



NICE
Information Service Co., Ltd.

Annual Report 2019

4. Segment Information:

Executive staffs determine the sector of sales on the basis of reporting while set up the strategies of sales and others. Sales sector of the consolidated entity is strategic units to provide each other's goods and services. These areas require marketing strategy, so this reports had to be shown individually. Sales area is separated by corporate and personal credit information, debt collection service, and others.

(1) Operating results by reportable segment for the ended Dec 31, 2019 and 2018 are as follows:

| (Unit: a dollar) | 2019 | | |
|---------------------------------|-------------|---------------|-------------|
| Categories | Revenue | Expense | Net amounts |
| 1. Consumer & Corporate CB | 345,645,820 | (295,674,900) | 49,970,920 |
| 2. Debt-Collection | 67,027,175 | (65,167,747) | 1,859,428 |
| 3. Others | 5,010,291 | (5,564,565) | (554,274) |
| Subtotal | 417,683,286 | (366,407,212) | 51,276,074 |
| Internal Transactions | (6,768,352) | 6,833,161 | 64,809 |
| Net Financial Profit&Loss | | | 1,661,088 |
| Other non-financial profit&loss | | | 659,421 |
| Total | 410,914,934 | (359,574,051) | 53,661,392 |

| (Unit: a dollar) | 2018 | | |
|----------------------------|-------------|---------------|-------------|
| Categories | Revenue | Expense | Net amounts |
| 1. Consumer & Corporate CB | 322,931,736 | (273,955,677) | 48,976,059 |
| 2. Debt-Collection | 62,252,280 | (60,337,002) | 1,915,278 |
| 3. Others | 4,916,111 | (7,212,072) | (2,295,961) |
| Subtotal | 390,100,127 | (341,504,751) | 48,595,376 |
| Internal Transactions | (6,325,949) | 6,335,949 | 10,000 |

| (Unit: a dollar) | 2018 | | |
|---------------------------------|-------------|---------------|-------------|
| Categories | Revenue | Expense | Net amounts |
| Net Financial Profit&Loss | | | 1,923,588 |
| Other non-financial profit&loss | | | 95,426 |
| Total | 383,774,178 | (335,168,802) | 50,624,390 |

(2) Total Assets of reportable segment as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|---------------------------|-------------|-------------|
| Individual & Corporate CB | 280,881,919 | 234,252,656 |
| Collection Service | 29,566,787 | 26,443,436 |
| Other business | 9,371,988 | 8,118,567 |
| Sub total | 319,820,694 | 268,814,659 |
| Internal transaction | (737,863) | (758,473) |
| Total | 319,082,831 | 268,056,186 |

(3) Total liabilities of reportable segment as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|---------------------------|------------|------------|
| Individual & Corporate CB | 83,509,696 | 61,046,748 |
| Collection Service | 10,357,769 | 8,546,490 |
| Other business | 1,772,156 | 864,849 |
| Sub total | 95,639,621 | 70,458,087 |
| Internal transaction | (737,863) | (758,473) |
| Total | 94,901,758 | 69,699,614 |

(4) Labor services by reportable segment as of Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|--------------------------------------|-------------|-------------|
| Corporate CB & Individual CB Service | 184,010,473 | 169,377,546 |
| Solution & Model Development Service | 28,401,813 | 25,144,607 |
| Self-Credit Management Service | 133,057,610 | 129,173,834 |
| Collection Service | 61,686,511 | 57,270,943 |
| Other service | 3,758,527 | 2,807,248 |
| Total | 410,914,934 | 383,774,178 |

(5) Agreement asset & liabilities by reportable segment as of Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------|------------|------------|
| Contract Asset | 5,254,108 | 5,488,722 |
| Contract liabilities | 13,730,160 | 13,159,518 |

5. Financial Instrument:

(1) Capital Risk Management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio and debt-to-equity ratio as at Dec 31, 2019 and 2018 were as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|---------------------------------|-------------|-------------|
| Total borrowings | - | - |
| less: cash and cash equivalents | 128,510,716 | 96,270,615 |
| Net debt (a) | - | - |
| Total equity | 224,181,072 | 198,356,572 |
| Total capital (b) | 224,181,072 | 198,356,572 |
| Gearing ratio (a)/(b) | - | - |

(2) Financial instruments by category

Categorizations of financial instruments as at Dec 31, 2019 and 2018 are as follows:

1. Financial asset for 2019

| (In a thousand of KRW) | 2019 | | | Total |
|---|---------------------------|---------------------------|------------------------------------|------------|
| | Financial assets at FVTPL | Financial assets at FVOCI | Financial assets at amortized cost | |
| Cash and cash equivalents | - | - | 89,851,365 | 89,851,365 |
| Trade receivables and Other receivables | - | - | 37,137,171 | 37,137,171 |

| 2019 | | | | |
|----------------------------|---------------------------|---------------------------|------------------------------------|-------------|
| (In a thousand of KRW) | Financial assets at FVTPL | Financial assets at FVOCI | Financial assets at amortized cost | Total |
| Other financial assets | - | - | 38,659,351 | 38,659,351 |
| Financial assets at FVTPL | 6,170,601 | - | - | 6,170,601 |
| Financial assets at FVOCI | - | 166,471 | - | 166,471 |
| Other non-financial assets | - | - | 24,140,483 | 24,140,483 |
| Total | 6,170,601 | 166,471 | 189,788,370 | 196,125,442 |

2. Financial liabilities for 2019

| 2019 | | | |
|---|--------------------------------|---|------------|
| (In a thousand of KRW) | Financial liabilities at FVTPL | Financial liabilities at amortized cost | Total |
| Trade Payables and Other payables | - | 41,106,355 | 41,106,355 |
| Other current financial liabilities | - | 7,541,663 | 7,541,663 |
| Other non-current financial liabilities | - | 12,583,203 | 12,583,203 |
| Total | - | 61,231,221 | 61,231,221 |

1. Financial assets for 2018

| 2018 | | | | |
|---|---------------------------|---------------------------|------------------------------------|--------------------|
| (In a thousand of KRW) | Financial assets at FVTPL | Financial assets at FVOCI | Financial assets at amortized cost | Total |
| Cash and cash equivalents | - | - | 71,921,627 | 71,921,627 |
| Trade receivables and Other receivables | - | - | 36,984,057 | 36,984,057 |
| Other financial assets | - | - | 24,348,989 | 24,348,989 |
| Financial assets at FVTPL | 5,307,376 | - | - | 5,307,376 |
| Financial assets at FVOCI | - | 1,248,497 | - | 1,248,497 |
| Other non-financial assets | - | - | 23,071,064 | 23,071,064 |
| Total | 5,307,376 | 1,248,497 | 156,325,737 | 162,881,610 |

2. Financial liabilities for 2018

| 2018 | | | |
|-----------------------------------|--------------------------------|---|------------|
| (In a thousand of KRW) | Financial liabilities at FVTPL | Financial liabilities at amortized cost | Total |
| Trade Payables and Other payables | - | 38,355,686 | 38,355,686 |

(3) Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance team under policies approved by the Corporate Management Committee. The finance team identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Corporate Management Committee reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as



foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, investment of excess liquidity.

