	(99,754,040,553)		(16,386,179,126)	
2. Interest received	6,589,779,226		2,907,253,402	
3. Payment of interest	(958,128,049)		(917,112,996)	
4. Dividend revenue	1,272,637,314		1,136,540,389	
5. Income tax paid	(39,850,913,810)		(39,350,177,854)	
II. Cash flows from investing activities		(138,976,841,530)		(220,506,027,099)
1. Acquisition of short-term financial instruments	(369,500,000,000)		(458,427,200,000)	
2. Disposal of short-term financial instruments	364,520,000,000		389,547,635,200	
3. Acquisition of tangible assets	(135,891,150,749)		(155,307,597,511)	
4. Disposal of tangible assets	39,296,160		131,368,451	
5. Acquisition of intangible assets	(803,317,867)		(291,010,548)	
6. Disposal of intangible assets	2,600,000,000		—	
7. Increase in deposits	(7,406,804,983)		(1,159,985,100)	
8. Decrease in deposits	7,465,135,909		5,242,510,786	
9. Acquisition of investments in subsidiaries	—		(350,190,509)	
10. Disposal of investments in subsidiaries	—		108,442,132	
III. Cash flow from financial activities		(104,967,306,407)		(104,969,428,491)
1. Payment of dividends	(84,525,597,500)		(84,525,597,500)	
2. Payment of lease liabilities	(20,441,708,907)		(20,443,830,991)	
IV. Net increase in cash and cash equivalents (I + II + III)		18,090,420,731		(6,607,732,461)
V. Beginning cash and cash equivalents		172,040,268,275		178,648,000,736
VI. Ending cash and cash equivalents		190,130,689,006		172,040,268,275

6. Statements of appropriation of retained earnings

46th period from January 1, 2022 to December 31, 2022

Date of appropriation: March 16, 2023

45th period from January 1, 2021 to December 31, 2021

Final date of appropriation: March 17, 2022

S-1 Corporation

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
I. Unappropriated retained earnings		150,899,151,546		127,129,527,048
1. Retained earnings brought forward from the previous year	603,929,548		976,130,181	
2. Reassessment of the net defined benefit liability (assets)	8,763,880,514		9,857,989,384	
3. Net income	141,531,341,484		116,295,407,483	
II. Appropriated retained earnings		150,525,597,500		126,525,597,500
1. Voluntary reserve	66,000,000,000		42,000,000,000	
2. Dividend	84,525,597,500		84,525,597,500	
Cash dividend				
Dividend per share (rate)				
Current period: KRW2,500 (500%)				
Prior period: KRW2,500 (500%)				
III. Unappropriated retained earnings carried over to subsequent year		373,554,046		

7. Notes to financial statements

For information on the notes, please read the audit report disclosed in the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service (<http://dart.fss.or.kr>) published on March 7, 2023.

Consolidated Financial Statements

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1. Consolidated statement of financial position

46th period as of December 31, 202245th period as of December 31, 2021

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
Assets				
I. Current assets		950,422,185,740		864,355,191,815
1. Cash and cash equivalents	238,856,121,359		218,899,850,568	
2. Short-term financial instruments	385,318,851,157		371,782,358,523	
3. Accounts receivable and other receivables	161,639,993,129		138,134,681,782	
4. Contract assets	40,719,736,030		18,416,119,545	
5. Accrued revenue	5,679,775,999		1,854,724,683	
6. Inventories	17,702,423,813		16,080,983,712	
7. Advance payments	3,710,407,855		8,906,973,982	
8. Prepaid expenses	79,034,341,806		68,127,702,399	
9. Value-added tax refundable	119,121,245		97,227,029	
10. Loans and receivables	17,641,413,347		22,054,569,592	
II. Non-current assets		1,125,236,409,762		1,108,617,310,442
1. Long-term contract assets	3,531,866,786		3,426,248,962	
2. Long-term financial assets	6,000,000		6,000,000	
3. Other comprehensive income: Financial assets at fair value	14,543,017,547		16,446,304,857	
4. Profit and loss: Financial assets at fair value	15,138,357,576		15,167,485,548	
5. Loans and receivables	29,644,670,222		23,370,126,537	
6. Stocks invested in joint ventures	2,459,627,811		2,468,095,202	
7. Investments in real estate	22,006,758,600		22,006,758,600	
8. Tangible assets	474,713,277,975		478,304,508,094	
9. Intangible assets	405,722,224,361		419,918,319,678	
10. Right-of-use assets	46,062,691,542		49,664,432,693	
11. Long-term prepaid expenses	71,771,929,958		62,733,837,850	
12. Net defined benefit assets	38,314,191,987		12,328,545,213	
13. Deferred tax assets	1,321,795,397		2,776,647,208	
Total assets		2,075,658,595,502		1,972,972,502,257

