



Delivered Electronically

To: The Board of Directors of S-1 Corporation

CC: Jae-hoon Lee, Hai-lin Jeong, Takuro Hanaoka, Song-bum Kim, Man-woo Lee, Seung-hee Han, Ji-won Lim, Takahiro Nonaka and Hiromichi Matsui

June 23, 2026

Dear Chairman Jae-hoon Lee and Members of the Board,

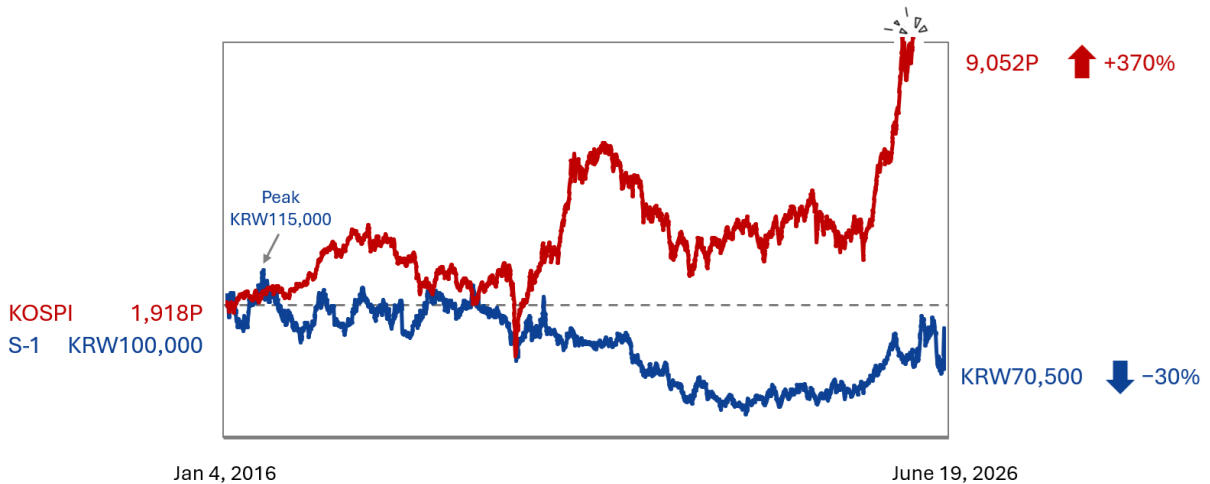
We, Flashlight Capital Partners, are shareholders of S-1 and an investment firm whose core strategy is creating value through better corporate governance.

S-1 Today

Since its founding in 1977, S-1 has pioneered Korea’s security industry and established itself as the country’s undisputed market leader, with the No. 1 market share and more than one million subscribers.

Yet the capital markets do not recognize S-1’s value today. S-1 trades at less than half the EV/EBITDA multiple implied by the acquisition valuation of the No. 2 player, SK Shieldus. It is difficult to comprehend how the industry’s leading company can be valued at less than half that of its smaller rival. Over the past decade, while the KOSPI has risen by approximately 370%, S-1’s share price has actually declined by 30%. It has been a “lost decade.”

S-1 Share Price vs. KOSPI (10-Year Performance)



We have concluded that the root cause of S-1’s undervaluation lies not in its business fundamentals, but in its governance. On May 12, we requested a meeting with the Board – the Company’s highest decision-making body – to listen with an open mind to the Board’s views and to share our own analysis and proposals. Having received no positive response, we are instead writing this letter.

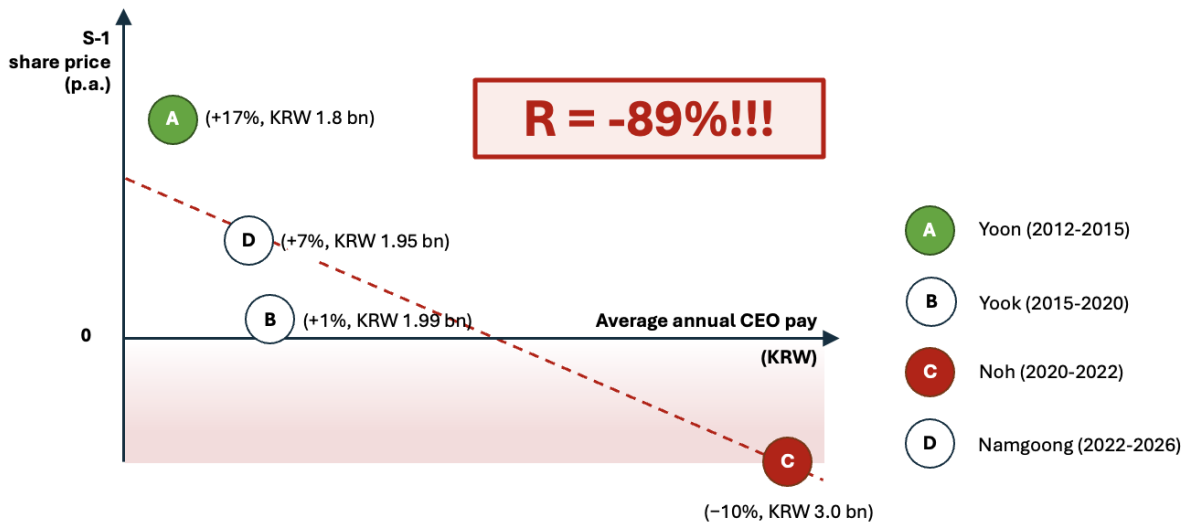
Korea’s Commercial Act requires directors to treat all shareholders fairly and equitably. Yet based on the Company’s public disclosures to date, we cannot help but be concerned that the Board has

prioritized the interests of Samsung Group, which owns only approximately 20% of the Company, while failing to give sufficient consideration to the interests of the remaining 80% of shareholders.

