

Youngone Corporation

Separate financial statements
for the year ended December 31, 2025
with the independent auditor's report

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Independent auditor's report

(English translation of a report originally issued in Korean)

To the Shareholders and Board of Directors Youngone Corporation

Opinion

We have audited the financial statements of Youngone Corporation (the "Company"), which comprise the statement of financial position as of December 31, 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2025 based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 18, 2026 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. 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 Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment assessment of investment in subsidiaries

Investment in subsidiaries held by the Company as of December 31, 2025, amounts to ₩ 622,426 million. The investment in subsidiaries is measured at cost in the separate financial statements and the recognition of impairment loss is determined with respect to the Company's investment in subsidiaries in accordance with KIFRS 1036 *Impairment of Assets*. We focused on this area considering that the size of investment in subsidiaries is significant and the calculation of recoverable amounts involves significant management's judgments about the estimation of discount rate, growth rates and future cash flow (see Note 19).

In particular, considering the significance of the amount of investments in subsidiaries and recent operating performance, we determined that the impairment assessment of SCOTT CORPORATION SA (₩ 157,050 million as of December 31, 2025) requires significant attention and therefore identified it as a key audit matter.

We have performed following audit procedures to address the key audit matter. We:

- Assess the competency and objectivity of an external assessment expert engaged by management.
- Assess the adequacy of valuation model used by management to estimate the recoverable amount by involving internal experts.
- Assess the reasonableness of key assumptions used to estimate recoverable amount.
- Corroborate whether the estimation on sales growth rate, operating profit margin and investing activities of target company is consistent with the past performance and market conditions.
- Compare the discount rates used by management with those calculated independently using observable information.
- Assess the effectiveness of design and operation of management's review controls related thereto.

Other matters

The financial statements of the Company for the year ended December 31, 2024 were audited by another independent auditor, whose report dated March 20, 2025 expressed an unqualified opinion thereon.

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

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

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 KSA 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.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jungik Park.



March 18, 2026

This audit report is effective as of March 18, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

Youngone Corporation

Separate financial statements
for each of the two years in the period ended December 31, 2025

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

Kihak Sung
Chief Executive Officer
Youngone Corporation

Youngone Corporation
Separate statements of financial position
as of December 31, 2025 and 2024

<i>(in Korean won)</i>	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	4,7,8	₩ 121,187,837,310	₩ 205,481,517,174
Short-term financial assets	4,7	291,069,200,000	586,694,000,000
Trade receivables	4,7,11,36	408,879,524,958	335,989,778,338
Derivative assets	4,5,7,35	33,878,217,042	8,334,557,198
Inventories	14	3,871,574,646	13,215,746,523
Other receivables	4,7,12,36	6,647,450,758	14,441,421,232
Other current assets	13	13,274,432,938	13,626,008,479
		<u>878,808,237,652</u>	<u>1,177,783,028,944</u>
Non-current assets			
Long-term financial assets	4,7,9	1,308,500,000	1,308,500,000
Financial assets at fair value through other comprehensive income	4,5,7,10	344,734,530,821	379,332,898,532
Investments in subsidiaries	6,19	622,425,670,383	591,739,672,295
Investments in associates	6,19	45,000,000,000	45,000,000,000
Property, plant and equipment	15	92,770,458,759	102,634,150,576
Right-of-use assets	16,36	11,894,197,010	8,830,497,201
Intangible assets	17	446,992,714	569,860,255
Investment property	18,35	267,268,871,528	263,901,808,748
Other receivables	4,7,12,36	316,569,131,244	236,629,492,718
		<u>1,702,418,352,459</u>	<u>1,629,946,880,325</u>
Total assets		<u>₩ 2,581,226,590,111</u>	<u>₩ 2,807,729,909,269</u>
Liabilities			
Current liabilities			
Trade payable	4,7,20,36	257,705,994,594	630,582,189,870
Derivative liabilities	4,5,7,35	6,650,295,130	-
Current tax liabilities		63,406,355,813	52,738,185,211
Other payables	4,7,20,34,36	22,886,185,370	23,963,204,697
Other current liabilities	21,22	1,150,440,794	4,300,990,683
Current lease liabilities	4,7,16,34,36	2,263,125,501	2,028,214,916
		<u>354,062,397,202</u>	<u>713,612,785,377</u>
Non-current liabilities			
Net defined benefit liabilities	23	542,335,392	4,654,722,020
Deferred tax liabilities	24	83,353,739,124	91,367,978,045
Non-current lease liabilities	4,7,16,34,36	10,126,376,946	6,894,182,618
		<u>94,022,451,462</u>	<u>102,916,882,683</u>
Total liabilities		<u>448,084,848,664</u>	<u>816,529,668,060</u>
Equity			
Share capital	1,25	22,155,734,000	22,155,734,000
Share premium	25	453,267,231,054	453,267,231,054
Retained earnings	27	1,515,113,217,870	1,341,003,324,581
Other components of equity	26	142,605,558,523	174,773,951,574
Total equity		<u>2,133,141,741,447</u>	<u>1,991,200,241,209</u>
Total liabilities and equity		<u>₩ 2,581,226,590,111</u>	<u>₩ 2,807,729,909,269</u>

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

Youngone Corporation
Separate statement of profit or loss
for each of the two years in the period ended December 31, 2025

<i>(in Korean won)</i>	Notes	2025	2024
Revenue	6,36	₩ 2,507,415,267,630	₩ 2,113,886,201,401
Cost of sales	6,31,36	2,130,268,345,923	1,795,941,203,259
Gross profit		377,146,921,707	317,944,998,142
Selling and administrative expenses	6,29,31	104,385,538,951	102,843,512,857
Operating profit	6	272,761,382,756	215,101,485,285
Other income	30,36	180,806,912,550	194,717,582,401
Other expenses	30,36	146,359,702,911	117,663,050,367
Finance income	32,36	46,597,230,896	127,076,451,933
Finance costs	32,36	413,237,069	344,067,162
Profit before income tax		353,392,586,222	418,888,402,090
Income tax expense	24	89,771,382,232	83,147,686,410
Profit for the year	33,34	₩ 263,621,203,990	₩ 335,740,715,680
Earnings per share			
Basic earnings per share	33	₩ 6,189	₩ 7,741

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

Youngone Corporation
Separate statements of comprehensive income
for each of the two years in the period ended December 31, 2025

<i>(in Korean won)</i>	Notes	2025	2024
Profit for the year	33,34	<u>₩ 263,621,203,990</u>	<u>₩ 335,740,715,680</u>
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit liabilities	23,26	1,460,614,249	(1,212,212,164)
Loss on valuation of financial assets at fair value through other comprehensive income	10,26	<u>(24,565,650,851)</u>	<u>(30,002,513,511)</u>
Other comprehensive loss for the year, net of tax		<u>(23,105,036,602)</u>	<u>(31,214,725,675)</u>
Total comprehensive income for the year		<u>₩ 240,516,167,388</u>	<u>₩ 304,525,990,005</u>

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

Youngone Corporation
Separate statements of changes in equity
for each of the two years in the period ended December 31, 202

<i>(in Korean won)</i>	Notes	Share Capital	Share premium	Retained earnings	Other components of equity	Total equity
Balance as of January 1, 2024		₩ 22,155,734,000	₩ 453,267,231,054	₩ 1,062,288,488,201	₩ 247,055,820,549	₩ 1,784,767,273,804
Total comprehensive income						
Profit for the year	33,34	-	-	335,740,715,680	-	335,740,715,680
Loss on valuation of financial assets at fair value through other comprehensive income	10,26	-	-	-	(30,002,513,511)	(30,002,513,511)
Remeasurements of net defined benefit liabilities	23,26	-	-	-	(1,212,212,164)	(1,212,212,164)
Total transactions with owners of the Company, recognized directly in equity						
Annual dividends paid	27,28	-	-	(57,025,879,300)	-	(57,025,879,300)
Acquisition of treasury shares		-	-	-	(41,067,143,300)	(41,067,143,300)
Balance as of December 31, 2024		₩ 22,155,734,000	₩ 453,267,231,054	₩ 1,341,003,324,581	₩ 174,773,951,574	₩ 1,991,200,241,209
4 Balance as of January 1, 2025		₩ 22,155,734,000	₩ 453,267,231,054	₩ 1,341,003,324,581	₩ 174,773,951,574	₩ 1,991,200,241,209
Total comprehensive income						
Profit for the year	33,34	-	-	263,621,203,990	-	263,621,203,990
Loss on valuation of financial assets at fair value through other comprehensive income	10,26	-	-	-	(24,565,650,851)	(24,565,650,851)
Remeasurements of net defined benefit liabilities	23,26	-	-	-	1,460,614,249	1,460,614,249
Reclassification of accumulated other comprehensive income on disposal of financial assets at fair value through other comprehensive income		-	-	130,836,299	(130,836,299)	-
Total transactions with owners of the Company, recognized directly in equity						
Annual dividends paid	27,28	-	-	(59,850,068,600)	-	(59,850,068,600)
Interim dividends paid	27,28	-	-	(29,792,078,400)	-	(29,792,078,400)
Acquisition of treasury shares	26	-	-	-	(8,932,520,150)	(8,932,520,150)
Balance as of December 31, 2025		₩ 22,155,734,000	₩ 453,267,231,054	₩ 1,515,113,217,870	₩ 142,605,558,523	₩ 2,133,141,741,447