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
Liabilities				
I. Current liabilities		444,737,224,516		417,273,343,011
1. Accounts payable and other liabilities	237,136,729,203		218,289,592,313	
2. Lease liabilities	20,526,166,961		18,666,339,563	
3. Value-added tax withheld	24,902,958,527		24,185,366,457	
4. Income tax payable	27,543,079,845		17,676,257,645	
5. Advances from customers	74,991,357,797		79,427,909,638	
6. Unearned revenue	18,411,770,577		16,234,064,805	
7. Deposits received	9,188,476,130		9,422,583,789	
8. Current portion of deposits received	32,036,685,476		33,371,228,801	
II. Non-current liabilities		107,932,108,419		112,803,354,743
1. Long-term accounts payable and other liabilities	6,571,754,100		8,635,754,100	
2. Long-term lease liabilities	26,410,563,833		31,267,842,704	
3. Net defined benefit liability	—		121,905,915	
4. Deferred tax liabilities	11,040,409,879		6,203,885,746	
5. Deposits received	5,209,124,204		4,870,474,634	
6. Provisions	3,676,187,486		3,560,569,816	
7. Long-term unearned revenue	16,784,766,835		15,681,592,465	
8. Other non-current liabilities	38,239,302,082		42,461,329,363	
Total liabilities		552,669,332,935		530,076,697,754
Equity				
Controlling Company Shareholder's Equity		1,522,965,763,397		1,442,871,269,516
I. Capital stock		18,999,589,000		18,999,589,000
1. Common capital stock	18,999,589,000		18,999,589,000	
II. Capital surplus		192,913,601,374		192,913,601,374
III. Retained earnings		1,460,752,209,838		1,378,586,893,437
IV. Other components of Equity		(149,699,636,815)		(147,628,814,295)
Non-controlling interests		23,499,170		24,534,987
Total equity		1,522,989,262,567		1,442,895,804,503
Total liabilities and equity		2,075,658,595,502		1,972,972,502,257

2. Consolidated income statement

46th period from January 1, 2022 to December 31, 202245th period from January 1, 2021 to December 31, 2021

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
I. Sales		2,467,960,276,573		2,312,489,059,004
II. Cost of sales		1,876,917,910,496		1,756,970,435,411
III. Gross profit		591,042,366,077		555,518,623,593
1. Selling and administrative expenses	386,903,461,787		375,853,679,446	
IV. Operating profit		204,138,904,290		179,664,944,147
1. Other non-operating income	9,819,414,196		10,531,999,398	
2. Other non-operating expenses	23,819,054,157		23,264,737,853	
3. Financial income	12,491,799,276		4,968,336,443	
4. Financial cost	1,870,793,445		1,157,435,184	
V. Profit before income tax		200,760,270,160		170,743,106,951
1. Income tax expenses	49,729,437,339		41,752,210,548	
VI. Profit for the year		151,030,832,821		128,990,896,403
Controlling Company Shareholder's Equity		151,031,868,638		128,991,676,920
Non-controlling interests		(1,035,817)		(780,517)
VII. Gain and loss per share of the controlling company Shareholder's equity				
Basic earnings per share		4,467		3,815
Diluted earnings per share		4,467		3,815

