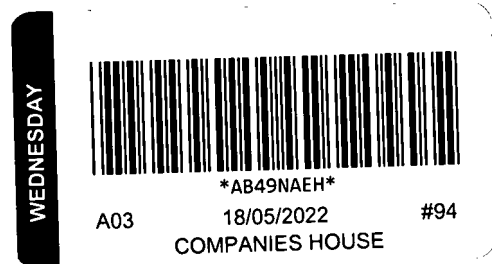


SAMSUNG SECURITIES (EUROPE) LIMITED

**Report and Financial Statements
For the year ended 31 December 2021**



REGISTERED NUMBER IN ENGLAND AND WALES: 3135612

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Samsung Securities (Europe) Limited
Registered Number in England & Wales: 3135612

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

Kuntae Kim

SECRETARY

Kuntae Kim

REGISTERED OFFICE

30 Gresham Street
London EC2V 7PG

BANKERS

National Westminster Bank Plc
City of London Office
1 Princes Street
London EC2R 8PA

Woori Bank London Branch
9th floor
71 Fenchurch Street
London EC3M 4HD

Shinhan Bank London Branch
6th floor
77 Gracechurch Street
London EC3V 0AS

LAWYERS

Hill Dickinson LLP
The Broadgate Tower
20 Primrose Street
London EC2A 2EW

AUDITOR

Deloitte LLP
London, UK

STRATEGIC REPORT

For the year ended 31 December 2021

The director presents his annual report and audited financial statements for Samsung Securities (Europe) Limited ("the Company") for the year ended 31 December 2021.

REVIEW OF THE BUSINESS

The core business line of the company, Samsung Securities (Europe) Limited, is to act as an agency broker for its parent undertaking, Samsung Securities Co., Ltd (SSCL), and in relation to Korean equities transaction the company provides marketing with research, corporate access, advisory and arranging trades services to the UK and the European clients. The company's clients are institutional investors who invest in Korean equity products including long only funds, pension funds, sovereign funds and hedge funds. To help clients to have a better understanding of the Korean equities, the company provides market commentary and research papers to its institutional clients. The research papers are based on research carried out by SSCL's Research Centre which has more than 200 listed companies' coverage in Korean Stock Exchange. Despite the huge uncertainties such as COVID-19 pandemic and post-Brexit economic challenges that were faced throughout the reporting period, the company's operations have not been materially affected and the company managed to maintain robust financial statements with low leverage ratio and sufficient cash reserves etc. Operational planning for remote working was promptly and successfully implemented allowing to maintain the highest levels of service for its clients, all the time.

KEY PERFORMANCE INDICATORS ("KPIs")

The company believes that the KPIs defined below provide a rounded view as to how we are performing and helping us on our path to reaching the long-term strategic vision.

	Year ended 2021	Year ended 2020	Year-on-year change
Revenue	\$1.90m	\$1.93m	(1.55%)
Profit	\$0.29m	\$0.60m	(51.6%)
Leverage ratio	1.28%	2.22%	(42.3%)
Cash and short-term deposits	\$30.68m	\$30.36m	1.05%
Trade and receivables	\$0.26m	\$0.43m	(60.46%)
Employees number	6	5	20%

The company applies a cost plus a 10% mark-up to the brokerage services, resulting in a stable year-on-year level of revenue. The percentage change in revenue has been stable in the year due to the similar level of cost reduction compared to the last year which was affected by the coronavirus lockdown. Profit has decreased in the year due to a decrease in the short-term deposit interest rates and a slight expenses increase.

The leverage ratio that shows the extent to which shareholders' equity can fulfil a company's obligations to creditors in the event of liquidation has decreased this year by 42.3%. There was no impressive increase in cash and short term deposits and it is due to the interest rates fall. In line with the significant decrease in the trade and receivables, the interest rate has affected the decrease in the accrued interest receivables.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is a wholly-owned subsidiary of Samsung Securities Co Ltd and the senior management has a firm understanding on risk management, and accordingly, the director has established an efficient risk management system that is oriented toward maximising profitability, and ultimately, shareholder value. The Company does not use derivative financial instruments to manage risk exposures.

STRATEGIC REPORT (continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Types of risk

Securities firms face both financial and non-financial risks. Financial risks include quantifiable risks such as market, credit and liquidity risks. Non-financial risks are those that are difficult to quantify such as operational risk including litigation, regulatory and reputation risks.

Market risk

Market risk is the risk that the firm's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of interest rates and foreign exchange rates. The firm does not have any position such as proprietary trading facilities such as equities, debts, and it is anticipated that there is little direct market risk that is likely to have significant impact on the business as a significant element of income is dependent on the parent company.

Credit risk

Credit risk deals with potential losses that would occur if a counterparty or an issuer of securities or other instruments the Company holds fails to perform or upon a deterioration in their credit quality. As part of its strict credit risk management policy, the Company restricts its credit lines to financially healthy companies and enforces credit line limits to prevent excessive credit risk exposures. Furthermore, in the case of higher credit risks the Company reduces its position or discontinues trading of the securities in question, demands collateral such as cash equivalent assets, or requires third party guarantees.

Liquidity risk

Liquidity risk deals with the risk arising from a maturity mismatch in funding and investing. Funding plans created for each liquidity crisis scenario serve as the foundation for overall emergency funding plans.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human behaviour and systems, or external events. Operational risk is inherent in each of our key support activities and can manifest itself in various ways including litigation, regulation and reputation risks that arise from transaction errors, inappropriate operation of management processes and illegal acts by employees. These are all categorised as non-financial risks. The Company addresses non-financial risks by categorising them into the following loss types:

Business risk from aggravated market environments, intensified competition, decreased income, and reduced net asset value incurred from sales and normal transaction processes; litigation risk arising from ongoing cases related to losses from accidents regarding work processes, human behaviour and systems; IT related risk arising from system errors; and risks related to errors or breakdowns in transaction processing. The firm can be exposed to business risk related to uncertain situations such as Brexit and COVID-19 pandemic. Brexit could impact client retention as some of our clients are based in Europe, thereby potentially causing financial losses on the firm by losing those clients. COVID-19 could also impact decline in sales due to pandemic disruption. The firm have assessed and formulated these risks by certain scenarios and consider that all amounts and impacts are immaterial.