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

Youngone Corporation
Separate statements of cash flows
for each of the two years in the period ended December 31, 2025

<i>(in Korean won)</i>	Notes	2025	2024
Cash flows from operating activities			
Cash generated from operations	34	₩ (174,917,162,777)	₩ 283,425,210,460
Interest received		45,251,745,662	38,431,050,610
Interest paid		(413,237,069)	(344,067,162)
Dividends received		8,359,968,272	86,070,937,208
Income tax paid		(79,803,665,584)	(59,839,824,522)
Net cash provided by (used in) operating activities		(201,522,351,496)	347,743,306,594
Cash flows from investing activities			
Increase in short-term financial instruments		(912,897,156,226)	(766,536,473,000)
Decrease in short-term financial instruments		1,208,449,956,226	624,429,693,000
Increase in long-term financial instruments		-	(701,000,000)
Increase in long-term loans		(59,456,190,000)	(229,073,810,865)
Decrease in long-term loans		1,826,567,478	51,206,200,000
Acquisition of property, plant and equipment		(619,097,749)	(3,292,433,877)
Disposal of property, plant and equipment		31,593,282	87,046,064
Acquisition of intangible assets		-	(450,000)
Disposal of intangible assets		-	77,900,000
Acquisition of investment property		(1,130,626,458)	(5,002,972,240)
Increase in leasehold deposits		(56,602,600)	(8,146,080)
Decrease in leasehold deposits		-	863,748,000
Acquisition of financial assets at fair value through profit and loss		(60,989,099,133)	-
Disposal of financial assets at fair value through profit and loss		68,251,168,999	-
Disposal of financial assets at fair value through other comprehensive income		2,195,015,912	-
Acquisition of investments in subsidiaries		(30,685,998,088)	(9,948,225,000)
Settlement of derivatives		3,635,465,344	4,768,757,780
Net cash provided by (used in) investing activities		218,554,996,987	(333,130,166,218)
Cash flows from financing activities			
Increase in other deposits		1,161,290,000	3,509,634,000
Decrease in other deposits		(219,502,550)	(1,136,467,850)
Repayments of lease liabilities		(1,900,618,674)	(1,759,489,517)
Dividends paid		(89,634,796,930)	(57,021,232,060)
Acquisition of treasury shares		(8,932,520,150)	(41,067,143,300)
Net cash used in financing activities		(99,526,148,304)	(97,474,698,727)
Effects of exchange rate changes on cash and cash equivalents		(1,800,177,051)	7,553,533,629
Net decrease in cash and cash equivalents		(84,293,679,864)	(75,308,024,722)
Cash and cash equivalents at the beginning of the year		205,481,517,174	280,789,541,896
Cash and cash equivalents at the end of the year		₩ 121,187,837,310	₩ 205,481,517,174

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

Youngone Corporation
Notes to the separate financial statements
December 31, 2025 and 2024

1. The Company

Youngone Corporation (the “Company”) was established on July 1, 2009, through the spin-off from Youngone Holdings Co., Ltd.’s distribution and garments manufacturing business. On July 30, 2009, the Company was listed on the Korea Exchange. As of December 31, 2025, the Company is headquartered in Jung-gu, Seoul, and the Company has its subsidiaries in Switzerland, Bangladesh and Vietnam, and distribution centers and sales offices in Seoul, Gyeonggi Province and other regions of the Republic of Korea.

The Company’s share capital as of December 31, 2025 is ~~₩~~ 22,155,734 thousand (2024: ~~₩~~ 22,155,734 thousand), and the Company’s shareholders and their shareholdings as of December 31, 2025 are as follows:

	Number of Shares	Ownership (%)	Remark
Youngone Holdings Co., Ltd.	22,386,320	50.52%	Majority shareholder
Treasury shares	1,751,356	3.95%	Treasury shares
Others	20,173,792	45.53%	Others
Total	44,311,468	100.00%	

2. Material Accounting Policies

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

2.1 Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”). The accompanying separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company’s financial position, financial performance or cash flows, is not presented in the accompanying separate financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

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

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of

Youngone Corporation
Notes to the separate financial statements
December 31, 2025 and 2024

- property, plant and equipment and investment property measured at fair value
- assets held for sale measured at fair value less costs to sell, and
- defined benefit pension plans and plan assets measured at fair value.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing January 1, 2025.

(a) Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and KIFRS 1101 *First-time Adoption of KIFRS – Lack of Exchangeability*

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The amendments do not have a material impact on the financial statements.

2.2.2 New standards and interpretations not yet adopted by the Company

The following new accounting standards and interpretations have been issued but not yet effective up to the date of issuance of the Company's financial statements and have not been early adopted by the Company.

(a) Amendments to KIFRS 1109 and KIFRS 1107 - *Classification and Measurement of Financial Instruments*

The amendments to KIFRS 1109 and KIFRS 1107 *Classification and Measurement of Financial Instruments* include:

- a clarification that a financial liability is derecognized on the "settlement date" and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date;
- additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- clarifications on what constitute "non-recourse features" and what are the characteristics of contractually linked instruments; and
- the introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income (OCI).

Youngone Corporation
Notes to the separate financial statements
December 31, 2025 and 2024

The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. The Company does not anticipate that the amendments will have a material effect on the Company's consolidated financial statements.

(b) *KIFRS 1118 Presentation and Disclosure in Financial Statements*

KIFRS 1118 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to KIFRS 1007 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

KIFRS 1118, and the amendments to the other standards, are effective for annual reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. KIFRS 1118 will apply retrospectively upon the first application.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2.3 Subsidiaries, Joint Ventures, and Associates

The financial statements of the Company are the separate financial statements prepared in accordance with KIFRS 1027 *Separate Financial Statements*. Investments in subsidiaries, joint ventures and associates are recognized at cost under the direct equity method. Management applied the carrying amounts under the previous K-GAAP at the time of transition to KIFRS as deemed cost of investments. The Company recognizes dividend income from subsidiaries in profit or loss when its right to receive the dividend is established. If there is objective evidence of impairment for the investment in the subsidiaries, joint ventures and associates, the Company recognizes the difference between the recoverable amount of the subsidiaries, joint ventures and associates and its carrying amount as impairment loss.

Youngone Corporation
Notes to the separate financial statements
December 31, 2025 and 2024

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The separate financial statements are presented in Korean won (presented as "₩" or "KRW"), which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

2.5 Financial Assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business

Youngone Corporation
Notes to the separate financial statements
December 31, 2025 and 2024

model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in the fair value of investments in unspecified equity instruments are recognized in profit or loss.

(b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or other expenses and impairment losses are presented in other expenses.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within other income or expenses in the year in which it

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arises.

B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as finance income when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income and expenses in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Company applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables. (Note 4.1.2 provides more detail of how the Company determines there has been a significant increase in credit risk.)

(d) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as borrowings in the statement of financial position.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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2.6 Derivatives

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within other non-operating income (expenses) or finance income (costs) based on the nature of transactions.

2.7 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. (See Note 11 for further information about the Company's accounting for trade receivables and Note 4.1.2 for a description of the Company's accounting policy for impairment.)

2.8 Inventories

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

2.9 Property, Plant and Equipment

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

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Buildings	20-40 years
Structures	30 years
Facilities	30 years
Machinery	6 years
Vehicles	5 years
Tools and equipment	4 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. If necessary, it will be accounted for as a change in estimates.

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2.10 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.11 Intangible Assets

Intangible assets are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Development costs of software internally generated by the Company are recognized when the criteria for recognition such as, technically feasibility and probable future economic benefits are met. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Company amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Software	5 years
Industrial property	5 years

2.12 Investment Property

Investment property (including right-of-use assets) is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Company depreciates investment properties, except for land, using the straight-line method over their useful lives of 40 years.

2.13 Impairment of Non-financial Assets

Goodwill and intangible assets with indefinite useful life are tested for impairment annually. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For non-financial assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

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2.14 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Financial Liabilities

(a) Classification and measurement

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as trade and other payables, and borrowings in the statement of financial position.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalized as prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.16 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of following and recognized in the statement of financial position within other payables.

- the amount determined in accordance with the expected credit loss model under KIFRS 1109 Financial Instruments and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 Revenue from Contracts with Customers.

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2.17 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company recognizes provision for product warranties, provision for restoration and provision for litigation. Provisions are measured at the present value of estimated expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, the increase in the provision due to the passage of time is recognized as a finance cost.

2.18 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized as profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

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2.19 Net Defined Benefit Liabilities (Assets)

The Company operates both defined contribution and defined benefit plans.

For defined contribution plans, the Company pays contribution to publicly or privately administered pension insurance plans. The contribution is recognized as employee benefit expense upon the service provision.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depends on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

2.20 Revenue Recognition

(a) Sales of goods – Export

The export transactions represent selling outdoor and sports clothing to global brand companies such as THE NORTH FACE through Original Equipment Manufacturing (OEM). All of export transactions consist of FOB and others under INCOTERMS 2000, and the revenue is recognized when the goods are delivered to the specified location, and the risks and controls of the goods are transferred to the customer. Since the transaction is based on the price stated in the order and the related payment is redeemed within one year, there are no other significant factors that affect the transaction price, such as a price discount or significant financing component.

(b) Sales of goods - Domestic

Revenue are recognized when control of the products has transferred, being when the products are delivered to the customers.

(c) Rental income

Rental income from investment property is recognized as revenue during the rental service period.