A case in point is the selection and compensation of the CEO. Over the past 25 years, every S-1 CEO without exception has been a Samsung Group executive with no prior experience in the security industry. Yet there appears to have been no meaningful process or record through which shareholders could evaluate those appointments. Moreover, all four current outside directors have backgrounds in academia, law, or finance, with no apparent expertise in the security industry. We therefore struggle to understand on what basis the Board determined that these individuals were the best candidates to lead and oversee S-1. We respectfully request an explanation.

We are also deeply concerned about the CEO evaluation and compensation system. Based on our review of the Company’s annual reports, CEOs appear to have received higher compensation when the share price declined. We are unaware of any other company in the world that operates such a compensation system.

CEO Compensation vs. Share Price¹



One cannot help but wonder what kind of culture has taken root at S-1, where CEOs with no security background are repeatedly parachuted in and rewarded despite poor share price performance.

As the Board knows well, S-1’s market share has steadily declined and its profitability has deteriorated relative to competitors. Yet, instead of demonstrating a sense of urgency or a determination to improve, the CEO’s message in the annual report appears to be one of self-congratulation simply because the Company remained profitable. As shareholders, we can only view this with profound disappointment.

¹ CEO tenure is measured from the date of appointment by the shareholders’ meeting. As compensation disclosure for Mr. Yoon in 2012 is unavailable, his 2012 compensation is assumed to be the same as in 2013.



Five Requests

To unlock S-1's true value and restore the Company to its rightful position as the industry's undisputed leader, we call on the Board to undertake the following five actions.

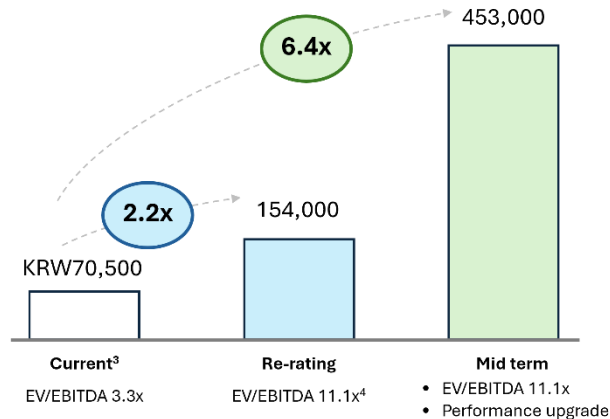
- 1. Announce a Three-Year Share Price Target:** The Board should first state its view of the Company's current share price. Is an EV/EBITDA multiple of 3.3x truly appropriate for the market leader in Korea's security industry? We ask that the Board articulate its position and present a three-year share price target. We believe that linking CEO compensation to share price performance is essential to achieving that target.
- 2. Present a Five-Year Business Vision:** Face the uncomfortable truth: S-1 is losing ground to smaller competitors. Present a five-year growth strategy to reclaim the Company's position as the undisputed leader of the industry. Vast opportunities in new businesses – including senior care, drones, and cybersecurity – lie before the Company. We urge S-1 to move beyond the complacency that can arise from intra-group transactions within Samsung and to reinvent itself as a truly competitive public company.
- 3. Develop a Plan for Excess Cash:** S-1's KRW 1.3 trillion of net cash, equivalent to approximately 49% of its market capitalization, is effectively being left to earn bank-deposit-level returns. Shareholders have the right to know for whom this cash is being accumulated. We ask the Board to present a clear capital allocation plan, including additional share buyback, increased dividends, and investment in future growth businesses.
- 4. Communicate Transparently with Shareholders:** Holding just one investor relations meeting a year and expecting shareholders to appear at the Shilla Hotel with only one day's notice reflects both arrogance toward and disregard for the other 80% of shareholders. At a minimum, the Company should proactively communicate its quarterly results and provide detailed explanations through Korean- and English-language webcasts. The CEO should personally lead the Q&A session, and a recording of the entire session should be made available on the Company's website for later viewing.
- 5. Establish a Board That Complies with the Commercial Act:** Consistent with the Commercial Act's principle that all shareholders must be treated fairly and equitably, we ask the Board to appoint genuinely independent outside directors who work for all shareholders – not any particular shareholder. We urge the Company to recruit directors with expertise in the security industry and a clear sense of accountability to shareholders, and to address these governance deficiencies at their root.



S-1 's Potential

We believe that, with the right governance in place, S-1's share price could be re-rated by approximately 2x in the near term and as much as 6x over the medium to long term.

The Untapped Value of S-1²



The detailed rationale underlying our proposals to the Board can be found in the materials available at www.flashlightcap.com.

We hope to engage in a constructive dialogue with the Board regarding S-1's current challenges and the actions needed to address them, and we respectfully request your response.

We are mindful of Chairman Lee Kun-hee's famous exhortation to "change everything except your wife and children." We hope that S-1 will undergo a fundamental transformation and become a company worthy of the Samsung name.

Thank you.

Flashlight Capital Partners

Sanghyun Lee
Chief Executive Officer



² Based on certain assumptions and illustrative scenarios only; not a forecast or guarantee of future share price performance.

³ As of June 4, 2026

⁴ Peer EV/EBITDA multiples