Going forward, the Company plans to further define and manage operational risk through continuous improvement and work closely with Samsung Securities Co Ltd Risk Management Compliance, Legal and Public Relations departments to establish systematic teamwork and to manage regulatory risk that arises from the revisions of various regulations and laws. The firm has identified its risks by employing the diagnostic tool known as a Risk Map, applied a scoring to quantify these risks. The aim of the Risk Map is to provide senior management with the business risks that the firm believes that it faces, to provide details of the control procedures to mitigate or eliminate these risks as far as possible and to allocate the risk management control responsibilities to specific

STRATEGIC REPORT (continued)

individuals within the organisation. As part of the oversight process, governing body of the firm, the Compliance/Finance managers meet on a regular basis and discuss the regulatory capital management, market environments and risk management in order to ensure the durability of the internal control environment.

GOING CONCERN

The director considered it appropriate to prepare the financial statements on a going concern basis. The director has evaluated the company's business activities, financial resources and risks in the foreseeable future and believes that the company has sufficient cash reserves and business model to continue its operation. In addition, the director is not aware of any material uncertainties that may cause insolvency or liquidation for at least 12 months from the date of signing the financial statements. Therefore, we continue to adopt the going concern basis in preparation of the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

FUTURE DEVELOPMENTS

The company plans to maintain key client relationships and increase trading volume by providing high quality services whilst we will continue to try open new accounts. The company is confident that global outbound equity sales business will grow in coming years and this will also help to diversify the company's revenue sources. Also, the company continues to explore investment opportunities in real estate and infrastructure assets in Europe for further growth.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in note 24 to the financial statements.

Approval

Approved by the Sole Director and signed on his behalf by:



Kuntae Kim
Sole Director

Samsung Securities (Europe) Limited
Company registration number 3135612
25 April 2022

DIRECTOR'S REPORT

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

GOING CONCERN

Details of going concern can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of Financial risk management objectives and policies can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

RESULTS AND DIVIDENDS

The Company made a profit after tax of \$288,000 for the year ended 31 December 2021 (2020: \$604,000). The director does not recommend the payment of a dividend in 2021 (2020: \$nil). The Company has total assets of \$31,055,000 as at 31 December 2021 (2020: \$31,049,000).

SOLE DIRECTOR

The director who held office during the year and up to the date of signing is as follows:

Kuntae Kim

PILLAR 3 DISCLOSURES

The Company is regulated by the Financial Conduct Authority ("FCA"). The FCA's General Prudential Sourcebook and Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) rules implement the Capital Requirements Directive (CRD), which is the common framework for implementing Basel II in the European Union. These rules are built on 3 pillars:

Pillar 1 - Minimum capital requirements;

Pillar 2 - Rules for the Supervisory Review Process, the Internal Capital Adequacy Assessment Process (ICAAP);

Pillar 3 - Rules for the disclosure of risk and capital management, including capital adequacy and remuneration.

The Company unaudited Pillar 3 disclosure is included in appendix 1 to these financial statements in accordance with the requirements of the FCA's Rules.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTOR'S REPORT (continued)

REAPPOINTMENT OF THE AUDITOR

Deloitte LLP has expressed their willingness to continue in office as auditor of the Company and, under Sections 485 to 488 of the Companies Act 2006, will be deemed to be re-appointed.

DIRECTOR'S DUTIES AND ENGAGEMENT WITH STAKEHOLDERS - SECTION 172 STATEMENT

The Director has had to regard the matters set out in section 172(1) a) to f) when performing their duty and in particular:

Decision Making in the Long Term and Reacting to Change

With the past challenges of 2021 and those continuing into 2022 the Board has continued to consistently create a stable and positive forward-looking vision while embracing innovation and change in the market environment. These have enabled the Company to deliver constant results across the year while performing services in an ever changing environment industry landscape.

The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Company's employees and embedded in the Company's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

When making decisions the Board considers the insights obtained through relevant stakeholder engagement activities as well as the need to maintain a reputation for high standards of business conduct and the long term consequence of its decisions.

Director of the Company is required to act in a way that he considers, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in so doing have regard, among other matters to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board considers a wide range of qualitative and quantitative information gathered from various stakeholders whilst incorporating the internal philosophy of striving to create clear, transparent and efficient service to our client base globally.

The Board provides entrepreneurial leadership of the Company within a framework of prudent and effective controls, which enable it to form opinions, set the Company's strategic aims and ensure the necessary financial, and human resources are in place for the Company to meet its objectives.

Within the framework of the Board the Director is required to constructively challenge and contribute to the development of strategy, scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance and ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible.

The Company provides the equity brokerage services to its clients, in a highly regulated environment. As the Company grows, its business and risk environment also become more complex. It is therefore vital that the

DIRECTOR'S REPORT (continued)

Company effectively identifies, evaluates and manages the risks it faces. This has become more prevalent in recent times with changes due to Brexit and ongoing COVID-19 pandemic.

The Company's Board (the "Board") is comprised of 1 Director. The Board has sufficient depth of skills and experience to promote effective decision making and oversee the business of the entity. When a new Director is appointed to the Board, he/she receives a tailored induction programme designed to give him/her an understanding of their regulatory and legal responsibilities. Processes are in place to manage conflicts of interest, should they arise.

With this in mind, the Board plays a pivotal role in reviewing and signing off all annual financial reports and mid-term budget plan, covering long, mid and short term forecasts ensuring these have been thoroughly reviewed by all stakeholders in advance of major strategic decisions being made.

Stakeholder analysis has been conducted to identify those primary & secondary to the organisation which comprise but are not limited to internal Compliance, Finance, Information Technology and Human Resources as well as external Regulators, Clients and Suppliers in the value chain via ongoing open communications and annual check-ups thus providing a well-balanced open forum for decision making.

The Board has reviewed capital allocations for the business and has decided that there will be no capital intensive projects for the forthcoming year and the trend of no dividend payable will continue therefore keeping liquidity at a continued high levels.

Internal and External Relationship Management

The Company fosters a culture for building and maintaining longstanding relationships with both internal and external stakeholders across the business to help create an open and transparent platform for efficient and effective investment management.