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(d) Interest income

Interest income is recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(e) Dividend income

Dividend income is recognized when the right to receive payment is established.

(f) Customer loyalty program

The Company operates a customer loyalty program in which customers are granted rewards to receive discounts on future purchases when purchasing products. The fair value of consideration to give or given for the initial sale is allocated to the reward points and remaining of initial sale, and the consideration allocated to the reward points is measured based on the fair value of reward in exchange of reward points, which is the fair value of reward points considered the proportion of reward points that are not expected to be redeemed. Revenue from the award credits is recognized when the points are redeemed.

2.21 Leases

(a) Lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

(b) Lessee

The Company leases various offices. Lease contracts are typically made for fixed periods of 2 to 6 years but may have extension options as described in below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is lessee, the Company applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that

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option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the Company (the lessee) under residual value guarantees;
- the exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company (the lessee) exercising that option.

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- reflects the lease period in the interest rate of the publicly placed bond considering the Company's credit rating.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Right-of-use assets are measured at the amount of the initial measurement of lease liability

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Although the Company elected to apply the

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revaluation model to its land and buildings that are presented in property, plant and equipment, the Company elected not to apply that revaluation model to buildings classified as right-of-use assets.

Lease payments on short-term leases of equipment and vehicles and leases of low value assets are recognized as expense on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

(c) Options to extend and terminate the leases

A number of lease contracts for real estate held by the Company contain the option to extend and/or terminate the contract. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Company, not by the respective lessor. Information on critical accounting estimates and assumptions related to the determination of the lease term is presented in Note 3.

(d) Residual value guarantees

To optimize lease costs during the contract period, the Company sometimes provides residual value guarantees in relation to equipment leases. Information on critical accounting estimates and assumptions related to the calculation of the estimated amount payable under the residual value guarantees is presented in Note 3.

2.22 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (see Note 6). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.23 Approval of Issuance of the Financial Statements

The separate financial statements for the year ended December 31, 2025 were approved for issue by the Board of Directors on March 10, 2026 and are subject to change with the approval of shareholders at their Annual General Meeting.

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3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(a) Impairment of investments in subsidiaries

The Company tests whether investments in subsidiaries have suffered any impairment on an annual basis. The recoverable amount is determined based on value-in-use calculations (see Note 19).

(b) Income taxes

The Company's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (see Note 24).

If certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the *Tax System For Recirculation of Corporate Income*, the Company is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Company's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (see Note 5).

(d) Impairment of financial assets

The provision for impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (see Note 4.1.2).

(e) Net defined benefit liability (asset)

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

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23).

(f) Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(g) Net realizable value of inventories

The net realizable value of inventory is determined by the estimated selling price in the market where the Company's inventory is mainly sold.

4. Financial Risk Management

4.1 Financial Risk Factors

Following explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance:

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in functional currency	Cash flow forecasting Sensitivity analysis	Forward exchange limit management
Market risk – interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investment in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	Cash equivalents, trade receivables, derivatives, debt investments and contract assets	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letter of credit Investment guidelines for debt investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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The Company's risk management is predominantly controlled by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

4.1.1 Market risk

(a) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Also, the Company regularly evaluates, manages and reports on the foreign exchange risks for the receivables and payables in foreign currencies.

The Company's financial instruments denominated in major foreign currencies except for functional currency as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Cash and cash equivalents		
USD	₩ 65,668,200	₩ 173,909,520
EUR	658,275	266,972
JPY	15,468,643	14,652,027
GBP	6,869	6,554
CHF	4,339,683	4,209,170
SGD	44,701	-
NZD	416	414
	<u>₩ 86,186,787</u>	<u>₩ 193,044,657</u>
Short-term financial instruments		
USD	<u>₩ 28,698,000</u>	<u>₩ 433,650,000</u>
	<u>₩ 28,698,000</u>	<u>₩ 433,650,000</u>
Trade receivables		
USD	₩ 408,041,554	₩ 335,862,106
EUR	-	21,784
	<u>₩ 408,041,554</u>	<u>₩ 335,883,890</u>
Other receivables¹		
USD	₩ 36,343,973	₩ 42,384,743
EUR	₩ 327,856	-
CHF	271,934,418	195,290,289
JPY	594	-
	<u>₩ 308,606,841</u>	<u>₩ 237,675,032</u>

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Trade payables

USD	₩	256,505,923	₩	629,179,420
	₩	<u>256,505,923</u>	₩	<u>629,179,420</u>

Other payables

USD	₩	1,449,587	₩	1,392,331
EUR		327,856		580,200
JPY		3,441		-
SGD		209,990		246,969
	₩	<u>1,990,874</u>	₩	<u>2,219,500</u>

¹ Current and non-current amounts are included.

As of December 31, 2025 and 2024, if the foreign exchange rate fluctuated by 5% while other variables are fixed, the effects on income before tax would be as follows:

(in thousands of Korean won)

	2025		2024	
	Increase	Decrease	Increase	Decrease
USD	₩ 14,039,811	₩ (14,039,811)	₩ 17,761,731	₩ (17,761,731)
EUR	32,914	(32,914)	(14,572)	14,572
JPY	773,290	(773,290)	732,601	(732,601)
CHF	13,813,705	(13,813,705)	9,974,973	(9,974,973)
GBP	343	(343)	328	(328)
SGD	(8,264)	8,264	(12,348)	12,348
NZD	21	(21)	21	(21)
	<u>₩ 28,651,820</u>	<u>₩ (28,651,820)</u>	<u>₩ 28,442,734</u>	<u>₩ (28,442,734)</u>

(b) Price risk

The Company acquires equity securities (including both listed and unlisted) to manage a liquidity risk and for trading. The Company invests in more than one investment vehicle either directly or indirectly, and the fair value of equity securities (excluding subsidiaries and unlisted equity securities) as of December 31, 2025 is ₩ 344,709,704 thousand (2024: ₩ 379,308,071 thousand) (see Note 10).

As of December 31, 2025 and 2024, if the price of equity securities fluctuated by 20%, the effects on other comprehensive income, net of tax would be as follows:

(in thousands of Korean won)

	2025		2024	
	Increase	Decrease	Increase	Decrease
Effects on other comprehensive income, net of tax				
Financial assets at fair value through other comprehensive income	₩ 52,257,991	₩ (52,257,991)	₩ 58,337,581	₩ (58,337,581)

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(c) Cash flow and fair value interest rate risk

The Company is exposed to changes in value risk on statement of financial position (financial assets, liabilities) through changes in price and interest rate risk through changes in interest income(expense) generated from investments and borrowings. The risk mainly arises from investments of floating rate receivables and borrowings of floating rate payables.

As of December 31, 2025, the Company does not have any variable interest bearing receivables or liabilities.

4.1.2 Credit Risk

Credit risk is the risk of possible loss to portfolio due to counterparty's default, breach of covenant and loss of credibility. The Company controls the credit concentration risk exposure by applying and managing total exposure limits to prevent the excessive risk concentration to industry and borrowers.

(a) Trade receivables and other receivables

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables. To measure the expected credit losses, trade receivables and other receivables have been based on shared credit risk characteristics and the days past due. The expected credit losses include forward-looking information.

Details of the allowance for credit losses on trade receivables as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	2025				
	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Trade receivables	₩ 373,790,422	₩ 31,915,545	₩ 956,837	₩ 2,396,945	₩ 409,059,749
Allowance for credit losses	8,517	-	-	171,707	180,224

(in thousands of Korean won)

	2024				
	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Trade receivables	₩ 321,968,478	-	₩ 4,423,701	₩ 9,881,878	₩ 336,274,057
Allowance for credit losses	2,057	-	-	282,222	284,279

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Movements in the allowance for credit losses for trade receivables for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Beginning balance	₩	284,279	₩	621,159
Provision (reversal) for allowance for doubtful accounts ¹		(104,055)		(336,880)
Ending balance	₩	<u>180,224</u>	₩	<u>284,279</u>

¹ Provision and reversal of allowance for doubtful accounts have been included in the statements of profit or loss as selling and administrative expenses (see Note 29).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

(b) Other financial assets at amortized cost

Credit risk can arise from transactions with financial institutions such as cash and cash equivalents, deposits with banks, derivative financial instruments. The Company has transactions with counterparties that are above certain credit ratings in order to mitigate risks of default.

Other financial assets at amortized cost include loans, other receivables and others.

Movements in allowance for credit losses for other financial assets at amortized cost for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		
	Loans	Other receivables	Total
Beginning balance	₩ 100,000	₩ 183,525	₩ 283,525
Provision of allowance for doubtful accounts	-	-	-
Ending balance	<u>₩ 100,000</u>	<u>₩ 183,525</u>	<u>₩ 283,525</u>

<i>(in thousands of Korean won)</i>	2024		
	Loans	Other receivables	Total
Beginning balance	₩ 100,000	₩ 183,525	₩ 283,525
Provision of allowance for doubtful accounts	-	-	-
Ending balance	<u>₩ 100,000</u>	<u>₩ 183,525</u>	<u>₩ 283,525</u>

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(c) *Maximum exposures to credit risk*

The Company's maximum exposures of financial assets to credit risk without consideration of collaterals' values as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025			December 31, 2024		
	Book amount without deduction	Accumulated impairment loss	Book amount (maximum exposure)	Book amount without deduction	Accumulated impairment loss	Book amount (maximum exposure)
Cash and cash equivalents ¹	₩ 121,041,708	₩ -	₩ 121,041,708	₩ 205,390,550	₩ -	₩ 205,390,550
Short-term financial instruments	291,069,200	-	291,069,200	586,694,000	-	586,694,000
Trade receivables	409,059,749	(180,224)	408,879,525	336,274,057	(284,279)	335,989,778
Other receivables ²	323,500,107	(283,525)	323,216,582	251,354,439	(283,525)	251,070,914
Long-term financial instruments	1,308,500	-	1,308,500	1,308,500	-	1,308,500
Derivative assets	33,878,217	-	33,878,217	8,334,557	-	8,334,557
Financial assets at fair value through other comprehensive income	344,734,531	-	344,734,531	379,332,899	-	379,332,899
	₩ 1,524,592,012	₩ (463,749)	₩ 1,524,128,263	₩ 1,768,689,002	₩ (567,804)	₩ 1,768,121,198

¹ Cash on hand is not included in cash and cash equivalents.