1) Market risk

(1) Price risk

The Group is exposed to equity securities price risk arises from investments held by the Group and classified in the consolidated interim statement of financial position as financial assets at FVTPL and available-for-sale financial assets.

Investments in marketable equity securities are at the management's discretion and the Group does not have a separate investment policy for this matter. At the end of the reporting period, the Group's marketable equity instruments are classified as Financial assets at FVOCI and changes in fair value are reflected in equity. Therefore, there is no effect of changes in the price of equity instruments on the Group's profit or loss. In case fair value of financial assets at FVTPL, as of the reporting date, either increases or decreases by 10%, the Group's before-tax profit for the year periods ended Dec 31 will increase or decrease by KRW 4,245 million.

(2) Credit risk

Credit risk is managed at group level. Credit risk is posed not only from accounts' credit risk including notes/account receivables and firm contracts in possession but also from bank deposits of banks and financial institutions.

For customers such as banks and financial institutions, transactions are conducted only when an independent credit rating agency assigns a letter grade 'A' as the minimum requirement. For other conventional customers, credit is assessed based on other factors such as the customer's financial condition, past experience, and others. The Group does not have specific risk management policy for business counterparties.

(3) Liquidity risk

Finance team of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyzes the Group's financial liabilities and credit contract into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date.

| 2019 | | | | | | |
|---|------------|--------------------|--------------------------|--------------------------|--------------|-----------|
| (In a thousand of KRW) | Book Value | Less than 3 months | Between 3 month ~ 1 year | Between 1 year ~ 5 years | Over 5 years | Total |
| Trade and other current payables | 41,106,355 | 41,106,355 | 39,210,561 | 1,895,794 | - | - |
| Other current financial liabilities | 7,541,663 | 7,615,283 | 1,972,694 | 5,642,589 | - | - |
| Other non-current financial liabilities | 12,583,203 | 15,320,284 | - | - | 5,515,980 | 9,804,304 |
| 합 계 | 61,231,221 | 64,041,922 | 41,183,255 | 7,538,383 | 5,515,980 | 9,804,304 |

| 2018 | | | | | | |
|----------------------------------|------------|--------------------|--------------------------|--------------------------|--------------|------------|
| (In a thousand of KRW) | Book Value | Less than 3 months | Between 3 month ~ 1 year | Between 1 year ~ 5 years | Over 5 years | Total |
| Trade and other current payables | 38,355,686 | 38,355,686 | 34,873,847 | 3,481,839 | - | 38,355,686 |

(5) Fair value of financial instruments

- 1) Financial instruments that are measured subsequent to initial recognition at fair value are categorized into Level 1 to Level 3, and fair value measurements of financial instruments by fair value hierarchy level as of Dec 31, 2019 and 2018 are as follows:

| 2019 | | | | |
|--------------------------------------|---------|-----------|-----------|-----------|
| (In a thousand of KRW) | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL: | | | | |
| Equity-Linked Securities; ELS | - | 805,334 | - | 805,334 |
| Other-Derivative Linked Securities | - | 1,015,000 | - | 1,015,000 |
| Equity-Linked Deposit | - | 1,003,333 | - | 1,003,333 |
| Investment in capital of partnership | - | - | 3,346,934 | 3,346,934 |
| Total | - | 2,823,667 | 3,346,934 | 6,170,601 |
| Financial liabilities at FVOCI: | | | | |
| Non-listed stocks | - | - | 166,471 | 166,471 |

| 2018 | | | | |
|------------------------------------|---------|-----------|-----------|-----------|
| (In a thousand of KRW) | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL: | | | | |
| Equity-Linked Securities; ELS | - | 2,023,000 | - | 2,023,000 |
| Other-Derivative Linked Securities | - | 1,005,000 | - | 1,005,000 |
| Equity-Linked Deposit | - | - | 1,899,000 | 1,899,000 |
| Convertible Stocks | - | - | 380,376 | 380,376 |
| Total | - | 3,028,000 | 2,279,376 | 5,307,376 |
| Financial liabilities at FVOCI: | | | | |
| Non-listed stocks | - | - | 1,248,497 | 1,248,497 |

There is no significant movement between Level 1 and Level 2 for the year ended Dec 31, 2019 and 2018.

2) The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximate their fair values.

6. Restricted Deposit:

Details of other current assets as of Dec 31, 2019 and 2018 are as follows:

Restricted deposits as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | Description | 2019 | 2018 |
|------------------------------------|------------------------------------|--------|--------|
| Other current financial assets | Other current financial assets | 75,000 | - |
| Other non-current financial assets | Other non-current financial assets | 50,000 | 50,000 |

7. Trade and Other Receivables:

(1) Trade and other receivables as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|-----------------------------------|-------------|-------------|
| Trade receivables | 37,321,696 | 37,101,264 |
| Loss allowance | (1,385,655) | (1,401,754) |
| Long-term trade receivables (net) | 35,936,041 | 35,699,510 |
| Accrued revenue | 643,747 | 536,516 |
| Loss allowance | (123,513) | (37,185) |
| Accrued revenue(net) | 520,234 | 499,331 |
| Guarantee Deposits | 680,896 | 785,216 |
| Total | 37,137,171 | 36,984,057 |