Internally the Company focuses on employee development via set training plans ensuring staff are fully up to date with regulatory changes and potential impacts for the business of industry updates. Coupled with that the wellbeing of staff is paramount to the Company and it provides in-house activities and social events which encourage functional integration and sharing of ideas/knowledge.

To ensure all employees have a voice the Company has a confidential 'employee-line' where employees can raise concerns over any personal issues as well as potentially unethical behaviour. This enhances employee morale by improving integrity in the working environment and removing the pressure of reporting any issues or incidents. This also provides a constant communicated reassurance to employees that the Company is fully invested and will assist in confidence in order to resolve the issue.

Externally the Company looks to build on already strong relationships with the FCA and external regulators to ensure we are at the forefront of Finance, Compliance and Operational changes relevant to the industry.

Continued long-term relationships with clients are built on via a dedicated equity sales functions whose primary focus is on ensuring the client is provided with the highest service level available.

Ongoing supplier dialogue and analysis is conducted throughout the year to ensure functions such as Operational Systems are kept up to date with the latest versions of software therefore reducing inefficiencies whilst enabling robust capabilities leading to greater client satisfaction. Analysis includes key supplier relationship management, on-boarding processes for new suppliers and also payment terms which are reviewed by the Compliance team prior to contract exchanges.

Samsung Securities (Europe) Limited
Registered Number in England & Wales: 3135612

DIRECTOR'S REPORT (continued)

Energy and Carbon Reporting

New carbon and energy reporting requirements have been introduced for companies and LLPs that qualify as large entities based on the specific criteria surrounding turnover, total assets and employee numbers.

The Company is currently exempted from this reporting.

Approved by the Sole Director and signed on his behalf by:



Kuntae Kim
Sole Director

Samsung Securities (Europe) Limited
Company registration number 3135612
25 April 2022

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Samsung Securities (Europe) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Samsung Securities (Europe) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Samsung Securities (Europe) Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's obligations under the Financial Conduct Authority (FCA) Handbook and regulatory capital requirements.

Independent auditor's report to the members of Samsung Securities (Europe) Limited (continued)

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition and our specific procedures performed to address it is described below:

- There was a presumed risk of fraud in revenue recognition related to the calculation of the fees charged to the parent company. In addressing this risk, we reviewed relevant supporting documents including agreements, made enquiries of management, reviewed management financial performance and independently recalculated the revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with and FCA;

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the director's report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


We have nothing to report in respect of these matters.

Samsung Securities (Europe) Limited
Registered Number in England & Wales: 3135612

**Independent auditor's report to the members of Samsung Securities
(Europe) Limited (continued)**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tom Millar FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 April 2022

**INCOME STATEMENT
FOR THE YEAR ENDED 31 December 2021**

	Notes	Year ended 2021 \$'000	Year ended 2020 \$'000
Fees and commissions income	4	1,904	1,930
Fees and commissions expenses	5	(44)	(187)
Net fees and commissions		1,860	1,743
Net interest income	6	169	508
Foreign exchange (losses)		(17)	(8)
Impairment loss on financial assets	20	-	-
Administrative expenses	7	(1,652)	(1,498)
Profit before tax		360	745
Taxation	10	(72)	(141)
Profit for the year		288	604
Other comprehensive income		-	-
Total comprehensive income		288	604

All of the above results of the Company arose from continuing operations. All gains and losses have gone through the profit and loss account and therefore there is no separate statement of comprehensive income.

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2021**

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Non-current assets			
Property and equipment	11	101	261
Intangible assets	12	-	-
Deferred tax	13	9	-
Total non-current assets		110	261
Current assets			
Trade and other receivables	14	262	427
Short term deposits	19	24,948	24,658
Cash and cash equivalents		5,735	5,703
Total current assets		30,945	30,788
TOTAL ASSETS		31,055	31,049
LIABILITIES			
Current liabilities			
Trade and other payables	15	217	249
Lease liabilities	16	141	210
Corporation tax		34	74
Total current liabilities		392	533
Net current assets		30,553	30,255
Non-current liabilities			
Lease liabilities	16	-	141
TOTAL LIABILITIES		392	674
Net assets		30,663	30,375
SHAREHOLDER'S EQUITY			
Share capital	17	10,000	10,000
Retained earnings		20,663	20,375
TOTAL SHAREHOLDER'S EQUITY		30,663	30,375
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		31,055	31,049

The financial statements were approved by the Sole Director and authorised for issue on 25 April 2022. They were signed by:



Kuntae Kim
Sole Director
25 April 2022

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR YEAR ENDED 31 December 2021**

	Share capital	Retained earnings	Total equity
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at 1 January 2020	10,000	19,771	29,771
Total comprehensive income	-	604	604
Balance at 31 December 2020/ 1 January 2021	<u>10,000</u>	<u>20,375</u>	<u>30,375</u>
Total comprehensive income	-	288	288
Balance at 31 December 2021	<u>10,000</u>	<u>20,663</u>	<u>30,663</u>

The accompanying notes form an integral part of the financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 December 2021**

	Note	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operating activities	18	198	42
Interest received		175	518
Interest paid		(6)	(10)
Tax paid		(121)	(166)
		<u> </u>	<u> </u>
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>246</u>	<u>384</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	11	(4)	-
Purchase of intangible assets	12	-	-
		<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	16	<u>(210)</u>	<u>(190)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(210)</u>	<u>(190)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		32	194
Cash and cash equivalents at 1 January		<u>5,703</u>	<u>5,509</u>
CASH AND CASH EQUIVALENTS as at 31 December		<u><u>5,735</u></u>	<u><u>5,703</u></u>

Cash and cash equivalent balances relates to cash and short term bank deposits with an original maturity date of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The financial statements are prepared for Samsung Securities (Europe) Limited ("the Company") which is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and principal activity of the Company is to act as agent in securities dealing and issues underwritten by its parent company. The Company is a wholly owned subsidiary of Samsung Securities Co Ltd.

These financial statements are presented in USD dollars because that is the currency of the primary economic environment in which the company operates (functional currency).