² Current and non-current amounts are included.

4.1.3 Liquidity Risk

Liquidity risk is defined as the risk that the Company is unable to meet its short-term payment obligations on time due to deterioration of its business performance or inability to access financing.

The Company forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively.

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Details of the Company's liquidity risk analysis as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025					
	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	Total
Trade payables	₩ 257,705,995	₩ -	₩ -	₩ -	₩ -	₩ 257,705,995
Other payables	22,295,136	-	-	-	-	22,295,136
Lease liabilities	681,706	2,045,117	2,553,372	5,246,577	3,683,309	14,210,081
Financial guarantee liabilities	268,501,860	-	-	-	-	268,501,860
Derivatives held for trading						
Outflow	165,103,047	579,895,703	-	-	-	744,998,750
(Inflow)	(170,196,552)	(602,030,120)	-	-	-	(772,226,672)
	₩ (5,093,505)	₩ (22,134,417)	₩ -	₩ -	₩ -	₩ (27,227,922)

(in thousands of Korean won)

	December 31, 2024					
	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	Total
Trade payables	₩ 630,582,190	₩ -	₩ -	₩ -	₩ -	₩ 630,582,190
Other payables	23,232,946	-	-	-	-	23,232,946
Lease liabilities	581,066	1,743,197	2,146,596	5,216,355	-	9,687,214
Financial guarantee liabilities	209,024,900	-	-	-	-	209,024,900
Derivatives held for trading						
Outflow	188,138,712	74,376,731	-	-	-	262,515,443
(Inflow)	(189,940,000)	(80,910,000)	-	-	-	(270,850,000)
	₩ (1,801,288)	₩ (6,533,269)	₩ -	₩ -	₩ -	₩ (8,334,557)

4.2 Capital Risk Management

The Company's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Company uses debt-to-equity ratio as indicator of capital management. This ratio is calculated from total liabilities divided by total equity which are posted in the financial statements.

Debt-to-equity ratios as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025	December 31, 2024
Total liabilities	₩ 448,084,849	₩ 816,529,668
Total equity	2,133,141,741	1,991,200,241
Debt-to-equity ratio	21.01%	41.01%

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5. Fair Value

5.1 Fair Value Hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (Level 2).
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	₩ 344,709,704	₩ -	₩ 24,827	₩ 344,734,531
Derivative assets	-	33,878,217	-	33,878,217
Financial liabilities				
Derivative liabilities	-	6,650,295	-	6,650,295
 <i>(in thousands of Korean won)</i>				
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	₩ 379,308,072	₩ -	₩ 24,827	₩ 379,332,899
Derivative assets	-	8,334,557	-	8,334,557
Financial liabilities				
Derivative liabilities	-	-	-	-

As of December 31, 2025, there is no significant difference between the fair values and book amounts of financial instruments held by the Company.

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5.2 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements

The Company's policy is to recognize transfers between levels of the fair value at the end of the reporting period.

Details of transfers between levels of each fair value hierarchy of financial instruments are as follows:

There were no transfers between levels 1 and 2 for recurring fair value measurements for each of the two years in the period ended December 31, 2025.

Changes in level 3 for recurring fair value measurements for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025		2024	
	Financial assets		Financial assets	
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through other comprehensive income	
Beginning balance	₩	24,827	₩	24,827
Valuation		-		-
Disposal		-		-
Ending balance	₩	24,827	₩	24,827

5.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy as of December 31, 2025 are as follows:

(in thousands of Korean won)

	December 31, 2025				
	Fair value	Level	Valuation techniques	Inputs	Range of inputs
Derivatives					
Derivative assets	₩ 33,878,217	2	Option pricing model	Annual rates of credit volatility	N/A
Derivative liabilities	6,650,295			Credit risk of counterparty	N/A

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6. Operating Segment Information

(a) The Company's reportable segments consist of OEM segment and Others.

(b) Profits or losses by each segment for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		
	OEM	Others ²	Total
Sales	₩ 2,480,657,297	₩ 26,757,971	₩ 2,507,415,268
Operating income ¹	259,315,870	13,445,513	272,761,383
Depreciation and amortization ²	3,045,337	5,343,433	8,388,770
Depreciation of right-of-use assets ²	2,232,917	175,722	2,408,639

¹ Management of the Company evaluates the performance of business segments based on operating income of each segment.

² Certain depreciation, amortization and depreciation of right-of-use assets expenses that are not distributed to the reporting business are included in 'Others'.

<i>(in thousands of Korean won)</i>	2024		
	OEM	Others ²	Total
Sales	₩ 2,090,015,966	₩ 23,870,235	₩ 2,113,886,201
Operating income ¹	204,371,057	10,730,428	215,101,485
Depreciation and amortization ²	2,955,273	5,205,197	8,160,470
Depreciation of right-of-use assets ²	1,723,965	144,215	1,868,180

¹ Management of the Company evaluates the performance of segments based on operating income of each segment.

² Certain depreciation, amortization and depreciation of right-of-use assets that are not distributed to the segment are included in Others.

(c) Assets and liabilities by business segment as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025			
	OEM	Others	Adjustment ^{3,4}	Total
Assets ¹	₩ 1,142,652,873	₩ 89,922,501	₩ 1,348,651,216	₩ 2,581,226,590
Investments in subsidiaries	313,863,743	308,561,927	-	622,425,670
Investments in associates	-	45,000,000	-	45,000,000
Purchase of non-current assets ²	1,654,603	130,211	-	1,784,814
Liabilities ¹	260,624,355	20,510,160	166,950,334	448,084,849

¹ The segment's assets and liabilities reported to the Board of directors are calculated with the same

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method used for the assets and liabilities on the financial statements and distributed based on the segment sales.

² The financial instruments are excluded from the acquisition cost of non-current assets.

³ Assets that are not distributed to the reporting segment such as financial assets at fair value through other comprehensive income and investment property acquired in the current year.

⁴ Liabilities that are not distributed to the reporting segment such as deferred income tax, income tax expense, short-term and long-term borrowings.

(in thousands of Korean won)

	December 31, 2024			
	OEM	Others	Adjustment^{3,4}	Total
Assets ¹	₩ 1,409,086,409	₩ 117,874,007	₩ 1,280,769,493	₩ 2,807,729,909
Investments in subsidiaries	311,330,093	280,409,579	-	591,739,672
Investments in associates	-	45,000,000	-	45,000,000
Purchase of non-current assets ²	7,799,174	652,423	-	8,451,597
Liabilities ¹	608,313,035	50,887,083	157,329,550	816,529,668

¹ The segment's assets and liabilities reported to the Board of directors are calculated with the same method used for the assets and liabilities on the financial statements and distributed based on the segment sales.

² The financial instruments are excluded from the acquisition cost of non-current assets.

³ Assets that are not distributed to the reporting segment such as financial assets at fair value through other comprehensive income and investment property acquired in the current year.

⁴ Liabilities that are not distributed to the reporting segment such as deferred income tax, income tax expense, short-term and long-term borrowings.

(d) Details of external customers, who contribute more than 10% of the Company's revenue for each of the two years in the period ended December 31, 2025 are as follows:

(in billions of Korean won)

	2025		2024		Segment
	₩		₩		
Customer 1	559.5		537.6		OEM
Customer 2	454.3		365.9		OEM
Customer 3	321.9		208.2		OEM
Customer 4	260.7		251.3		OEM

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7. Financial Instruments by Category

7.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

	December 31, 2025						
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at amortized cost	Other financial assets and liabilities	Financial liabilities at fair value through profit or loss	Total
Financial assets							
Cash and cash equivalents	₩ 121,187,837	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 121,187,837
Long-term and short-term financial instruments	292,377,700	-	-	-	-	-	292,377,700
Derivative assets	-	33,878,217	-	-	-	-	33,878,217
Financial assets at fair value through other comprehensive income	-	-	344,734,531	-	-	-	344,734,531
Trade receivables	408,879,525	-	-	-	-	-	408,879,525
Other receivables	323,216,582	-	-	-	-	-	323,216,582
	<u>₩ 1,145,661,644</u>	<u>₩ 33,878,217</u>	<u>₩ 344,734,531</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,524,274,392</u>
Financial liabilities							
Trade payables	₩ -	₩ -	₩ -	₩ 257,705,995	₩ -	₩ -	₩ 257,705,995
Derivative liabilities	-	-	-	-	-	6,650,295	6,650,295
Other payables	-	-	-	22,886,185	-	-	22,886,185
Lease liabilities	-	-	-	-	12,389,503	-	12,389,503
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 280,592,180</u>	<u>₩ 12,389,503</u>	<u>₩ 6,650,295</u>	<u>₩ 299,631,978</u>