(2) Changes in loss allowance for trade receivables for the year ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | 2019 | | | |
|---------------------------|---------------|------------|-------------|------------|
| | Expected Loss | Balance | Loss amount | Book value |
| Below 30 days | 0.41% | 34,885,689 | (141,801) | 34,743,888 |
| Between 30 days ~ 60 days | 5.97% | 1,006,727 | (60,085) | 946,642 |

| 2019 | | | | |
|----------------------------|---------------|-------------------|--------------------|-------------------|
| (In a thousand of KRW) | Expected Loss | Balance | Loss amount | Book value |
| Between 60 days ~ 90 days | 15.60% | 240,333 | (37,492) | 202,841 |
| Between 90 days ~ 365 days | 40.41% | 50,010 | (20,207) | 29,803 |
| Above 356 days | 98.87% | 1,138,937 | (1,126,070) | 12,867 |
| Total | | 37,321,696 | (1,385,655) | 35,936,041 |

| 2018 | | | | |
|----------------------------|---------------|-------------------|--------------------|-------------------|
| (In a thousand of KRW) | Expected Loss | Balance | Loss amount | Book value |
| Below 30 days | 0.31% | 34,773,467 | (106,359) | 34,667,108 |
| Between 30 days ~ 60 days | 8.23% | 556,676 | (45,812) | 510,864 |
| Between 60 days ~ 90 days | 21.57% | 242,301 | (52,254) | 190,047 |
| Between 90 days ~ 365 days | 30.74% | 313,810 | (96,451) | 217,359 |
| Above 356 days | 90.61% | 1,215,010 | (1,100,878) | 114,132 |
| Total | | 37,101,264 | (1,401,754) | 35,699,510 |

(3) Changes in trade receivable and other allowance for the year ended Dec 31, 2019 and 2018 are as follows:

| 2019 | | | | | |
|----------------------------|-------------------|-------------------|-----------------------------|-------------------------------|------------------|
| (In a thousand of KRW) | Beginning balance | Bad debt expenses | Trade Receivables Exemption | Exempted receivables recovery | Ending balance |
| Trade receivable allowance | 1,401,754 | 193,690 | (212,106) | 2,317 | 1,385,655 |
| Accrued revenue allowance | 37,185 | 86,446 | (118) | - | 123,513 |
| Total | 1,438,939 | 280,136 | (212,224) | 2,317 | 1,509,168 |

| (In a thousand of KRW) | Beginning balance | Bad debt expenses | Trade Receivables Exemption | Exempted receivables recovery | Others | Ending balance 반기말 |
|--------------------------------------|-------------------|-------------------|-----------------------------|-------------------------------|-----------|--------------------|
| Trade receivable allowance | 1,367,542 | 124,051 | (140,562) | 50,723 | 1,401,754 | 1,367,542 |
| Accrued revenue allowance | - | 1,195 | - | 35,990 | 37,185 | - |
| Long-term trade receivable allowance | 184,282 | - | (184,282) | - | - | 184,282 |
| Total | 1,551,824 | 125,246 | (324,844) | 86,713 | 1,438,939 | 1,551,824 |

8. Other Current Financial Assets:

(1) Changes in other financial assets for the year periods ended Dec 31, 2019 and for the year ended Dec 31, 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|----------------------------------|------------|------------|
| Short-term financial instruments | 38,575,953 | 24,270,191 |
| Short-term loan | 83,398 | 78,798 |
| Total | 38,659,351 | 24,348,989 |

9. Other Current Assets:

Other current assets as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------|-----------|-----------|
| Other current assets | | |
| Prepayments | 1,252,365 | 2,875,658 |

| (In a thousand of KRW) | 2019 | 2018 |
|-------------------------|-----------|-----------|
| prepaid expenses | 482,618 | 754,888 |
| Total | 1,734,983 | 3,630,546 |
| Other Investment assets | 250,000 | 250,000 |
| Long-term prepayments | 685,434 | - |

10. Financial Assets at FVTPL:

(1) Financial assets at FVTPL as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|---------------------------------------|-----------|-----------|
| Current Financial assets at FVTPL | | |
| Equity-Linked Securities | 805,334 | 2,023,000 |
| Equity investment | 1,003,333 | - |
| Total | 1,808,667 | 2,023,000 |
| Non-current Financial assets at FVTPL | | |
| Other-Derivative Linked Securities | 1,015,000 | 1,005,000 |
| Investment in capital of partnership | 3,346,934 | 1,899,000 |
| Convertible stocks | - | 380,376 |
| Subtotal | 4,361,934 | 3,284,376 |
| Total | 6,170,601 | 5,307,376 |

(2) Changes in other financial assets for the year periods ended Dec 31, 2019 and for the year ended Dec 31, 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|----------------------------------|-----------|-----------|
| Beginning balance | 5,307,376 | - |
| Accounting policy - Article 1109 | - | 1,321,000 |

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------|-------------|-----------|
| Acquisition | 3,400,000 | 4,500,000 |
| Disposal | (2,166,333) | (148,000) |
| Evaluation | 9,934 | (365,624) |
| Alternative(*) | (380,376) | - |
| Ending balance | 6,170,601 | 5,307,376 |

* Related company named 'Open-mate's convertible stocks change into common stocks which means re-distributed as investment in related company.

11. Financial Assets at FVOCI and AFS Financial Assets:

(1) Financial assets at FVOCI as of Dec 31, 2019, and AFS financial assets as of Dec 31, 2018 consist of the following:

| (In a thousand of KRW) | Categories | 2019 | 2018 |
|---------------------------------|-------------------|---------|-----------|
| Non-marketable financial assets | Equity Securities | 166,471 | 1,248,497 |

(2) Changes in other financial assets for the year periods ended Dec 31, 2019 and for the year ended Dec 31, 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|----------------------------------|-------------|-------------|
| Beginning balance | 1,248,497 | 5,258,013 |
| Accounting policy – Article 1109 | - | (1,321,000) |
| Evaluation | (1,248,497) | (2,048,821) |
| Alternative | 166,471 | (639,695) |
| Ending balance | 166,471 | 1,248,497 |