2. ADOPTION OF NEW AND REVISED STANDARDS

Adoption of new and revised Standards

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform, (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7) Financial Instruments: Disclosures. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

In the current year, the amendments Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) was issued to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The application of the amendments does not impact the Company's accounting.

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reductions in lease payments originally due on or before 30 June 2022.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due in on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
- c) There is no substantive change to other terms and conditions of the lease.

The application of the amendments does not impact the Company's accounting.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Impact of initial application of New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current. (Effective Date: 01 January 2023)
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts – Cost of Fulfilling a Contract (Effective Date: 01 January 2022)
Standards 2018-2020 Cycle	Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture (Effective Date: 01 January 2022)
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Effective Date: 01 January 2023)
Amendments to IAS 8	Definition of Accounting Estimates (Effective Date: 01 January 2023)
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective Date: 01 January 2023)

The director does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for services.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention. They are stated in US dollars, which is the Company's functional and presentation currency. The functional currency of the Company, rounded to the nearest thousand dollars (\$'000) except where otherwise indicated.

Going concern

The company's principal activities, the financial performance and its cash flows are described in the Business Review and the notes to these financial statements. The Risk Management policies are also set out on the Strategic Report.

The company is in a competitive business of Korean equities brokerage, in which market share, volatility and global economic concerns cause sales volumes and actual revenues to fluctuate, however, as the company receives revenue on a cost-plus basis from the parent company, these factors have had no impact on the results presented in these financial statements. The director has considered the parent company business plan and any key factors that could have an impact on trading and whether an adverse change in these could affect the business.

On the basis of an assessment of the company's financial position of the company, the director has a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and will continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue is recognised in the income statement when the performance obligations have been met and it is probable that the economic benefits associated with the transaction will be received by the Company. Revenue is reported at the fair value of the consideration received or receivable.

Fees and commissions income and expenses

Fees and commissions are recognised in the income statement on an accruals basis as the service is provided or received.

Interest

Interest income or expense is recognised on short-term deposits and all interest-bearing financial instruments classified as loans and advances, and on interest-bearing financial liabilities, using the effective interest method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

Foreign exchange

Foreign currency transactions are translated into USD using the spot rate.

Monetary items denominated in foreign currencies are translated into the functional currency at the spot rate prevailing on the balance sheet date. All exchange gains and losses are recognised in the income statement.

Lease

The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-monetary items recognised at historical cost are not re-translated at subsequent dates.

Operating profit

Operating profit is stated before investment income and finance costs. The brokerage commissions and other brokerage commissions are included in operation profit.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and provisions for impairment, if required. Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset to its working condition for its intended use. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets.

Depreciation is provided on the depreciable amount of items of property and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life and is reviewed annually. The useful economic lives of computer equipment and fixtures and fittings are currently estimated to be five years. Right of use assets are depreciated over the life of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in other income or administrative expenses as appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

Intangible assets comprise computer software which is stated at cost, less amortisation and provisions for impairment, if required.

The identifiable and directly associated external and internal costs of acquiring and developing software are capitalised where the software is controlled by the Company, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are classified as an expense when incurred.

Capitalised computer software is amortised over five years.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Short term deposits

Short term deposits comprise deposits placed with banks which have an original maturity exceeding three months and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate.

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, or where fair value has to be disclosed in the notes to the financial statements, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including trade receivables, is impaired. The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, the disappearance of an active market for a security because of the issuer's financial difficulties.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The company considers a financial asset to have low credit risk and regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The company recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Financial liabilities

All financial liabilities were classified as other financial liabilities. Financial liabilities, that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the director has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. FEES AND COMMISSIONS INCOME

	Year ended 2021 \$'000	Year ended 2020 \$'000
Fees income from parent company	1,457	1,429
Other fees and commissions income	447	501
	<u>1,904</u>	<u>1,930</u>

Inter-company fees comprise brokerage commissions.

Geographical breakdown:

Fees income from parent company: South Korea	1,457	1,429
Other fees and commissions income: UK	315	343
Other fees and commissions income: Europe	132	158

5. FEES AND COMMISSIONS EXPENSES

	Year ended 2021 \$'000	Year ended 2020 \$'000
Fees and commissions expenses to third parties	44	187
	<u>44</u>	<u>187</u>

6. NET INTEREST INCOME

	Year ended 2021 \$'000	Year ended 2020 \$'000
Other interest income – banks	9	49
Other interest income – short term deposits	166	469
Lease liabilities– Interest expense	(6)	(10)
	<u>169</u>	<u>508</u>

7. ADMINISTRATIVE EXPENSES

	Year ended 2021 \$'000	Year ended 2020 \$'000
Auditor's remuneration		
- for auditing the financial statements	31	31
- for taxation compliance services	14	13
- for other services	2	1
Depreciation of property and equipment	164	165
Amortisation of intangible assets	-	-
Staff costs (see note 9)	940	831
Other administrative costs	501	457
	<u>1,652</u>	<u>1,498</u>
Total administrative costs		

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. DIRECTOR'S EMOLUMENTS

During the year, the director received an aggregate remuneration of \$314,832 (2020: \$257,906).

The highest-paid director's remuneration is \$314,832 as above.

9. STAFF COSTS

Staff costs are included in Administrative expenses and comprise of:

	Year ended 2021 \$'000	Year ended 2020 \$'000
Wages and salaries	739	670
Social security costs	201	161
	<u>940</u>	<u>831</u>

The Company makes no pension payments on behalf of its employees or director.

The average number of employees (including executive director) employed by the Company during the year was as follows:

	2021 Number	2020 Number
Operating	3	2
Administration	3	3
	<u>6</u>	<u>5</u>

10. TAXATION

	2021 \$'000	2020 \$'000
UK corporation tax – current year	76	147
UK corporation tax – prior year	4	(4)
Deferred tax – current year	(4)	(2)
Deferred tax – prior year	(4)	-
Total tax charge on profit	<u>72</u>	<u>141</u>

The UK corporation tax charge is based on the UK corporation tax rate of 19% (2020: 19%). The effective tax rate is higher than the standard tax rate as a result of non-taxable items and allowances as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TAXATION (continued)

	2021 \$'000	2020 \$'000
Profit before tax	360	745
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (2020: 19%)	68	141
Effects of:		
Expenses not deductible for tax purposes	-	3
Tax rate change	-	-
Prior year adjustment	4	(3)
Tax charge on profit for the year	72	141

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year. Finance (No. 2) Act 2016 reduced the UK corporation tax rate from 19% to 17% from 1 April 2020 and was substantively enacted on 15 September 2016. However, in the Budget on 11 March 2020 the Government has announced that the reduction in the rate will be reversed and the corporation tax rate will remain at 19% from 1 April 2020. Subsequently, in the Budget on 3 March 2021 the Government has announced that the rate will increase to 25% from 1 April 2023.