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(in thousands of
Korean won)

December 31, 2024

	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at amortized cost	Other financial assets and liabilities	Financial liabilities at fair value through profit or loss	Total
Financial assets							
Cash and cash equivalents	₩ 205,481,517	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 205,481,517
Long-term and short-term financial instruments	588,002,500	-	-	-	-	-	588,002,500
Derivative assets	-	8,334,557	-	-	-	-	8,334,557
Financial assets at fair value through other comprehensive income	-	-	379,332,899	-	-	-	379,332,899
Trade receivables	335,989,778	-	-	-	-	-	335,989,778
Other receivables	251,070,914	-	-	-	-	-	251,070,914
	<u>₩ 1,380,544,709</u>	<u>₩ 8,334,557</u>	<u>₩ 379,332,899</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,768,212,165</u>
Financial liabilities							
Trade payables	₩ -	₩ -	₩ -	₩ 630,582,190	₩ -	₩ -	₩ 630,582,190
Derivative liabilities	-	-	-	-	-	-	-
Other payables	-	-	-	23,963,205	-	-	23,963,205
Lease liabilities	-	-	-	-	8,922,398	-	8,922,398
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 654,545,395</u>	<u>₩ 8,922,398</u>	<u>₩ -</u>	<u>₩ 663,467,793</u>

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7.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Financial assets at fair value through profit and loss		
Gain on transaction	₩ 7,262,070	₩ -
Financial assets at fair value through other comprehensive income		
Gain (loss) on valuation (other comprehensive income)	₩ (32,581,118)	₩ (39,476,128)
Dividend income	8,359,968	86,070,937
Derivative assets and liabilities		
Gain on valuation	27,227,922	8,334,557
Gain on transaction	(4,699,092)	4,690,810
Financial asset at amortized cost		
Interest income	37,544,189	40,797,638
Gain on foreign currency transaction	11,801,143	132,480,358
Financial liabilities at amortized cost		
Interest expense	7,097	2,623
Reversal of financial guarantee liabilities	693,074	207,877
Loss on foreign currency transaction	(1,732,758)	(68,182,345)
Other financial liabilities		
Interest expense	406,140	341,444
Loss on foreign currency transaction	(59,297)	(33,539)

8. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Cash on hand	₩ 146,129	₩ 90,968
Short-term financial institution deposits	121,041,708	205,390,549
	<u>₩ 121,187,837</u>	<u>₩ 205,481,517</u>

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9. Financial Instruments Restricted in Use

Financial instruments with restriction on use as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Financial institution	December 31, 2025	December 31, 2024	Reason of restriction
Long-term financial instruments and others	Shinhan Bank and others	₩ 7,500	₩ 7,500	Guarantee deposit
	Kookmin Bank	600,000	600,000	Pledged
	Woori Bank	701,000	701,000	Pledged
		<u>₩ 1,308,500</u>	<u>₩ 1,308,500</u>	

10. Financial Assets at Fair Value through Other Comprehensive Income

(a) Financial assets at fair value through other comprehensive income as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Listed securities	₩ 344,709,704	₩ 379,308,071
Unlisted securities	24,827	24,827
	<u>₩ 344,734,531</u>	<u>₩ 379,332,898</u>

Upon disposal of these equity shares, any balance within the accumulated other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

(b) Changes in financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 379,332,898	₩ 418,809,026
Disposal	(2,017,249)	-
Valuation	(32,581,118)	(39,476,128)
Ending balance	<u>₩ 344,734,531</u>	<u>₩ 379,332,898</u>

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(c) Details of listed securities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025					December 31, 2024
	Number of Shares	Percentage of ownership (%)	Acquisition cost	Fair Value	Book amount	Book amount
GOLDWIN INC. ¹	12,328,200	8.66	₩ 26,385,268	₩ 283,892,864	₩ 283,892,864	₩ 340,388,407
HUVIS CORPORATION	485,708	1.41	5,267,403	1,296,840	1,296,840	1,253,127
ILSHIN SPINNING CO., LTD.	-	-	-	-	-	1,474,537
HANJINKAL	480,000	0.72	30,015,000	59,520,000	59,520,000	36,192,000
			₩ 61,667,671	₩ 344,709,704	₩ 344,709,704	₩ 379,308,071

¹ GOLDWIN INC.'s shares are listed in Japan.

11. Trade Receivables

(a) Trade receivables and its allowance for doubtful accounts as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025	December 31, 2024
Trade receivables	₩ 409,059,749	₩ 336,274,057
Allowance for doubtful accounts	(180,224)	(284,279)
Trade receivable, net	₩ 408,879,525	₩ 335,989,778

(b) See Note 4.1.2 for the impairment of trade receivables and the Company's exposure to credit risk.

12. Other Receivables

(a) Other receivables as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025	December 31, 2024
Current		
Short-term loans	₩ 100,000	₩ 100,000
Allowance for doubtful accounts	(100,000)	(100,000)
Accrued income	3,894,568	11,637,190
Other receivables	2,936,408	2,987,757
Allowance for doubtful accounts	(183,525)	(183,525)
	6,647,451	14,441,422
Non-current		
Long-term loans	314,533,100	234,662,167
Leasehold deposits	1,784,282	1,727,680
Long-term accrued income	251,749	239,646
	316,569,131	236,629,493
	₩ 323,216,582	₩ 251,070,915

(b) See Note 4.1.2 for the impairment of other receivables and the Company's exposure to credit risk.

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13. Other Current Assets

Other current assets as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Prepaid expenses	₩ 168,123	₩ 206,644
Advances	13,415,775	13,602,224
Allowance for doubtful accounts	(500,000)	(500,000)
Others	190,535	317,140
	<u>₩ 13,274,433</u>	<u>₩ 13,626,008</u>

14. Inventories

(a) Inventories as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Merchandise	₩ 1,823,984	₩ 3,212,943
Valuation allowance	(1,478,963)	(2,595,347)
Raw materials	3,368,295	11,747,898
Goods in transit	158,259	850,253
	<u>₩ 3,871,575</u>	<u>₩ 13,215,747</u>

(b) The cost of inventories recognized as cost of sales amounted to ₩ 2,130,268,346 thousand (2024: ₩ 1,795,941,203 thousand) (see Note 31).

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15. Property, Plant and Equipment

(a) Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025								
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Facilities	Construction in progress	Total
Opening net book amount	₩ 28,570,412	₩ 58,146,896	₩ 554,582	₩ 6,060,939	₩ 550,028	₩ 8,352,460	₩ 398,834	₩ -	₩ 102,634,151
Acquisition	-	-	-	16,951	75,559	518,091	21,087	-	631,688
Transfer	(2,679,560)	(3,933,589)	570,408	-	-	-	-	-	(6,042,741)
Disposal / discard / impairment	-	-	-	(15,539)	(2)	-	-	-	(15,541)
Depreciation	-	(1,829,312)	(42,217)	(1,355,013)	(209,871)	(979,998)	(20,687)	-	(4,437,098)
Closing net book amount	25,890,852	52,383,995	1,082,773	4,707,338	415,714	7,890,553	399,234	-	92,770,459
Acquisition cost	25,890,852	68,638,249	1,785,266	27,660,982	2,311,544	28,799,369	780,676	-	155,866,938
Accumulated depreciation	-	(16,254,254)	(702,493)	(22,953,644)	(1,895,830)	(20,908,816)	(381,442)	-	(63,096,479)
Ending net book amount	₩ 25,890,852	₩ 52,383,995	₩ 1,082,773	₩ 4,707,338	₩ 415,714	₩ 7,890,553	₩ 399,234	₩ -	₩ 92,770,459

<i>(in thousands of Korean won)</i>	2024								
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Facilities	Construction in progress	Total
Opening net book amount	₩ 32,150,369	₩ 42,831,249	₩ 601,221	₩ 2,259,815	₩ 831,649	₩ 7,412,559	₩ 342,222	₩ 5,574,517	₩ 92,003,601
Acquisition	-	(139,288)	-	-	-	1,332,261	76,998	2,178,203	3,448,174
Transfer	(3,579,957)	17,251,693	-	5,199,610	-	443,003	-	(7,752,720)	11,561,629
Disposal / discard / impairment	-	-	-	-	(80,865)	(93)	-	-	(80,958)
Depreciation	-	(1,796,758)	(46,639)	(1,398,486)	(200,756)	(835,270)	(20,386)	-	(4,298,295)
Closing net book amount	28,570,412	58,146,896	554,582	6,060,939	550,028	8,352,460	398,834	-	102,634,151
Acquisition cost	28,570,412	74,869,970	1,214,858	27,660,983	2,317,724	28,281,277	759,589	-	163,674,813
Accumulated depreciation	-	(16,723,074)	(660,276)	(21,600,044)	(1,767,696)	(19,928,817)	(360,755)	-	(61,040,662)
Ending net book amount	₩ 28,570,412	₩ 58,146,896	₩ 554,582	₩ 6,060,939	₩ 550,028	₩ 8,352,460	₩ 398,834	₩ -	₩ 102,634,151

Depreciation has been included in the selling and administrative expenses (see Note 29).