3. Consolidated comprehensive income statement

46th period from January 1, 2022 to December 31, 202245th period from January 1, 2021 to December 31, 2021

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
I. Net income		151,030,832,821		128,990,896,403
II. Other comprehensive income		13,588,222,743		14,278,671,788
Items that will not be reclassified as profit or loss				
1. Reassessment of the net defined benefit liability (asset)	15,659,045,263		10,120,309,329	
2. Gain (loss) on valuation of financial assets measured at fair value through other comprehensive income	(1,463,627,941)		2,573,539,034	
Items that may be reclassified as profit or loss in the future				
1. Gain or loss on overseas operations translation	(607,194,579)		1,584,823,425	
III. Total comprehensive income		164,619,055,564		143,269,568,191
1. Total comprehensive income attributable to controlling interests		164,620,091,381		143,270,348,708
2. Non-controlling interests		(1,035,817)		(780,517)

4. Consolidated statement of changes in equity

46th period from January 1, 2022 to December 31, 202245th period from January 1, 2021 to December 31, 2021

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	Owners' equity					Non-controlling interests	Total
	Capita stock	Paid-in capital in excess of par value	Retained earnings	Other capital items	Owners' equity		
January 1, 2021 (beginning of the prior period)	18,999,589,000	192,913,601,374	1,324,033,322,914	(151,787,176,754)	1,384,159,336,534	25,315,504	1,384,184,652,038
A. Total comprehensive income							
1. Net income	—	—	128,991,676,920	—	128,991,676,920	(780,517)	128,990,896,403
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	2,573,539,034	2,573,539,034	—	2,573,539,034
3. Reassessment of net defined benefit liabilities (assets)	—	—	10,120,309,329	—	10,120,309,329	—	10,120,309,329
4. Overseas business profit/loss on foreign exchange	—	—	—	1,584,823,425	1,584,823,425	—	1,584,823,425
B. Transactions with the owner							
1. Dividends	—	—	(84,525,597,500)	—	(84,525,597,500)	—	(84,525,597,500)
2. Other	—	—	(32,818,226)	—	(32,818,226)	—	(32,818,226)
December 31, 2021 (end of the prior period)	18,999,589,000	192,913,601,374	1,378,586,893,437	(147,628,814,295)	1,442,871,269,516	24,534,987	1,442,895,804,503
January 1, 2022(beginning of the current period)	18,999,589,000	192,913,601,374	1,378,586,893,437	(147,628,814,295)	1,442,871,269,516	24,534,987	1,442,895,804,503
A. Total comprehensive income							
1. Net income	—	—	151,031,868,638	—	151,031,868,638	(1,035,817)	151,030,832,821
2. Other comprehensive income: Gains and loss on financial assets at fair value	—	—	—	(1,463,627,941)	(1,463,627,941)	—	(1,463,627,941)
3. Reassessment of net defined benefit liabilities (assets)	—	—	15,659,045,263	—	15,659,045,263	—	15,659,045,263
4. Overseas profit/loss on foreign exchange	—	—	—	(607,194,579)	(607,194,579)	—	(607,194,579)
B. Transactions with the owner							
1. Dividends	—	—	(84,525,597,500)	—	(84,525,597,500)	—	(84,525,597,500)
December 31, 2022 (end of the current period)	18,999,589,000	192,913,601,374	1,460,752,209,838	(149,699,636,815)	1,522,965,763,397	23,499,170	1,522,989,262,567

5. Consolidated statement of cash flow

46th period from January 1, 2022 to December 31, 202245th period from January 1, 2021 to December 31, 2021