11. PROPERTY AND EQUIPMENT

	Right of use asset Buildings \$'000	Right of use asset Vehicles \$'000	Computer equipment \$'000	Fixtures and fittings \$'000	Total \$'000
Cost					
At 1 January 2021	456	19	428	209	1,112
Additions	-	-	4	-	4
Implementation of IFRS16	-	-	-	-	-
At 31 December 2021	456	19	432	209	1,116
Depreciation					
At 1 January 2021	249	8	385	209	851
Charge for the year	125	6	33	-	164
At 31 December 2021	374	14	418	209	1,015
Net book value					
At 31 December 2020	207	11	43	-	261
At 31 December 2021	82	5	14	-	101

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INTANGIBLE ASSETS

	Software
Cost	Total \$'000
1 January 2021	5
Additions	-
At 31 December 2021	<u>5</u>
Amortisation	
At 1 January 2021	5
Charge for the year	-
At 31 December 2021	<u>5</u>
Net book value	
At 31 December 2020	-
At 31 December 2021	<u><u>-</u></u>

13. DEFERRED TAX

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 19% (2020: 19%). The movement on the deferred taxation account is as follows:

	2021 \$'000	2020 \$'000
At 1 January	-	(2)
Income statement credit – current year	5	2
Income statement credit – prior year	<u>4</u>	<u>-</u>
At 31 December	<u><u>9</u></u>	<u><u>-</u></u>
	Dec 2021 \$'000	Dec 2020 \$'000
Temporary differences at 31 December:		
- Capital allowances in excess of depreciation	<u>9</u>	<u>-</u>
	<u><u>9</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES

	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
Due from parent company	81	77
Other debtors	98	270
Prepayments	<u>83</u>	<u>80</u>
	<u>262</u>	<u>427</u>

All trade and other receivables fall due within one year. The balance due from the parent company are not secured. There is no interest payment as is in the normal course of business.

15. TRADE AND OTHER PAYABLES

	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
Trade creditors	1	55
Other taxes and social security costs	-	-
Accruals	<u>216</u>	<u>194</u>
	<u>217</u>	<u>249</u>

16. LEASE LIABILITIES

Amounts due for settlement

	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
Within one year	141	210
In the second to fifth years inclusive	-	141
After five years	-	-
	<u>141</u>	<u>351</u>

17. SHARE CAPITAL

	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
Issued and fully paid:		
10,000,000 Ordinary shares of \$1 each	<u>10,000</u>	<u>10,000</u>

The Company's objective when managing capital is:

- to safeguard the Company's ability to continue as a going concern; and
- to meet regulatory requirements of the UK Financial Conduct Authority at all times.

The director is responsible for capital management and ensures that the Company operates within the Samsung Securities Co Ltd's risk framework.

The Company regards as capital its total equity reported on balance sheet and is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 2021 \$'000	Year ended 2020 \$'000
Profit before tax for the year	360	745
Depreciation of property and equipment	164	165
Interest income	(175)	(518)
Interest expense	6	10
Decrease / (Increase) in trade and other receivables	165	359
(Increase) in short term deposits	(290)	(736)
Increase / (Decrease) trade and other payables	(32)	17
	<hr/>	<hr/>
NET CASH GENERATED FROM OPERATING ACTIVITIES	198	42
	<hr/>	<hr/>

19. SHORT TERM DEPOSITS

The company has a \$20.55million short term deposit in Woori Bank for a period of one year at 0.37% interest. There is another deposit of \$4.39 million running in Woori Bank for a period of one year at 0.50% interest. The total amount of the short term deposit for the year end is \$24,947,956. (2020: \$24,657,616)

20. IMPAIRMENT LOSS ON FINANCIAL ASSETS

In line with IFRS 9 the Company records the expected credit losses on its loans and receivables which here falls to short term deposits over three months. The Company has calculated the expected credit losses with cross-checking with the parent company and the formula is as follows:

21. FINANCIAL RISKS

The Company's activities expose it to a variety of financial risks. These are liquidity risk, credit risk and market risk (which includes foreign currency risk and interest rate risk.)

The Company's director is required to operate within the requirements of the Samsung Securities Co Ltd risk management policies. These policies include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on how to manage them and comply with the requirements. The risks are managed on a portfolio basis and are identified on an exceptions basis.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk are set out below.

The table below shows the maturity of financial liabilities the Company is exposed to, and the undiscounted contractual maturity of the liabilities it faces.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FINANCIAL RISKS (continued)

	2021 Trade and other Payables and Lease liabilities \$'000	2020 Trade and other Payables and Lease liabilities \$'000
Financial liabilities repayable:		
- on demand		
- not more than three months	223	251
- over three months but not more than one year	135	208
- over one year but not more than five years	-	141
- over five years	-	-
Total	358	600

Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. The Company assesses all counterparties to ensure the credit risk is maintained within Samsung Securities Co Ltd. risk management policy guidelines. The Company monitors its exposures and seeks to minimise its credit exposures by monitoring the credit rating of its counterparties in accordance with Samsung Securities Co Ltd. risk management policies.

Market Risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of interest rates and foreign exchange rates.

Interest rate risk

The Company earn interest on the certain bank deposits but other financial liabilities are non-interest bearing.

The Company has considered the effect on interest of a 100 basis points change and concluded that it would have no significant impact.

Foreign currency risk

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities.

	At 31 December 2021		At 31 December 2020	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
GBP	541	293	225	655
EURO	70	-	54	-
Total	611	293	279	655

The Company has considered the effect of a 10% rise or fall in foreign exchange rates and concluded that it would have no significant impact.