(b) There are no borrowing costs capitalized for property, plant and equipment which are qualifying assets for each of the two years in the period ended December 31, 2025.

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16. Leases

Set out below is information for leases when the Company is a lessee.

(a) Amounts recognized in the separate statement of financial position

The separate statement of financial position shows the following amounts relating to leases:

<i>(in thousands of Korean won)</i>	2025	2024
Right-of-use assets		
Buildings	₩ 11,894,197	₩ 8,830,497
	<u>₩ 11,894,197</u>	<u>₩ 8,830,497</u>

<i>(in thousands of Korean won)</i>	2025	2024
Lease liabilities		
Current	₩ 2,726,823	₩ 2,324,262
Present value discounts	(463,697)	(296,047)
Non-current	11,483,258	7,362,951
Present value discounts	(1,356,881)	(468,768)
	<u>₩ 12,389,503</u>	<u>₩ 8,922,398</u>

Additions to the right-of-use assets for the year ended December 31, 2025 amount to ₩ 5,472,339 thousand (2024: ₩ 1,152,298 thousand).

(b) Amounts recognized in the separate statement of profit or loss

The separate statement of profit or loss shows the following amounts relating to leases:

<i>(in thousands of Korean won)</i>	2025	2024
Depreciation of right-of-use assets		
Buildings	₩ 2,408,639	₩ 1,868,180
	<u>₩ 2,408,639</u>	<u>₩ 1,868,180</u>
Interest expense relating to lease liabilities (included in finance cost) ¹	₩ 406,140	₩ 377,597
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)	38,227	34,051

¹ Interest expense relating to lease liabilities amounting to ₩ 84,719 thousand (2024: ₩ 36,153 thousand) was transferred as capitalized borrowing costs for qualifying assets.

The total cash outflow for leases for the year ended December 31, 2025 amounts to ₩ 2,429,706 thousand (2024: ₩ 2,171,138 thousand).

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17. Intangible Assets

Changes in intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025				2024			
	Industrial property	Software	Membership rights	Total	Industrial property	Software	Membership rights	Total
Opening net book amount	₩ 2,906	₩ 184,710	₩ 382,244	₩ 569,860	₩ 4,962	₩ 363,936	₩ 393,684	₩ 762,582
Acquisition	-	-	-	-	-	450	-	450
Amortization	(1,413)	(121,454)	-	(122,867)	(2,056)	(179,676)	-	(181,732)
Disposal	-	-	-	-	-	-	(11,440)	(11,440)
Closing net book amount	1,493	63,256	382,244	446,993	2,906	184,710	382,244	569,860
Acquisition cost	308,250	5,700,513	382,244	6,391,007	308,250	5,700,513	382,244	6,391,007
Accumulated amortization	(306,757)	(5,637,257)	-	(5,944,014)	(305,344)	(5,515,803)	-	(5,821,147)
Net book amount	₩ 1,493	₩ 63,256	₩ 382,244	₩ 446,993	₩ 2,906	₩ 184,710	₩ 382,244	₩ 569,860

Amortization is included in the selling and administrative expenses in the statement of profit or loss (see Note 29).

18. Investment Property

(a) Changes in investment property for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Opening net book amount	₩ 263,901,809	₩ 274,140,908
Acquisition	1,153,126	5,002,972
Depreciation	(3,828,805)	(3,680,442)
Transfer	6,042,742	(11,561,629)
Closing net book amount	267,268,872	263,901,809
Acquisition cost	305,585,552	296,091,553
Accumulated depreciation	(38,316,680)	(32,189,744)
Net book amount	₩ 267,268,872	₩ 263,901,809

(b) Fair value of investment property as of December 31, 2025 is ₩ 390,859,900 thousand (2024: ₩ 381,199,797 thousand).

(c) Rent income from investment property for the year ended December 31, 2025 is ₩ 21,317,329 thousand (2024: ₩ 20,645,008 thousand).

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(d) For the year ended December 31, 2025, borrowing costs capitalized for investment property, which are qualifying assets, are ₩ 85,650 thousand (2024: ₩ 45,186 thousand) and the interest rate used to calculate capitalizable borrowing costs is 3.56% (2024: 3.94%).

19. Investments in Subsidiaries and Associate

(a) The Company's investments in subsidiaries and associate as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Ownership	December 31, 2025	December 31, 2024	Ending month	Location
Subsidiaries					
YCL ^{1,33}	49.66%	₩ 36,923,591	₩ 36,923,591	December	Bangladesh
TSL ²	100.00%	70,140,910	49,832,269	December	Bangladesh
KSL ^{3,33}	39.60%	10,056,353	10,056,353	December	Bangladesh
YHT ⁴	100.00%	126,945,139	126,945,139	December	Bangladesh
YPL ⁵	100.00%	15,862,197	15,862,197	December	Bangladesh
YGA ⁶	100.00%	7,521,581	7,521,581	December	Bangladesh
SDF ⁷	100.00%	2,511,949	2,511,949	December	Bangladesh
YSF ^{8,33}	44.06%	3,002,105	3,002,105	December	Bangladesh
STL ⁹	100.00%	2,498,825	2,498,825	December	Bangladesh
YSS ¹⁰	-	-	20,308,641	December	Bangladesh
SLS ¹¹	100.00%	111,530	111,530	December	Bangladesh
YSP ¹²	100.00%	1,425,875	362,425	December	China
GMC ¹³	100.00%	252,060	252,060	December	China
YNL ¹⁴	100.00%	39,367,253	39,367,253	December	Vietnam
YBL ¹⁵	100.00%	6,625,900	6,625,900	December	Vietnam
YHL ¹⁶	100.00%	8,683,000	8,683,000	December	Vietnam
YLS ¹⁷	100.00%	5,366,035	5,366,035	December	El Salvador
ESL ¹⁸	100.00%	2,314,711	2,314,711	December	Hong Kong
DTL ¹⁹	100.00%	3,254,326	3,254,326	December	Thailand
AAJ ^{20,33}	40.00%	22,743,740	22,743,740	December	U.K. (IOM)
SQA ²¹	100.00%	4,879,758	4,879,758	December	Uzbekistan
MSH ²²	100.00%	55,023,768	55,023,768	December	U.S.A.
SCOTT ²³	96.71%	157,050,218	130,543,000	September	Switzerland
BPL ²⁴	100.00%	217,707	217,707	December	Taiwan
ESP ²⁵	100.00%	1,727,669	1,727,669	December	Ethiopia
BKS ²⁶	100.00%	6,281,757	6,281,757	December	Uzbekistan
DTJ ²⁷	100.00%	78	78	December	New Zealand
YIA ²⁸	100.00%	16,163,460	16,163,460	December	Singapore
YES ²⁹	100.00%	4,417,845	2,772,715	December	Portugal
ASJ ³⁰	100.00%	9,586,130	9,586,130	December	Guatemala
YKE ³¹	100.00%	1,470,200	-	December	Kenya
		<u>622,425,670</u>	<u>591,739,672</u>		
Associate					
YOH CVC FUND1 LP ^{32, 34}	52.94%	45,000,000	45,000,000	December	Singapore
		<u>₩ 667,425,670</u>	<u>₩ 636,739,672</u>		

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- ¹ YOUNGONE (CEPZ) LTD.
- ² TITAS SPORTSWEAR INDUSTRIES LTD.
- ³ KARNAPHULI SPORTSWEAR INDUSTRIES LTD.
- ⁴ YOUNGONE HI-TECH SPORTSWEAR INDUSTRIES LTD.
- ⁵ YOUNGONE PADDING (CEPZ) LTD.
- ⁶ YOUNGONE GARMENT ACCESSORIES INDUSTRIES LTD.
- ⁷ SAVAR DYEING & FINISHING INDUSTRIES LTD.
- ⁸ YOUNGONE SYNTHETIC FIBRE PRODUCTS INDUSTRIES LTD.
- ⁹ SUNGNAM TEXTILES MILLS LTD.
- ¹⁰ YOUNGONE SPORTS SHOES INDUSTRIES LTD. YSS was merged into and absorbed by TSL.
- ¹¹ SUNGNAM LEATHER AND SPORTS PRODUCT INDUSTRIES LTD.
- ¹² QINGDAO YOUNGONE SPORTS PRODUCTS CO., LTD.
- ¹³ QINGDAO YOUNGONE SPORTSWEAR CO., LTD.
- ¹⁴ YOUNGONE NAM DINH CO., LTD.
- ¹⁵ YOUNGONE BAC GIANG CO., LTD.
- ¹⁶ YOUNGONE HUNG YEN CO., LTD.
- ¹⁷ YOUNGONE (EL SALVADOR) S.A DE C.V.
- ¹⁸ EVER SUMMIT (HK) LTD.
- ¹⁹ DONGNAMA TRADING CO., LTD.
- ²⁰ ARIRANG AVIATION (IOM) LTD
- ²¹ YOUNGONE SAMARKAND LLC.
- ²² MOUNTAIN SUMMIT HOLDINGS, LTD.
- ²³ SCOTT CORPORATION SA
- ²⁴ BROAD PEAK INTERNATIONAL LTD.
- ²⁵ EVERTOP SPORTSWEAR PLC.
- ²⁶ BUKA SPORTSWEAR LLC.
- ²⁷ DESIGNER TEXTILES INTERNATIONAL LTD.
- ²⁸ YOUNGONE INTERNATIONAL ASIA PTE LTD
- ²⁹ YOUNGONE CORPORATION EUROPE SGPS
- ³⁰ AMATITLAN SUNGNAM INDUSTRIES SA
- ³¹ YOUNGONE KENYA EPZ LTD
- ³² YOH CVC Fund 1 Limited Partnership
- ³³ The Company has over a 50% stake, including indirect ownership percentages.
- ³⁴ Although the Company holds more than 50% of ownership for YOH CVC FUND 1 LP, the Company cannot determine operation of fund and composition of investment committee by itself, and Youngone Holdings Co., Ltd., the Parent Company, has control over YOH CVC FUND 1 LP, therefore, it is classified as an associate.