S-1 Corporation and its subsidiary companies

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
I. Cash flow from operating activities		277,448,190,365		333,298,813,818
1. Operating cash flow	312,429,849,142		371,318,059,651	
A. Net income	151,030,832,821		128,990,896,403	
B. Adjustment	261,646,216,618		263,413,016,212	
C. Increase (decrease) in assets and liabilities related to operating activities	(100,247,200,297)		(21,085,852,964)	
2. Interest received	7,572,003,806		3,282,634,159	
3. Payment of interest	(981,806,635)		(927,225,594)	
4. Dividend revenue	1,096,184,294		1,136,540,389	
5. Income tax paid	(42,668,040,242)		(41,511,194,787)	
II. Cash flows from investing activities		(151,570,872,498)		(223,397,173,258)
1. Acquisition of short-term financial instruments	(428,400,000,000)		(485,527,449,393)	
2. Disposal of short-term financial instruments	413,820,000,000		413,547,635,200	
3. Profit and loss: Disposal of financial assets at fair value	—		27,058,888	
4. Acquisition of tangible assets	(136,950,831,717)		(155,666,213,906)	
5. Disposal of tangible assets	90,833,160		155,407,851	
6. Acquisition of intangible assets	(968,704,867)		(379,579,716)	
7. Disposal of intangible assets	2,600,000,000		—	
8. Increase in deposits	(9,447,304,983)		(1,344,985,100)	
9. Decrease in deposits	7,685,135,909		5,682,510,786	
10. Disposal of investments in subsidiaries			108,442,132	

(Unit: KRW)

Title	46 th (current) period		45 th (prior) period	
III. Cash flow from financial activities		(105,351,471,127)		(105,406,679,408)
1. Payment of dividends	(84,525,597,500)		(84,525,597,500)	
2. Payment of lease liabilities	(20,825,873,627)		(20,881,081,908)	
IV. Profit/loss on foreign exchange of cash flow		(569,575,949)		1,231,991,236
V. Net increase in cash and cash equivalents (I + II + III + IV)		19,956,270,791		5,726,952,388
VI. Beginning cash and cash equivalents		218,899,850,568		213,172,898,180
VII. Ending cash and cash equivalents		238,856,121,359		218,899,850,568

6. Notes to consolidated financial statements

For information on the notes, please read the audit report disclosed in the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service (<http://dart.fss.or.kr>) published on March 7, 2023.

Resolution of Board of Directors

Resolution of Board of Directors

By a resolution of the Board of Directors, the financial statements and annual report of the 46th period (January 1, 2022 ~ December 31, 2022) are submitted as described above

January 31, 2023

S-1 Corporation
CEO Beom Namkoong

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

Audit report

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1. Auditors' report

The auditors audited the accounting and business of the 46th business year (from January 1, 2022 to December 31, 2022), and report the following:

1) Outline of the auditing method

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

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

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

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

3) Matters concerning the statements of appropriation of retained earnings

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

4) Matters concerning the annual report

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

February 14, 2023

S-1 Corporation
Auditor Yunhwan Kim
Auditor Ishida Shozaburo

2. Independent auditor's report on financial statements

To shareholders and the Board of Directors

Our opinion

We audited the financial statements of S-1 Corporation (hereinafter referred to as the "Company"). The financial statements consist of the statement of financial position as of December 31, 2022 and December 31, 2021, as well as the income statement, comprehensive income statement, statement of changes in equity, statement of cash flow of the two reporting periods ending on the same dates, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements of S-1 Corporation impartially reflect the financial position of S-1 Corporation as of December 31, 2022 and December 31, 2021, and the financial performance and cash flow of S-1 Corporation ending on the same dates according to Korean equivalents of International Financial Reporting Standards(K-IFRS) from the viewpoint of materiality.

We also audited the internal accounting management system of S-1 (as of December 31, 2022) based on the "concept system of the internal accounting management system design and operation," announced by the Operating Committee of Internal Control over Financial Reporting, according to the auditing standards of the Republic of Korea, and expressed a qualified opinion in the audit report dated March 7, 2023.

Basis for audit opinion

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

Key audit matters

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

Assessing the goodwill impairment of the building management division

Reasons for determination as key audit matters

As mentioned in Note 15, the goodwill of the Building Management Division among cash-generating units was recorded as KRW 328,093 million as of December 31, 2022. Considering that the assessment of the materiality of the goodwill amount and damage is accompanied by significant judgment and estimation on the part of management, we decided that goodwill damage assessment was a key audit matter.