12. Tangible Assets:

Changes in the carrying amount of tangible assets for the year ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | Beginning balance | Conversion effect of Accounting policy – Article 1116 | Acquisition | Disposal | Amortization | Alternative | Ending balance |
|--|-------------------|---|-------------|-------------|--------------|-------------|----------------|
| Building | 21,456,812 | - | 149,915 | (544,671) | - | - | 21,062,056 |
| Mechanical equipment | 11,402,589 | - | 3,743,049 | (4,155,413) | - | - | 10,990,225 |
| Furnishing | 3,454,216 | - | 867,279 | (1,236,468) | (1,091) | 28,000 | 3,111,936 |
| Car Transportation | - | - | 16,677 | (4,403) | - | - | 12,274 |
| The asset of right of use(Lease asset) | - | 17,575,560 | 5,842,213 | (3,333,039) | (18,996) | (136,418) | 19,929,320 |
| Construction in progress | 14,000 | - | 14,000 | - | - | (28,000) | - |
| Total | 36,327,617 | 17,575,560 | 10,633,133 | (9,273,994) | (20,087) | (136,418) | 55,105,811 |

| 2018 | | | | | | |
|--------------------------|-------------------|-------------|----------|--------------|--------------|----------------|
| (In a thousand of KRW) | Beginning balance | Acquisition | Disposal | Amortization | Alternative | Ending balance |
| Building | - | 447,039 | - | (317,543) | 21,327,316 | 21,456,812 |
| Mechanical equipment | 8,580,786 | 6,254,610 | - | (3,432,807) | - | 11,402,589 |
| Furnishing | 2,285,159 | 2,187,471 | (2,912) | (1,015,502) | - | 3,454,216 |
| Construction in progress | 21,327,316 | 14,000 | - | - | (21,327,316) | 14,000 |
| 합 계 | 32,193,261 | 8,903,120 | (2,912) | (4,765,852) | - | 36,327,617 |

13. **Investment Properties:**

(1) Changes in the carrying amount of investment properties for the year ended Dec 31, 2019 and 2018 are as follows:

| 2019 | | | |
|-------------------------|-------------------|--------------|----------------|
| (In a thousand of KR W) | Beginning balance | Amortization | Ending balance |
| Land | 3,481,042 | - | 3,481,042 |
| Building | 11,679,675 | (1,678,953) | 10,000,722 |
| Structures | 2,759,030 | (767,035) | 1,991,995 |
| Total | 15,903,703 | (214,972) | 15,473,759 |

| 2018 | | | |
|-------------------------|-------------------|--------------|----------------|
| (In a thousand of KR W) | Beginning balance | Amortization | Ending balance |
| Land | 3,481,042 | - | 3,481,042 |
| Building | 11,679,676 | (1,386,962) | 10,292,714 |

| | | | | | | | |
|--------------------------|------------|-------------|--------------|--------------|------------|-------------|--------------|
| Beginning balance | 13,554,008 | 7,262,000 | 49,715,656 | 70,531,664 | 13,554,008 | 7,262,000 | 45,070,160 |
| Accumulated Amortization | - | (6,656,833) | (35,519,218) | (42,176,051) | - | (5,930,633) | (32,746,556) |
| Total Impairment Loss | - | - | (79,358) | (79,358) | - | - | (79,358) |
| Ending balances | 13,554,008 | 605,167 | 14,117,080 | 28,276,255 | 13,554,008 | 1,331,367 | 12,244,246 |

15. Investments in Subsidiaries:

(1) Investments in subsidiaries as of Dec 31, 2019 and 2018 consist of the following:

| Subsidiary | Location | Principal business | Ownership of Group(%) | |
|--------------------------|----------|--------------------------------------|-----------------------|------|
| | | | 2019 | 2018 |
| NICE Credit Information | S.Korea | Asset management and debt-collection | 100 | 100 |
| NICE ZiniData | S.Korea | Data analysis service | 100 | 100 |
| Specified Money In Trust | S.Korea | Specified money in trust | 100 | 100 |

(2) Summarized financial position (before elimination of intercompany transactions and adjustments for differences in accounting policies) of subsidiaries as of Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | | | | | | |
|------------------------|-------------------------|------------|---------------|-----------|--------------------------|-----------|
| Categories | NICE Credit Information | | NICE ZiniData | | Specified Money In Trust | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current asset | 19,272,684 | 17,132,418 | 6,350,240 | 4,669,199 | 1,514,385 | 1,506,389 |

| | | | | | | |
|-----------------------|------------|------------|-----------|-----------|-----------|-----------|
| Non-current asset | 10,294,103 | 9,311,018 | 1,507,363 | 1,942,980 | 6,519,723 | 6,519,723 |
| Total asset | 29,566,787 | 26,443,436 | 7,857,603 | 6,612,179 | 8,034,108 | 8,026,112 |
| Current liability | 8,935,807 | 8,151,452 | 1,137,140 | 609,104 | 15,036 | 15,036 |
| Non-current liability | 1,421,962 | 395,038 | 619,980 | 240,709 | – | – |
| Total liability | 10,357,769 | 8,546,490 | 1,757,120 | 849,813 | 15,036 | 15,036 |
| Total Capital | 19,209,018 | 17,896,946 | 6,100,483 | 5,762,366 | 8,019,072 | 8,011,076 |

(3) Financial performances of the Group's major subsidiaries for the year ended Dec 31, 2019 and 2018 are as follows:

| 2019 | | | | | |
|--------------------------|------------|---------------------------|---------------------|----------------------------|----------------------------|
| (In a thousand of KRW) | Revenue | Operating profit and loss | Net profit and loss | Other comprehensive income | Total Comprehensive income |
| NICE Credit Information | 33,167,838 | 922,997 | 682,511 | – | 682,511 |
| NICE ZiniData | 1,846,581 | (614,040) | (627,066) | – | (627,066) |
| Specified Money In Trust | – | (6,970) | 5,009 | – | 5,009 |

| (In a thousand of KRW) | | | | | | |
|----------------------------|-------------------------|------------|---------------|-------------|--------------------------|----------|
| Categories | NICE Credit Information | | NICE ZiniData | | Specified Money In Trust | |
| | 2019 | 2018 | 2019 | 2019 | 2018 | 2019 |
| Revenue | 67,027,175 | 62,252,280 | 5,010,291 | 4,030,658 | – | – |
| Operating profit and loss | 1,859,429 | 1,915,278 | (539,239) | (743,873) | (15,036) | (15,036) |
| Net profit and loss | 1,409,237 | 1,439,274 | 338,117 | (1,298,550) | 7,996 | 6,882 |
| Other comprehensive income | (97,165) | (57,060) | – | – | – | – |

| | | | | | | |
|----------------------------|-----------|-----------|---------|-------------|-------|-------|
| Total Comprehensive income | 1,312,072 | 1,382,214 | 338,117 | (1,298,550) | 7,996 | 6,882 |
|----------------------------|-----------|-----------|---------|-------------|-------|-------|