Classification and fair values of financial instruments

All financial instruments are measured at amortised cost. No financial assets are classified as held for trading or available for sale.

The carrying value of all financial assets and liabilities approximates to the carrying value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, as well as the Company's key management which includes its Director.

Samsung Securities Co Ltd., is the parent undertaking and controlling party. During the period there have been no other transactions with related parties other than transactions disclosed in notes 4 and 14.

Remuneration of key management

Key management comprises the director whose remuneration is shown in note 8.

23. ULTIMATE HOLDING COMPANY

The director regards Samsung Securities Co. Ltd, a Company incorporated in Korea, as the immediate and ultimate parent undertaking and controlling party. The parent of the smallest and largest group for which group accounts are prepared of which the Company is a member is Samsung Securities Co. Ltd. Copies of the parent undertaking's consolidated financial statements may be obtained from The Secretary, 12th floor, Samsung Main Building, 11, Seocho-daero 74-gil, Seocho-Gu, Seoul 06620, Korea.

24. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date that would require recognition or disclosure in the financial statements.

SAMSUNG SECURITIES (EUROPE) LIMITED

Pillar 3 Disclosures (Unaudited)

31 December 2021

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COMPANIES HOUSE

SAMSUNG SECURITIES (EUROPE) LIMITED

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SAMSUNG SECURITIES (EUROPE) LIMITED

Pillar 3 disclosures (unaudited)

1. Introduction

1.1 Background

The European Union Capital Requirements Directive (Basel II) came into force on 1st January 2007. This introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II Accord. On 1st January 2014, Basel III regulations, commonly known as CRD IV revised the definition of capital resources and included additional capital and disclosure requirements.

Samsung Securities (Europe) Ltd ("SSEL") complies with the Capital Requirements Regulation (CRR) the IFPRU sourcebook of the FCA handbook and the relevant technical standards released by the European Banking Authority (EBA) as they come into force.

1.2 Verification

Disclosures will only be subject to external verification to the extent they are equivalent to those made under accounting requirements. These disclosures explain how the Board have calculated certain capital requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about SSEL.

1.3 Frequency

Disclosure will be made on an annual basis

1.4 Media and location

The report will be published as an attachment to the Company's financial statements.

1.5 Scope

SSEL is categorised by the FCA as a IFPRU €730k firm

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2. The group risk management framework

SSEL is a wholly-owned subsidiary of Samsung Securities Co Ltd and as such is subject to centralised supervision of the group's risks and accordingly, the group has established an efficient risk management system that monitors both local and overseas offices daily operations with local regulatory compliance requirements being monitored by the overseas offices compliance officers

The principles that govern the group risk management activities are as follows:

The final risk management responsibility falls upon the Board of Directors.

Samsung Securities has put in place a Risk Management System which organically combines personnel and materials infrastructures

The personnel infrastructure is composed of the Risk Management Committee, the decision making body, and two reviewing committees - the Transaction Review Committee and the Commitment Committee. The materials infrastructure includes the risk management policy, Value-at-Risk (VaR) estimation and provision of related information, which can all be checked on a regular basis.

The management and the Board of Directors understand the risks involved in the business and accordingly set up policies to manage all risks including non-financial risks that are difficult to quantify such as operational, litigation, and reputation risks.

The Risk Management Committee is responsible for monitoring risk management activities, devising policies and granting approval on risk-related matters.

Each business division is granted maximum autonomy in their operations. However, as part of a system of checks and balances, the entire range of risks involved in each division's sphere of operations is managed and controlled by a central Risk Management Department.

Risk governance structure

The Board of Directors is the highest decision-making body that oversees and manages risk. The BOD entrusts the Risk Management Committee with the tasks of establishing risk management policies, supervision and approval of related operations. In turn, the Risk Management Committee is aided by two reviewing bodies, the Transaction Review Committee and the Commitment Committee. In order to control risks transpiring from the recent surge in the development and sales of new products, Samsung Securities has a Products Committee under the Risk Management Committee to strengthen risk management of new products. In addition, the Risk Management Department acts as the execution body of the Risk Management Committee to manage and control company-wide risk.

The Risk Management Committee, operating under the Board of Directors, draws up a comprehensive risk policy as well as reviews and manages risk. It is the highest decision-making body related to risk management, and sets various risk limit targets by business and risk within company boundaries established by the Board.

The Risk Management Committee is composed of the CEO and the heads of each business division, Management Support Division, Strategic Planning Group, Risk Management, Compliance Group and Legal Affairs Group. As Committee chair, the CEO has the authority to restrict the voting rights of a committee member if the said person has a conflict of interests with any item on the agenda.

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The Risk Management Committee has the following responsibilities:

- Supervise the risk management system and revise related regulations
- Approve corporate risk countermeasures
- Set and adjust various limits related to risk management
- Regulate excessive high-risk assets
- Set appropriate levels for the capital adequacy ratio and debt to equity ratio as well as draw up strategies in case of failure to meet target levels
- Control unfair related party transactions
- Regulate excessive credit concentration
- Supervise and approve off-balance sheet transactions
- Establish offshore funds
- Oversee firm commitment underwriting such as IPO and strategy
- Debt guarantee or equivalent action
- Screen and select investment trust management companies
- Approve adoption of other new products or new policies that significantly affect the Company's risk management
- Oversee other major risk management-related activities

The Risk Management Department manages overall risk management related issues, and controls and reports on them. It reports to the Risk Management Committee and to the Board on a semi annual and annual basis for more important issues at hand. Samsung Securities can establish or designate a separate team to take charge of other types of risk management, when deemed necessary. In addition, to ensure the independence of the Risk Management Department, the heads and managers of each transaction-related division cannot concurrently hold the posts of head and division manager of risk management.

The Risk Management Department has the following responsibilities:

- Check transaction limits
- Establish and revise risk related regulations, guidelines and transaction rules
- Identify risky assets and calculate risk-related amounts
- Calculate capital adequacy ratio and asset/liability ratio for internal and external reporting
- Operate risk management system
- Operate the Risk Management Committee
- Review compliance with risk-related regulations
- Advise on measures to mitigate risks in transaction-related divisions
- Handle matters delegated by the Risk Management Committee with regard to risk management

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Financial risk management objectives and policies

This content can be found on page 3 of the strategic report on the financial statements.