How we handled key audit matters while auditing

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

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

Management and governing body's responsibilities for the financial statements

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

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

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

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

Auditors' responsibility for the auditing of the financial statements

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

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

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

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

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

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

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

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

Ernst & Young Korea, 111, Yeojuigongwon-ro, Yeongdeungpo-gu, Seoul
CEO **Yonggeun Park**

March 7, 2023

This audit report is valid as of the audit report date (March 7, 2023). Accordingly, it is highly possible that incidents or situations may occur between the audit report date and perusal of this report that may seriously affect the attached financial statements of the company, and as a result this audit report may be subsequently modified.

3. Independent auditor's report on consolidated financial statements

To shareholders and the Board of Directors

Our opinion

We audited the consolidated financial statements of S-1 Corporation and its subsidiary companies (hereinafter referred to as "consolidated companies"). The financial statements consist of the consolidated statement of financial position as of December 31, 2022 and December 31, 2021, and the consolidated income statement, consolidated comprehensive income statement, consolidated statement of changes in equity, and consolidated statement of cash flow of the two reporting periods ending on the same dates, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of S-1 Corporation impartially reflect the consolidated financial position of S-1 Corporation as of December 31, 2022 and December 31, 2021, and the consolidated financial performance and consolidated cash flow of S-1 Corporation ending on the same dates according to K-IFRS from the viewpoint of materiality.

Basis for audit opinion

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

Key audit matters

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

Assessing the goodwill impairment of the building management division

Reasons for selecting the key audit matters

As mentioned in Note 15, the goodwill of the Building Management Division among cash-generating units was recorded as KRW 328,093 million as of December 31, 2022. Considering that the assessment of the materiality of the goodwill amount and damage is accompanied by significant judgment and estimation on the part of management, we decided that goodwill damage assessment was a key audit matter.

How key audit matters were handled

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

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

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

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

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

Auditors' responsibility for the auditing of the consolidated financial statements

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

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

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

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

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

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

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

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

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

CEO **Yonggeun Park**

March 7, 2023

This audit report is valid as of the audit report date (March 7, 2023). Accordingly, it is highly possible that incidents or situations may occur between the audit report date and perusal of this report that may seriously affect the attached consolidated financial statements of the parent company, and as a result this audit report may be subsequently modified.

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

To shareholders and the Board of Directors of S-1 Corp

Auditors' opinion on the internal controls over financial reporting

We audited the internal controls over financial reporting of S-1 Corporation (hereinafter referred to as the "Company") based on the "conceptual design and operation of an internal accounting management system" announced by the Operating Committee of Internal Controls over Financial Reporting, on December 31, 2022.

In our opinion and after thorough review, we consider that the company's internal controls over financial reporting are designed effectively and operated from the viewpoint of the "conceptual design and operation of an internal accounting management system" as of December 31, 2022.

As of December 31, 2022 and in accordance with the auditing standards of the Republic of Korea, we also audited the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the reporting period ending on the same date, as well as the notes of the financial statements including a summary of significant accounting policies, and expressed an unqualified opinion in the audit report dated March 7, 2023.

Basis for audit opinion

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

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

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

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

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

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

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

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

Definition and inherent limitations of the internal controls over financial reporting

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

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

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

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

CEO **Yonggeun Park**

March 7, 2023

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

Internal Controls over Financial Reporting Operating Status Report

Internal Controls over Financial Reporting Operating Status Report

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

The CEO and the internal accounting manager evaluated the design and operating status of our internal accounting management system for the fiscal year ending on December 31, 2022.

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

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

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

As a result of evaluating the operating status of internal controls over financial reporting, the CEO and the internal accounting manager believe that the company's internal controls over financial reporting as of December 31, 2022 are designed and operated effectively from the viewpoint of materiality based on the "conceptual design and operation of an internal accounting management system".

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

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

February 14, 2023

**CEO Beom Namkoong
Internal Accounting Manager Younggi Kwon**

S-1 CORPORATION



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