(4) Cash flows of the firm's major subsidiaries for the year ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | | | | | | |
|--|-------------------------|-------------|---------------|-------------|--------------------------|-----------|
| Categories | NICE Credit Information | | NICE ZiniData | | Specified Money In Trust | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| C/F from operating activities | 5,891,226 | 2,679,468 | 848,304 | 470,005 | 7,996 | (504) |
| C/F from investment activities | (883,393) | (5,526,575) | 477,024 | (1,576,085) | – | – |
| C/F from financing activities | (1,554,207) | – | (195,399) | – | – | – |
| Cash and cash equivalent asset fluctuation | 3,453,626 | (2,847,107) | 1,129,929 | (1,106,080) | 7,996 | (504) |
| Beginning cash and cash equivalent asset | 4,288,409 | 7,135,516 | 797,317 | 1,903,397 | 1,506,389 | 1,506,893 |
| Ending cash and cash equivalent asset | 7,742,035 | 4,288,409 | 1,927,246 | 797,317 | 1,514,385 | 1,506,389 |

16. Investments in Associates:

(1) Investments in associates as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KR W) | Company | Main business | Location | Fiscal year | share(%) | Investment | Book value | |
|-------------------------|---|---|----------|-------------|----------|------------|------------|------------|
| | | | | | | | 2019 | 2018 |
| Joint firm | Dongbu Real Estate Trust, 11 (Joint venture) | Real estate rental | S.Korea | Dec. | 50 | 9,500,000 | 9,566,193 | 9,594,896 |
| Relative | Nice Info Vietnam Co., LTD | Business strategy and risk consulting | Vietnam | Dec. | 40 | 1,726,040 | 1,214,499 | 1,399,766 |
| | Openmate | Software application development and supply | S.Korea | Dec. | - | - | - | 426,906 |
| | NICE Digital renaissance 3 rd New tech. investment | Other investment institution | S.Korea | Dec. | 20.5 | 1,660,000 | 1,614,076 | - |
| Total | | | | | | 12,886,040 | 12,058,455 | 11,421,568 |

(2) Changes in investments in associates for the year ended Dec 31, 2019 and 2018 are as follows:

| | 2019 | | | | | | | |
|---|-------------------|------------------|----------------------------|----------------------|---------------------------------|----------------|------------------|-------------------|
| (In a thousand of KRW) | Beginning balance | Acquisition | Gain&loss in equity method | Dividend acquisition | Capital change in equity method | Alternative | Disposal | Ending balance |
| Dongbu Real Estate Trust, 11 (Joint venture) | 9,594,896 | - | 681,011 | (710,741) | - | - | - | 9,565,166 |
| Nice Info Vietnam Co., LTD | 1,399,766 | - | (574,872) | - | 54,319 | - | - | 879,213 |
| Openmate | 426,906 | - | 291,560 | - | - | 213,905 | (932,371) | - |
| NICE Digital renaissance 3 rd New tech. investment | - | 1,660,000 | (45,924) | - | - | - | - | 1,614,076 |
| Total | 11,421,568 | 1,660,000 | 351,775 | (710,741) | 54,319 | 213,905 | (932,371) | 12,058,455 |

| | 2018 | | | | | | | |
|------------------------|-------------------|-------------|----------------------------|----------------------|---------------------------------|-------------|----------|----------------|
| (In a thousand of KRW) | Beginning balance | Acquisition | Gain&loss in equity method | Dividend acquisition | Capital change in equity method | Alternative | Disposal | Ending balance |
| Dongbu Real | 9,581,821 | - | 685,142 | (672,067) | - | - | - | 9,594,896 |

| (In a thousand of KRW) | 2018 | | | | | | | |
|----------------------------------|-------------------|------------------|----------------------------|----------------------|---------------------------------|------------------|----------------|-------------------|
| | Beginning balance | Acquisition | Gain&loss in equity method | Dividend acquisition | Capital change in equity method | Alternative | Disposal | Ending balance |
| Estate Trust, 11 (Joint venture) | | | | | | | | |
| Openmate | 381,522 | 1,280,160 | (231,540) | - | (30,376) | - | - | 1,399,766 |
| Nice Info Vietnam Co., LTD | - | - | 25,902 | - | - | (238,691) | 639,695 | 426,906 |
| Total | 9,963,343 | 1,280,160 | 479,504 | (672,067) | (30,376) | (238,691) | 639,695 | 11,421,568 |

(3) Summarized financial position of the firms' investments in associates as of Dec 31, 2019 and 2018 are as follows:

| Categories | Dongbu Real Estate Trust, 11 (Joint venture) | | Nice Info Vietnam Co., LTD | | NICE Digital renaissance 3 rd New tech. investment |
|-----------------------|--|------------|----------------------------|-----------|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 |
| Current asset | 760,810 | 774,094 | 528,091 | 2,099,629 | 185,825 |
| Non-current asset | 48,798,698 | 48,708,342 | 2,118,275 | 1,562,430 | 7,898,826 |
| Total asset | 49,559,508 | 49,482,436 | 2,646,366 | 3,662,059 | 8,084,651 |
| Current liability | 626,474 | 478,943 | 293,917 | 162,645 | 49,261 |
| Non-current liability | 29,802,701 | 29,813,701 | - | - | - |

| Categories | Dongbu Real Estate Trust, 11 (Joint venture) | | Nice Info Vietnam Co., LTD | | NICE Digital renaissance 3 rd New tech. investment |
|-----------------|---|------------|-------------------------------|-----------|--|
| | 2019 | 2018 | 2019 | 2018 | 2019 |
| Total Liability | 30,429,175 | 30,292,644 | 293,917 | 162,645 | 49,261 |
| Total capital | 19,130,333 | 19,189,792 | 2,352,449 | 3,499,414 | 8,035,390 |

(4) Financial performances of the Group's major subsidiaries for the year ended Dec 31, 2019 and 2018 are as follows:

| Categories | Dongbu Real Estate Trust, 11 (Joint venture) | | Nice Info Vietnam Co., LTD | | NICE Digital renaissance 3 rd New tech. investment |
|----------------------------------|---|-----------|----------------------------|-----------|--|
| | 2019 | 2018 | 2019 | 2018 | 2019 |
| Revenue | 2,693,448 | 2,759,750 | 608,985 | 592,782 | 149,702 |
| Operating profit and loss | 2,351,867 | 2,379,274 | (1,336,262) | (641,480) | (57,109) |
| Net amount | 1,361,760 | 1,370,515 | (1,282,763) | (578,853) | (57,109) |
| Other comprehensive income | - | - | 135,798 | (108,340) | - |
| Total comprehensive income | 1,361,760 | 1,370,515 | (1,146,965) | (687,193) | (57,109) |