Types of risk

Securities firms face both financial and non-financial risks. Financial risks include quantifiable risks such as market, credit and liquidity risks. Non-financial risks are those that are difficult to quantify such as operational, litigation, regulatory and reputation risks.

Market risk is the potential for changes in the market value of our trading and investing positions. Such positions result from underwriting, brokerage, specialist, proprietary trading and investing activities as well as trading securities such as equities, bonds and beneficiary certificates. Market risk deals with potential losses due to fluctuations in market prices, interest rates, and exchange rates. We calculate VaR for all the assets we hold and for transactions that involve these risks. To complement VaR, Samsung Securities also uses various types of methods including Greeks, scenario analyses, stress testing and others.

Credit risk deals with potential losses that we would incur if a counterparty or an issuer of securities or other instruments we hold fails to perform or upon a deterioration in their credit quality. As part of our strict credit risk management policy, Samsung Securities restricts our credit line to financially healthy companies and enforces credit line limits to prevent excessive credit risk exposures. Furthermore, in the case of higher credit risks, Samsung Securities reduces its position or discontinues trading of the securities in question, demands collateral such as cash equivalent assets, or requires third party guarantees.

Liquidity risk deals with the risk arising from a maturity mismatch in funding and investing. Funding plans created for each liquidity crisis scenario serve as the foundation for overall emergency funding plans.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human behaviour and systems, or external events. Operational risk is inherent in each of our key support activities and can manifest itself in various ways, Litigation, regulation and reputation risks that arise from transaction errors, inappropriate operation of management and illegal acts by employees are all categorized as non-financial risks. Samsung Securities addresses non-financial risks by categorizing them into the following loss types:

- business risk from aggravated market environments;
- intensified competition;
- decreased income;
- and reduced net asset value incurred from sales and normal transaction processes;
- litigation risk arising from ongoing trials related to losses from accidents regarding work processes;
- human behaviour and systems;
- IT related risk arising from system errors;
- and risks related to errors or breakdowns in transaction processing.

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Operational risk (continued)

Going forward, Samsung Securities plans to further define and manage operational risk through continuous improvement. Each business division, Risk Management Department, Compliance, Legal and Public Relations departments work closely together to establish systematic teamwork and to manage regulatory risk that arises from the revisions of various regulations and laws. We also proactively manage reputation risk arising from negative publicity and document risk from uncertain contract terms.

Trading limit management

Trading limit management is a proactive management tool which minimizes interference in each department's decision-making while maintaining overall estimated losses within an acceptable range to maximize companywide profit. SSEL may, from time to time, hold a wide range of trading securities, such as equities, bonds and derivatives that are subject to trading limit management.

Our risk management strategy for proprietary trading focuses on managing trading limits, such as operating limits, VaR limits, loss limits, sensitivity limits, Greeks limits and credit limits by counterparties, within tolerable risk boundaries.

The purpose of setting operating limits is to restrict cash-accompanied transaction within a certain level in order to manage liquidity risk. VaR is a statistical measure of the maximum potential loss in asset value during a designated period of time under normal market conditions. Samsung Securities presently estimates VaR using a 99% confidence level and a one-day holding period for each product category and annualizing the estimates. Loss limit is the maximum potential loss Samsung Securities could tolerate. It is used to prevent the expansion of losses by setting yearly loss limits by each strategy.

Sensitivity limit is used to complement the limitations of VaR, in which calculation assumes normal market conditions. As a secondary risk management method for engaging in OTC derivatives products, the sensitivity limit restricts the maximum potential loss under stress, since OTC derivatives are mostly non-linear structured products that can be highly affected by the price fluctuations of underlying assets.

Greeks limit (Delta, Gamma, Vega, Rho) is used to manage our OTC book, as most risks from OTC options can be estimated with the option sensitivity (Greeks) fluctuation.

Credit limits by counterparties prevent excess credit risk by setting limits of counterparties in accordance with their credit ratings when making transactions of bonds, commercial papers, and OTC derivatives. Samsung Securities also designates credit limits for business groups. Furthermore, we proactively prevent the exceeding of credit limits with the monitoring of credit ratings according to each grade.

Going concern

This content can be found on page 4 of the strategic report on the financial statements.

Future developments

This content can be found on page 4 of the strategic report on the financial statements.

Subsequent events

This content can be found in note 24 to the financial statements.

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3. FCA Capital Adequacy and ICAAP

The objective of maintaining adequate capital is to protect investors and ensure corporate stability amid a rapidly changing market environment. SSEL will always maintain capital resources in excess of the FCA capital resource requirements which are derived by calculating market, credit, operational and other risks and deducting them from the Company's capital resources as shown in note 4.

The **operational risk** component represents the possible loss faced in the form of expenditures or deterioration in operating conditions if an accident, error, illegal or improper activities take place. The Company has taken these and other factors into account and considers the **FCA's standardised approach calculation of USD 341,150** to be more than sufficient for the Company's requirements given the size and nature of our business.

The **credit risk** component represents the possible loss faced if a single individual or business group defaults. As at 31 December 2021 the Company calculated a **credit risk component of USD 515,936** of which the significant items include USD 490,921 related to Bank deposits.

The **counterparty risk** component represents the possible loss faced if a counterparty or third-party defaults on a financial obligation. The Company has inter company balances due from Samsung Securities Co Ltd totalling USD 81,204 which is a brokerage commission fee receivables, and it has a **counterparty risk component of USD 6,496**.

The ICAAP is a key element of SSEL's implementation of the EU Capital Requirements Directive (CRD). It is the means by which the Board is able to determine SSEL's required level of Pillar 2 capital, consistent with its risk appetite and business plans.

The ICAAP is reviewed and updated annually, unless there are any changes in the control environment or other events that warrant a more immediate update. When performing the annual update, the Board will review the stated risk appetite and compare it against actual performance. It will also request the recalculation of the stress tests if they no longer viewed as appropriate for the business considering developments to the business or the environment in which it operates.