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(b) Changes in investments in subsidiaries and associate for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 636,739,672	₩ 628,491,447
Acquisition	30,685,998	9,948,225
Impairment loss	-	(1,700,000)
Ending balance	<u>₩ 667,425,670</u>	<u>₩ 636,739,672</u>

20. Trade and Other Payables

Trade and other payables as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Trade payables	₩ 257,705,995	₩ 630,582,190
Other payables		
Non-trade payables	5,756,656	7,631,606
Dividend payable	-	4,647
Leasehold deposits	16,538,480	15,596,692
Financial guarantee liabilities	591,049	730,259
	<u>22,886,185</u>	<u>23,963,204</u>
	<u>₩ 280,592,180</u>	<u>₩ 654,545,394</u>

21. Other Current Liabilities

Details of other current liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Customer advances	₩ 476,594	₩ 408,759
Withholdings	673,847	3,892,232
	<u>₩ 1,150,441</u>	<u>₩ 4,300,991</u>

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22. Contract Assets and Liabilities

(a) The Company has recognized the contract assets and liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Contract liabilities – unsatisfied performance obligations ¹	₩ 459,227	₩ 393,759

¹ The Company does not have contract assets, and contract liabilities are included in other current liabilities.

(b) Revenue recognized in relation to contract liabilities

Details of amounts recognized as revenue in relation to contract liabilities for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Unsatisfied performance obligations as of December 31, 2024	₩ 391,665	₩ 144,101

23. Net Defined Benefit Liabilities (Assets)

(a) Details of net defined benefit liabilities (assets) recognized in the statements of financial position as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	₩ 40,018,232	₩ 38,082,023
Fair value of plan assets	(39,475,896)	(33,427,301)
Net defined benefit liabilities on the separate statement of financial position	<u>₩ 542,336</u>	<u>₩ 4,654,722</u>

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(b) Movements in the defined benefit obligations for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 38,082,023	₩ 27,906,579
Current service cost	3,558,704	3,193,562
Interest expense	1,509,918	1,489,822
Remeasurements:		
Actuarial losses arising from change in financial assumptions	(667,129)	2,722,946
Actuarial gains arising from change in demographic assumptions	-	(177,866)
Actuarial losses (gains) arising from experience adjustments	(1,184,571)	(1,036,383)
Payments from plans:		
Benefit payments	(1,361,696)	(975,309)
Effect of plans revision	-	5,494,493
Effect of transfer from (to) associates	80,983	(535,821)
Ending balance	<u>₩ 40,018,232</u>	<u>₩ 38,082,023</u>

(c) Movements in the fair value of plan assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 33,427,301	₩ 27,873,520
Interest income	1,239,758	1,184,902
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	132,831	(51,799)
Contributions:		
Employers	5,760,000	6,361,000
Payments from plans:		
Benefit payments	(1,164,977)	(1,404,501)
Effect of transfer from and to associates	80,983	(535,821)
Ending balance	<u>₩ 39,475,896</u>	<u>₩ 33,427,301</u>

(d) The material actuarial assumptions as of December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Discount rate	4.71%	4.40%
Salary growth rate	8.09%	8.79%

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(e) Plan assets as of December 31, 2025 and 2024 consist of the following:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Cash and cash equivalents	₩ 39,475,896	₩ 33,427,301

(f) The sensitivity analysis of the defined benefit obligation to changes in the principal assumptions is as follows:

<i>(in thousands of Korean won)</i>	Impact on defined benefit obligation					
	December 31, 2025			December 31, 2024		
	Changes in assumption	Increase in assumption	Decrease in assumption	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%p	₩(2,249,503)	₩ 2,548,587	1%p	₩ (2,318,730)	₩ 2,644,091
Salary growth rate	1%p	2,428,064	(2,193,379)	1%p	2,505,796	(2,251,311)

The decrease in discount rate, using the rate of return of high-quality credit bonds, partially offsets by increasing the value of the debt securities held by the plan. However, the most significant risk exposure is due to the increase in defined benefit liabilities.

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

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

(g) The Effects of Future Cash Flows on Defined Benefit Plans

The Company reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund.

The expected maturity analysis of undiscounted pension benefits as of December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	Less than 1 year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Total
Pension benefits	₩ 4,142,808	₩ 11,242,786	₩ 9,307,203	₩ 19,282,735	₩ 43,975,532

The weighted average duration of the defined benefit obligation is 5.99 years.

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(h) The expenses recognized for the year ended December 31, 2025 in relation to defined contribution plan and others were ₩ 104,306 thousand (2024: ₩ 92,167 thousand). There are no expenses recognized as retirement bonus in the current period.

(i) Expected contributions to post-employment benefit plans for the year ending December 31, 2026, are ₩ 4,249 million.

24. Income Tax Expense and Deferred Tax

(a) Income tax expense for each of the two years in the period ended December 31, 2025 consists of:

<i>(in thousands of Korean won)</i>	2025	2024
Current tax:		
Current tax on profits for the year	₩ 90,457,793	₩ 82,917,662
Adjustments in respect of prior years	120,305	(626,870)
Deferred tax:		
Origination and reversal of temporary differences	(653,524)	856,894
Others	(153,192)	-
Income tax expense ¹	<u>₩ 89,771,382</u>	<u>₩ 83,147,686</u>

¹ Including the global minimum tax.

(b) The reconciliation between the net profit before income tax and income tax expense for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Profit before income tax	<u>₩ 353,392,586</u>	<u>₩ 418,888,402</u>
Tax at domestic tax rates applicable to profits in the respective countries	82,933,643	100,224,538
Tax effects of:		
Non-taxable income (dividends received deduction and others)	(16,787)	(17,479,896)
Expenses not deductible for tax purposes	320,015	288,930
Additional payment of income taxes	3,002,830	1,756,843
Unrecognized temporary differences	(588,174)	473,500
Tax credit and tax exemption	(1,244,459)	(953,025)
Others	5,364,314	(1,163,204)
Income tax expense	<u>₩ 89,771,382</u>	<u>₩ 83,147,686</u>

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(c) The income tax recognized directly in equity as of December 31, 2025 and 2024 is as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025			December 31, 2024		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ (32,581,118)	₩ 7,884,631	₩ (24,696,487)	₩ (39,476,128)	₩ 9,473,614	₩ (30,002,514)
Remeasurements of net defined benefit liabilities	1,984,530	(523,916)	1,460,614	(1,560,496)	348,284	(1,212,212)
	<u>₩ (30,596,588)</u>	<u>₩ 7,360,715</u>	<u>₩ (23,235,873)</u>	<u>₩ (41,036,624)</u>	<u>₩ 9,821,898</u>	<u>₩ (31,214,726)</u>

(d) Deferred tax assets and deferred tax liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 578,278	₩ 789,100
Deferred tax asset to be recovered after more than 12 months	14,123,576	12,372,150
	<u>14,701,854</u>	<u>13,161,250</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(843,919)	(2,656,252)
Deferred tax liability to be recovered after more than 12 months	(97,211,674)	(101,872,976)
	<u>(98,055,593)</u>	<u>(104,529,228)</u>
Deferred tax liabilities, net	<u>₩ (83,353,739)</u>	<u>₩ (91,367,978)</u>

(e) The gross movement in deferred tax assets (liabilities) for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ (91,367,978)	₩ (100,332,982)
Income statement charge	653,524	(856,894)
Tax recognized directly in equity	7,360,715	9,821,898
Ending balance	<u>₩ (83,353,739)</u>	<u>₩ (91,367,978)</u>

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(f) The movement in deferred tax assets and liabilities during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in thousands of Korean won)

	2025			
	Beginning balance	Profit or loss	Equity	Ending balance
Deferred tax assets				
Agent cost of goods sold	₩ 173	₩ (173)	₩ -	₩ -
Loss on valuation of inventories	599,525	(241,616)	-	357,909
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	1,198,017	(74,289)	(10,578)	1,113,150
Interest related to loan for construction	16,842	(236)	-	16,606
Post-employment benefit obligations	8,358,654	1,386,492	(523,916)	9,221,230
Accrued expenses	189,401	30,968	-	220,369
Depreciation	321,116	19,252	-	340,368
Lease liabilities	2,061,074	937,186	-	2,998,260
Non-trade payables	21,291	3,503	-	24,794
Investments in subsidiaries	234,132	(234,132)	-	-
Others	161,025	248,143	-	409,168
	<u>13,161,250</u>	<u>2,075,098</u>	<u>(534,494)</u>	<u>14,701,854</u>
Deferred tax liabilities				
Agent sales	(213)	213	-	-
Accrued income	(2,591,834)	1,747,915	-	(843,919)
Advanced depreciation provision	(2,633,711)	(125,414)	-	(2,759,125)
Investments in subsidiaries	(15,367,207)	2,664,376	-	(12,702,831)
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	(73,961,612)	(3,390,645)	7,895,209	(69,457,048)
Insurance for retirement	(7,721,706)	(1,499,524)	-	(9,221,230)
Right-of-use assets	(2,039,845)	(838,551)	-	(2,878,396)
Depreciation	(48,228)	(1,782)	-	(50,010)
Others	(164,872)	21,838	-	(143,034)
	<u>(104,529,228)</u>	<u>(1,421,574)</u>	<u>7,895,209</u>	<u>(98,055,593)</u>
	<u>₩ (91,367,978)</u>	<u>₩ 653,524</u>	<u>₩ 7,360,715</u>	<u>₩ (83,353,739)</u>