(5) Adjustments from equity of associates to book value of shares owned as of Dec 31, 2019, is as follows:

| Categories | Dongbu Real Estate Trust, 11 (Joint venture) | | Nice Info Vietnam Co., LTD | | NICE Digital renaissance 3 rd New tech. investment |
|-----------------------|---|------------|----------------------------|-----------|--|
| | 2019 | 2018 | 2019 | 2018 | 2019 |
| Net assets(A) | 19,130,333 | 19,189,792 | 2,352,449 | 3,499,414 | 8,035,390 |
| Ownership ratio(B) | 50.0% | 50.0% | 40.0% | 40.0% | 20.5% |
| (A)x(B) | 9,565,167 | 9,594,896 | 940,980 | 1,399,766 | 1,648,285 |
| Goodwill | - | - | (61,767) | - | (34,209) |
| Ending balance | 9,565,167 | 9,594,896 | 879,213 | 1,399,766 | 1,614,076 |

17. Other Non-Current Assets:

Other non-current assets as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------------------|------------|------------|
| Long-term financial instruments | 12,000,000 | 10,000,000 |
| Long-term loan receivables | 6,799,021 | 7,622,376 |
| Guarantee Deposits | 5,341,462 | 5,448,688 |
| Total | 24,140,483 | 23,071,064 |

18. Trade and Other payables:

Long-term trade and other payables as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------|------------|------------|
| Amount Payable | 1,654,462 | 2,188,699 |
| Accrued expenses | 41,507,054 | 38,076,319 |
| Security Deposit | 799,092 | 799,092 |
| Total | 43,960,608 | 41,064,110 |

19. Other Current Liabilities and Other Non-Current Liabilities:

Other current liabilities and other non-current liabilities as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|-------------------------------|-----------|-----------|
| Other current liabilities: | | |
| Withholdings | 7,871,854 | 6,692,658 |
| Others | 107,508 | 108,310 |
| Total | 7,979,362 | 6,800,968 |
| Other non-current liabilities | | |
| Long-term accrued expense | 499,504 | 384,989 |

20. Income Tax Expenses:

(1) Income Tax Expense Configuration as of Dec 31, 2019 and 2018 consist of the following:

| (단위: 천원) | | |
|--|------------|------------|
| Categories | 2019 | 2018 |
| Income tax expense burden | 12,102,565 | 12,322,719 |
| Temporary difference in deferred corporate tax | (274,132) | (874,744) |
| Income tax of capital reflected | 1,051,545 | 871,144 |

| | | |
|---|------------|------------|
| Income tax expense | 12,879,978 | 12,319,119 |
| (주 1) Temporary difference in ending net deferred tax asset | 4,110,127 | 3,835,995 |
| Temporary difference in beginning net deferred tax asset | 3,835,995 | 2,961,251 |
| Temporary difference in change of deferred income tax | 274,132 | 874,744 |

21. Retirement Plans:

(2) Net defined benefit liabilities as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|--|--------------|--------------|
| Present value of defined benefit obligations | 42,853,880 | 36,630,473 |
| Fair value of plan assets | (42,227,167) | (37,173,834) |
| Net defined benefit obligations(asset) | 626,713 | (543,361) |

(3) Changes in carrying amount of the net defined benefit liabilities for the year ended Dec 31, 2019 and 2018 are as follows:

| 2019 | | | |
|---------------------------|--|--------------------|-----------|
| (In a thousand of KRW) | Present value of defined benefit obligations | Accumulated assets | Total |
| Beginning balance | 36,630,473 | (37,173,834) | (543,361) |
| Current service cost | 4,831,292 | - | 4,831,292 |
| Interest expense (income) | 813,596 | (731,087) | 82,509 |

| 2019 | | | |
|---|--|--------------------|-------------|
| (In a thousand of KRW) | Present value of defined benefit obligations | Accumulated assets | Total |
| Reevaluated other comprehensive gain and loss recognition | 3,414,297 | 116,956 | 3,531,253 |
| Contributions | - | (6,793,581) | (6,793,581) |
| Retirement benefits paid | (2,864,655) | 2,383,256 | (481,399) |
| Relative transfer | 28,877 | (28,877) | - |
| Ending balance | 42,853,880 | (42,227,167) | 626,713 |

| 2018 | | | |
|---------------------------|--|--------------------|-------------|
| (In a thousand of KRW) | Present value of defined benefit obligations | Accumulated assets | Total |
| Beginning balance | 31,292,883 | (32,233,250) | (940,367) |
| Current service cost | 4,355,265 | - | 4,355,265 |
| Interest expense (income) | 841,533 | (778,035) | 63,498 |
| | 1,575,811 | 335,114 | 1,910,925 |
| Contributions | - | (5,748,493) | (5,748,493) |
| Retirement benefits paid | (1,545,360) | 1,361,171 | (184,189) |
| Relative transfer | 110,341 | (110,341) | - |
| Ending balance | 36,630,473 | (37,173,834) | (543,361) |

22. Capital Stock:

Capital stock as of Dec 31, 2019 and 2018 consists of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|-----------------------------|--------------------|--------------------|
| Number of shares authorized | 200,000,000 shares | 200,000,000 shares |
| Par value(WON: KRW) | 500 | 500 |
| Number of shares issued | 60,714,820 shares | 60,714,820 shares |
| Issued capital | 30,357,410,000 | 30,357,410,000 |

23. Other Capital Surplus and Other Components of Equity:

(1) Other capital surplus as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|----------------------------|-------------|-------------|
| Additional Paid-in Capital | 49,852,079 | 49,852,079 |
| Treasury Stock | (6,551,753) | (6,551,753) |
| Other capital adjustments | (796,569) | (796,569) |
| Stock award | 75,703 | - |
| Total | 42,579,460 | 42,503,757 |

(2) Other capital paid-up as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------|------------|------------|
| Beginning balance | 42,503,757 | 42,503,757 |
| Stock award | 75,703 | - |
| Ending balance | 42,579,460 | 42,503,757 |

(3) Other components of equity as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------------------|-------------|-------------|
| Loss on financial assets at FVOCI | (4,322,439) | (3,348,611) |
| Change in equity method investment | 74,903 | 20,583 |
| Total | (4,247,536) | (3,328,028) |

(4) Fluctuation of other components of equity as of Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|------------------------------------|-------------|-------------|
| Beginning balance | (3,328,028) | 50,959 |
| Accounting policy change effect | - | (1,750,531) |
| Evaluation gain and loss | (1,248,497) | (2,048,821) |
| Income tax effect | 274,670 | 450,741 |
| Change in equity method investment | 54,319 | (30,376) |
| Ending balance | (4,247,536) | (3,328,028) |