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4. SSEL Capital resources

As at 31 December 2021	(US\$'000)
Tier 1 Capital Resources	
Permanent share capital	10,000
Profit and loss account and other reserves	20,663
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	30,663
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Tier 2 Capital Resources	-
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Total Capital Resources	30,663
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as at 31 December 2021, SSEL had a surplus of USD 29.77m of regulatory capital resulting in a solvency ratio of 3,441.41%

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5. SSEL Capital resources requirement

Operational Risk Capital Requirement as at 31 December 2021

(US\$'000)

Basic Indicator Approach	-
Standardised Approach	341
Advanced Measurement Approach	-
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Total	341
	<hr/>

Other Capital Requirements as at 31 December 2021

(US\$'000)

Market Risk	34
Credit Risk	516
Foreign Currency	0
Counterparty Risk	6
	<hr/>
Total	550
	<hr/>

Total Capital Requirements as at 31 December 2021

(US\$'000)

Operational risk requirement	341
Other capital requirements	550
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Total Capital resources requirement	891
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Regulatory Capital surplus as at 31 December 2021

(US\$'000)

Capital resources	30,663
Less Capital resources requirement	(891)
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Surplus	29,772
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6. Remuneration

Samsung Securities (Europe) Ltd (“SSEL”) is subject to the provisions of the FCA’s Remuneration Code and has established and applied policies to comply with the Code in a way and to the extent that it is appropriate to its size, internal organisation and the nature, scope and the complexity of its activities.

In this respect SSEL is classified as a Tier Three firm, which allows it to disapply some of the requirements of the Code and proportionately apply the Code’s rules and principles in establishing SSEL policy.

The board of directors (the “Board”) will monitor and implement these policies and is responsible for the long-term success of SSEL. The Board sets SSEL strategic aims, within a framework of risk management and internal controls, ensuring that the necessary financial and human resources are in place to enable SSEL to meet its objectives.

the Company has not established a remuneration committee and the Board has delegated authority to approve the remuneration packages of individual members and Code Staff (as defined in the Code) to the Remuneration Committee of the parent company, Samsung Securities Co Ltd, (“SSCL”) to ensure that no individual within SSEL will approve his/her own remuneration package.

The SSCL Remuneration Committee will approve the remuneration packages of Code Staff based each individual’s performance in the widest sense considering financial, non-financial and risk-based factors and independent of the performance of individual business units, in line with the bonus methodology.

The SSCL Remuneration Committee will undertake periodic reviews to oversee the application of the Company’s remuneration policy throughout SSEL to ensure that it aligns with all provisions of the Code. Members of the SSCL Remuneration Committee will receive full briefings regarding the implications of the Code and the criteria and implications of designating Code Staff from the Compliance department, to ensure that remuneration decisions throughout SSEL are made in accordance with the Policy and aligned with the Code.

The SSCL Remuneration Committee will undertake a review of SSEL remuneration policy on at least an annual basis. Remuneration, performance and effective risk management contributes to the overall success of SSEL. All individuals are rewarded from the combined bonus pool for SSEL based on their contribution to the profitability of SSEL in the widest sense and not for excessive risk taking. No individual or team are rewarded on a formula basis or any alternative methodology.

Application of Code principles

SSEL strategy is to employ a critical mass of high quality individuals across all areas of the business, therefore SSEL remuneration policy is sufficient in order to attract, retain and incentivise those members of staff. The annual salary cap together with discretionary and non-contractual nature of bonus payments allows the Remuneration Committee the flexibility to incentivise and reward those individuals who have contributed fully to the long-term success of SSEL. The communication of the business planning process and periodic performance assessment and reviews provide an opportunity for individuals to be set realistic targets and objectives for the short and long term horizons which are in line with the overall business strategy and objectives set by the Board.

SSEL activities are monitored to ensure that all potential and actual conflicts of interest are managed and enforce the provisions contained within SSEL published Conflicts of Interest policy in order to prevent conflicts of interest arising between any “relevant person” and a client.

As part of the Company’s overall business planning process, senior management will review the remuneration policy and report to the Board on at least an annual basis to ensure that it continues to be effective in promoting sound and effective risk management, remains in line with the Company’s overall strategy set by the Board and is compliant with the Company’s regulatory obligations.

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Link between pay and performance

All Staff are eligible to participate in the Group discretionary bonus pool. The Group discretionary bonus pool amount is determined by the SSCL Remuneration Committee and approved by the SSCL Board annually. Following approval of the overall pool size, it is allocated between business units, for those business unit heads and Senior Management to determine further allocations individual.

When proposing and approving the overall size bonus pool the Board and SSCL Remuneration Committee will consider both financial and non financial performance measurements, current and future risks and the Company's capital requirements (ICAAP)

Consideration is also given to both financial metrics of the Group and market data on compensation within the industry. Whilst a wide range of metrics and data are considered, priority is given to the impact of the overall size of the bonus pool on the following primary metrics:

- Group operating margin
- Group total compensation to revenue ratio

Both of these metrics are profitability based (not revenue based), these metrics and the anticipated size of the Group discretionary pool are reviewed by the SSCL Remuneration Committee at least quarterly.

The nature of the business of the Group as a whole and of the Company means that revenues and profits are typically accounted for in the year in which they are earned, for example performance fees are only recognised when they are earned (they are not accrued prior to being triggered). This means that the Group is able to align compensation in any one year with the revenues of that year. No account is taken of future earnings streams and there is very little risk that revenues recognised in any year might subsequently be clawed-back.

The allocation of the Group discretionary bonus pool between Staff does not explicitly take into account the profitability of a particular company or country as the Group is run on a Global basis. Consequently, there may be occasions where bonus pools in a specific country or company cause that company to be loss-making. In these situations, SSCL arranges for appropriate funding to be provided to that company in full consideration of liquidity and regulatory capital requirements.

Remuneration Disclosure

The following table provides firm remuneration details for the year ended 31 December 2021

as required by BIBRU 11.5.18R:

(US\$'000)	Senior Management	Other Staff (note 1)	Total
No of code staff	1	1	2
Fixed Remuneration	278	185	463
Variable Remuneration	37	78	115

Note:

1. Other staff who have a significant impact on the risk profile of the firm