24. Stock award

(1) Stock option of Dec 31, 2019 and 2018 consist of the following:

| Placement | Number of shares authorized | Award method | Price (unit : won) | Period | Term |
|---------------------------|-----------------------------|---|--------------------|--|------------------------|
| 21 st Mar 2019 | 110,000 shares | New stock issued, Treasury stock issued, appreciation | 10,905 won | 22 nd Mar 2022 ~ 21 st Mar 2026 | 3 years of work needed |

(2) Number of shares and its weighted average price as of Dec 31, 2019 and 2018 consist of the following:

| (Unit : shares, won) | Number of stocks | Weighted average price |
|----------------------------|------------------|------------------------|
| Beginning number of stocks | - | - |

| (Unit : shares, won) | Number of stocks | Weighted average price |
|----------------------------|------------------|------------------------|
| Given stocks | 110,000 | 10,905 |
| Ending number of stocks | 110,000 | 10,905 |

25. Retained earnings and dividend

(1) Current retained earnings for the year ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|-------------------------------|-------------|-------------|
| Earned surplus reserve | 5,766,683 | 4,630,810 |
| Other surplus reserve | 2,250,000 | 2,250,000 |
| Unappropriated earned surplus | 147,475,055 | 121,942,623 |
| Total | 155,491,738 | 128,823,433 |

26. Other Operating Expenses:

Other operating expenses for the ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|----------------------------|------------|------------|
| Travel expense | 1,104,485 | 1,011,957 |
| Rental expense | 931,140 | 2,004,960 |
| Task propulsion expense | 2,255,655 | 2,031,247 |
| Taxes and dues | 579,698 | 585,518 |
| Advertising expense | 18,781,688 | 12,402,489 |
| Bad debt expense | 193,690 | 124,052 |

| (In a thousand of KRW) | 2019 | 2018 |
|--------------------------------------|-------------------|-------------------|
| Congratulatory & Condolences Expense | 99,917 | 89,421 |
| Communication expense | 4,005,709 | 3,719,902 |
| Exclusive line use expense | 2,204,868 | 2,057,094 |
| Electronic facilities expense | 8,761,703 | 8,249,727 |
| Information usage expense | 1,333,642 | 1,059,030 |
| Insurance premium | 1,238,861 | 1,352,429 |
| Conference expense | 727,127 | 635,734 |
| Repair expense | 144,683 | 287,014 |
| Vehicle maintenance expense | 282,515 | 591,356 |
| Cost of sales from sale of goods | 269,616 | 233,937 |
| Training expense | 418,316 | 446,484 |
| Publication expense | 450,687 | 395,827 |
| Building maintenance expense | 3,590,808 | 4,986,155 |
| Utility expense | 35,724 | 53,313 |
| Stock awards | 75,703 | - |
| Total | 47,486,235 | 42,317,646 |

27. FINANCIAL INCOME AND EXPENSES:

Financial income and expenses for the ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | 2019 | 2018 |
|--------------------------------|-----------|-----------|
| Financial income | | |
| Financial assets at FVOCI | 1,619,496 | 1,444,085 |
| Interest expense | | |
| Financial liabilities at FVOCI | (406,160) | - |
| Total | 1,213,336 | 1,444,085 |

28. OTHER NON-OPERATING INCOME:

(1) Other non-operating income for the ended Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|--|-----------|-----------|
| Gain on foreign currency exchange transaction | 71,090 | 30,049 |
| Current profit and loss – gains on financial asset at fair value | 34,000 | 28,000 |
| Current profit and loss – disposals on financial asset at fair value | 7,917 | 8,000 |
| Gain on disposal of relatives investment shares | 510,379 | - |
| Gain on disposal of tangible Asset | 10,751 | 18 |
| Gain on disposal of intangible Asset | - | 326,000 |
| Gain on rent | 330,228 | 314,272 |
| Others | 176,259 | 380,291 |
| Total | 1,140,624 | 1,086,630 |

29. OTHER NON-OPERATING EXPENSES:

(1) Other non-operating expenses for the ended Dec 31, 2019 and 2018 consist of the following:

| (In a thousand of KRW) | 2019 | 2018 |
|--|---------|---------|
| Losses Foreign Currency exchange Transactions | 52,360 | 45,581 |
| Donations | 150,276 | 162,344 |
| Depreciation of Others | 86,446 | 1,195 |
| Loss on disposal of tangible asset | 185 | 1,358 |
| Current profit and loss – disposals on financial asset at fair value | 24,066 | 393,624 |
| Loss on relatives shares asset impairment | - | 238,691 |
| Others | 71,894 | 148,411 |
| Total | 385,227 | 991,204 |

30. EARNINGS (LOSS) PER SHARE:

(1) Basic earnings (loss) per share

Basic earnings (loss) per share for the ended Dec 31, 2019 and 2018 are as follows (In a thousand of Korean won, except for share data and earnings (loss) per share):

| (Unit: Won, shares) | 2019 | 2018 |
|--|----------------|----------------|
| Net profit | 40,781,413,459 | 38,305,271,430 |
| Weighted-average number of common shares outstanding | 59,782,793 | 59,782,793 |
| Earnings (loss) per share: | 682 | 641 |

(2) Diluted earnings (loss) per share

Diluted earnings (loss) per share for the ended Dec 31, 2019 and 2018 are the same as the basic earnings (loss) per share, as there are no dilutive potential common shares and dilutive effect.

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES:

(1) The list of related parties of the Group as of Dec 31, 2019, is as follows:

| Relationship | Related parties |
|-----------------|-----------------|
| Holding Company | NICE Holdings. |

| | |
|-------------------------------|--|
| Associates and joint ventures | Dongbu Real Estate Trust 11, Nice Info Vietnam Co., LTD |
| Other related parties | NICE Data, NICE Investors Service, NICE CMS, NICE IP PARTNERS, NICE Research & Consulting, NICE F&I, NICE Investments, NICE Credit Evaluation, NICE CMS, NICE IP Partners, NICE R&C, NICE Investment, NICE Infra, NICE Information & Communication, NICE P&I, NICE Payments, Dongguan A-chon Electronics Technologies Limited, Dongguan Eon-ran Electronics Limited, Seoul Electronics & Telecom, LMS, StoB Network, NICE DNB, NICE FINLINK, ITM SEMICONDUCTOR, Zinitix, T-may Co., Ltd., Chunjin Eon-ram Electronics Limited, KIS Information & Communication, NICE TCM, Dongguan Seo Kyeng(H.K) Electronics., Ltd., ITM Semiconductor Asia Co., Ltd., ITM Semiconductor VIETNAM Co., Ltd, ITM USA, Inc., LMS VINA Co., Ltd., LMS ShenZhen Co., Ltd., PT.IONPay Networks, Seo kyung(H.K.) Electronics Ltd., Seoul Electronics(M) BHD., SET VINA Co., Ltd., BBS GmbH, BBS of America, ZAISEOUL, OKPOS, ZAISEOUL Co.,Ltd., ZAISEOUL Limited, Doctor Stech, rePaper, MOONOS, Bird View, UMMAWA, NICE A&I, DIO Holdings, Megnum PEF, DH Lottery, NICE TECH CENTER VIETNAM LIMITED COMPANY, Hooper, Moments Company, NICE Digital Renaissance 1 st New Tech. Business Investment, NICE Business Platform, NICE Park Doosan, LMS Trading VI-ETNAM Co., Ltd, NPB Loan, ITNC |

(2) Significant transactions with related parties in the ordinary course of business for the year ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | Company | 2019 | | 2018 | |
|------------------------------|--|---------|-----------|---------|-----------|
| | | Revenue | Expense | Revenue | Expense |
| Holding Company | NICE Holdings | 52,876 | 7,847,365 | 914,610 | 8,395,542 |
| Relatives and Joint ventures | Dongbu-Real estate Investment Trust The 11 th . | 710,741 | - | - | - |
| | NICE Info Vietnam Co., Ltd. | 323,880 | 137,786 | - | - |
| Other related parties | NICE F&I | 10,000 | - | - | - |
| | NPB Debt | 100 | - | - | - |
| | NICE Infra | - | 2,600,077 | 71,117 | 3,662,995 |
| | NICE Information & Communication | 458,475 | 6,435 | 314,322 | 3,069 |

| (In a thousand of KRW) | Company | 2019 | | 2018 | |
|------------------------|--|------------------|------------------|-------------------|------------------|
| | | Revenue | Expense | Revenue | Expense |
| | NICE P&I | 21,238 | 14,040 | 15,600 | 27,926 |
| | NICE Payments | 126,274 | 991,211 | 36,488 | 1,336,651 |
| | NICE CMS | - | - | 131 | - |
| | NICE D&B | 2,215,327 | 90,045 | 542,191 | 471,589 |
| | Doctor Stech | 170,760 | - | 205,245 | 7,107 |
| | rePaper | 39,840 | 4,479 | 38,808 | 5,271 |
| | Moonos | 10,802 | 828 | 14,899 | 828 |
| | OKPOS | 28,456 | 74,959 | 13,663 | 4,400 |
| | LMS | 2,850 | - | 5,471 | - |
| | NICE Digital Renaissance 1th New Technology business Investment Consortium | 10,000 | - | - | - |
| | NICE D&R | 209,892 | 225,239 | 287,517 | 115,578 |
| | NICE Business Platform | 595,298 | - | - | - |
| | KIS Information & Communication | 61,461 | 12,545 | 88,268 | 14,702 |
| | NICE Park Doonsan | 45,622 | - | - | - |
| | Korea Investor Service | - | - | - | 770 |
| | NICE TCM | 2,547,710 | 44,307 | 2,422,741 | 6,291 |
| | StoBNetwork | - | 396,672 | - | - |
| | NICE Investor Service | 263,472 | - | 256,119 | 56 |
| | Total | 2,931,919 | 7,905,074 | 12,445,988 | 5,227,190 |

32. COMMITMENTS AND CONTINGENCIES:

(1) As of Dec 31, 2019, the Group has been provided with a guarantee amounting to KRW 12,021 million from Seoul Guarantee Insurance Co., Ltd. in relation to fidelity guarantee and performance guarantee, etc.

(2) The group has 3 pending lawsuits as a defendant with an aggregate claim amount. The ultimate outcome of these uncertainties cannot presently be determined. However, management does not anticipate that the resolution of these matters will have a material impact on the financial position or results of operations of the Group.

| (In a thousand of KRW) | Accident # | Plaintiff | Defendant | Litigation Value |
|--------------------------|--|---------------------------|-------------------------|------------------|
| Compensation for damage | Seoul District Court 2018GAHAB30884 | Park, Gae Nam | NICE Credit Information | 425,171 |
| Retirement payment claim | Seoul District Court 2018GAHAB37505 | In Myo Silk and 27 | NICE Credit Information | 418,526 |
| Compensation for damage | Seoul District Court 2018GADAN236312 | Kim, Jung Hee and | NICE Credit Information | 134,235 |
| Compensation for damage | Seoul District Court 2018GASO6963 | You Jin | NICE Credit Information | 4,531 |
| Compensation for damage | Seoul District Court 2018GASO2524516 | Advance Loan Company | NICE Credit Information | 7,349 |
| Compensation for damage | Seoul District Court 2018GADAN2249679 | Mirae Credit Loan company | NICE Credit Information | 7,349 |
| Compensation for damage | Seoul District Court 2018GADAN270784 | Kang Kyung Hwa and 3 | NICE Credit Information | 56,263 |
| Compensation for damage | Seoul District Court 2018GAHAB41242 | Kim Kyung Ja and 8 | NICE Credit Information | 205,071 |
| Compensation for damage | Seoul District Court 2018GAHAB37524 | Hong Jae Yong | NICE Credit Information | 200,000 |

33. NON-CASH TRANSACTIONS:

(1) The significant non-cash transactions from investing and financing activities that are not included in the separate statements of cash flows for the year ended Dec 31, 2019 and 2018 are as follows:



| (In a thousand of KRW) | 2019 | 2018 |
|---|-----------|---------|
| Acquisition of tangible assets by non-cash transactions | 223,818 | 402,776 |
| Acquisition of intangible assets by non-cash transactions | (412,320) | 355,451 |

(2) Non-cash transactions from finance activities for the year ended Dec 31, 2019 and 2018 are as follows:

| (In a thousand of KRW) | 2018 | C/F | Non-cash fluctuation | 2019 |
|------------------------|------------|-------------|----------------------|------------|
| Lease liability | 17,575,560 | (3,170,113) | 5,719,419 | 20,124,866 |

<The End>