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	2024			
	Beginning balance	Profit or loss	Equity	Ending balance
Deferred tax assets				
Agent cost of goods sold	₩ (35,020)	₩ 35,193	₩ -	₩ 173
Loss on valuation of inventories	758,394	(158,869)	-	599,525
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	970,999	(4,185)	231,203	1,198,017
Interest related to loan for construction	17,910	(1,068)	-	16,842
Post-employment benefit obligations	6,034,136	1,976,234	348,284	8,358,654
Accrued expenses	168,815	20,586	-	189,401
Depreciation	419,172	(98,056)	-	321,116
Lease liabilities	2,405,538	(344,464)	-	2,061,074
Non-trade payables	60,672	(39,381)	-	21,291
Investments in subsidiaries	463,126	(228,994)	-	234,132
Others	-	161,025	-	161,025
	<u>11,263,742</u>	<u>1,318,021</u>	<u>579,487</u>	<u>13,161,250</u>
Deferred tax liabilities				
Agent sales	42,931	(43,144)	-	(213)
Accrued income	(2,122,446)	(469,388)	-	(2,591,834)
Advanced depreciation provision	(2,645,112)	11,401	-	(2,633,711)
Investments in subsidiaries	(15,367,207)	-	-	(15,367,207)
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	(83,208,050)	4,027	9,242,411	(73,961,612)
Insurance for retirement	(6,034,136)	(1,687,570)	-	(7,721,706)
Right-of-use assets	(2,214,760)	174,915	-	(2,039,845)
Depreciation	(47,944)	(284)	-	(48,228)
Others	-	(164,872)	-	(164,872)
	<u>(111,596,724)</u>	<u>(2,174,915)</u>	<u>9,242,411</u>	<u>(104,529,228)</u>
	<u>₩(100,332,982)</u>	<u>₩ (856,894)</u>	<u>₩ 9,821,898</u>	<u>₩ (91,367,978)</u>

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(g) Details of unrecognized deductible temporary differences as deferred tax assets as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024	Remarks
Investments in subsidiaries and others	₩ 236,871,479	₩ 239,099,410	No plan for disposal
Commission expenses, amortization of bad debts	727,769	727,769	No tax effect
Tax credit carry forwards ¹	₩ 2,012,459	₩ 3,333,387	Uncertainty of future taxable profit

¹ The maturity of tax credit carry forwards is as follows:

<i>(in thousands of Korean won)</i>	2025	2024
2028	₩ -	133,092
2029	-	2,994
2030	2,011,200	3,196,042
2031	650	650
2032	609	609
	₩ 2,012,459	3,333,387

(h) Impact of Pillar Two income taxes

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two Model Rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two Model Rules introduce new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- the Qualified Domestic Minimum Top-up Tax (QDMTT);
- the Income Inclusion Rule (IIR); and
- the Under Taxed Payments/Profits Rule (UTPR).

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

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Amendments to KIFRS 1012 *-International Tax Reform—Pillar Two Model Rules* were issued to clarify that KIFRS 1012 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements a QDMTT. The Company has adopted these amendments, which introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two Model Rules were adopted in the Republic of Korea at the end of 2023 and are applicable starting from January 1, 2024. According to these rules, the Company is considered a multinational enterprise to which the Pillar Two Model Rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Company operates for the financial year beginning January 1, 2024.

The Company has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2024 country-by-country reporting and 2025 financial information for the constituent entities in the Company. The Company has recognized a Pillar Two current tax expense of ₩ 2,883 million.

The Company continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two Model Rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

25. Share Capital and Share Premium

(a) Changes in share capital and share premium as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>		Number of shares (unit: shares)	Share capital	Share premium	Total
January 1, 2024	Beginning balance	44,311,468	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
December 31, 2024	Ending balance	<u>44,311,468</u>	<u>₩ 22,155,734</u>	<u>₩ 453,267,231</u>	<u>₩ 475,422,965</u>
January 1, 2025	Beginning balance	44,311,468	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
December 31, 2025	Ending balance	<u>44,311,468</u>	<u>₩ 22,155,734</u>	<u>₩ 453,267,231</u>	<u>₩ 475,422,965</u>

(b) Details of share capital and share premium as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won, except for number of shares)</i>	December 31, 2025	December 31, 2024
Number of shares authorized to issue	100,000,000	100,000,000
Par value per share	₩ 500	₩ 500
Number of shares outstanding	44,311,468	44,311,468
Share capital	₩ 22,155,734,000	₩ 22,155,734,000

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Share premium ₩ 453,267,231,054 ₩ 453,267,231,054

26. Other Components of Equity

(a) Details of other components of equity as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Other comprehensive income:		
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 217,655,603	₩ 242,352,090
Remeasurements of net defined benefit liabilities	(9,113,919)	(10,574,532)
Capital adjustments:		
Treasury shares ¹	(65,936,125)	(57,003,606)
	<u>₩ 142,605,559</u>	<u>₩ 174,773,952</u>

¹ Details of treasury shares whose voting power is limited by regulations as of December 31, 2025 are as follows:

Owner	Number of shares	Ownership	Reason for restriction
Treasury shares	1,751,356	3.95%	Commercial Law Article 369, Part II

(b) Changes in accumulated other comprehensive income for the year ended December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	2025		
	Beginning	Decrease	Ending
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 242,352,090	₩ (24,696,487)	₩ 217,655,603
Remeasurements of net defined benefit liabilities	(10,574,532)	1,460,614	(9,113,918)

Changes in accumulated other comprehensive income represent net of tax effect amounts.

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27. Retained Earnings

(a) Retained earnings as of December 31, 2025 and 2024 consist of:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Legal reserves ¹	₩ 11,920,000	₩ 11,920,000
Voluntary reserves ²	1,260,000,000	984,000,000
Unappropriated retained earnings	<u>243,193,218</u>	<u>345,083,325</u>
	<u>₩ 1,515,113,218</u>	<u>₩ 1,341,003,325</u>

¹ The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital or used to reduce accumulated deficit.

² Voluntary reserves are the retained earnings that are allowed to be distributed on dividend with the approval of the shareholders.

(b) Retained earnings for the year ended December 31, 2025 is expected to be appropriated at the shareholders' meeting on March 27, 2026. The appropriation date for the year ended December 31, 2024 was March 29, 2025.

<i>(in Korean won)</i>	2025	2024
Unappropriated retained earnings carried over from prior year	₩ 9,233,255,981	₩ 9,342,608,901
Transfers from retained earnings	130,836,299	-
Profit for the year	263,621,203,990	335,740,715,680
Interim dividends		
Cash dividend ₩ 700 per share (140.0%) in 2025	<u>(29,792,078,400)</u>	<u>-</u>
Retained earnings available for appropriation	<u>243,193,217,870</u>	<u>345,083,324,581</u>
Voluntary reserves	174,000,000,000	276,000,000,000
Cash dividends		
₩ 1,400 per share (280.0%) in 2025		
₩ 1,400 per share (280.0%) in 2024	<u>59,584,156,800</u>	<u>59,850,068,600</u>
Appropriation of retained earnings	<u>233,584,156,800</u>	<u>335,850,068,600</u>
Unappropriated retained earnings to be carried forward	<u>₩ 9,609,061,070</u>	<u>₩ 9,233,255,981</u>

28. Dividends

Dividends paid amount to ₩ 89,642,147 thousand (₩ 2,100 per share) and ₩ 57,025,879 thousand (₩ 1,300 per share) for each of the two years in the period ended December 31, 2025, respectively. A dividend for the year ended December 31, 2025 is to be proposed to shareholders at the annual general meeting on March 27, 2026. These separate financial statements do not reflect the dividend payable.

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29. Selling and Administrative Expenses

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Salaries	₩ 38,365,504	₩ 35,237,954
Post-employment benefits	3,933,168	9,085,143
Welfare benefit expenses	3,514,777	3,397,475
Travel expense	86,718	73,212
Communications	359,750	575,722
Utilities	1,074,373	1,092,948
Taxes and dues	2,962,891	2,917,795
Rent expenses	124,286	75,033
Depreciation	8,265,903	7,978,738
Depreciation of right-of-use assets	2,408,639	1,868,180
Repair and maintenance	3,559,855	3,551,478
Vehicle maintenance	103,148	98,702
Entertainment	981,371	910,103
Supplies	334,115	429,272
Insurance	837,835	535,711
Publications	59,069	54,184
Training	176,368	293,470
Commission expenses	24,678,655	25,089,078
Sales commissions	-	12,985
Samples	123	613
Advertising costs	1,273,063	39,091
Transportation	107,903	101,658
Exports	161,822	173,644
Shipping	1,154,864	1,083,238
Amortization	122,867	181,732
Research expenses	148,539	157,211
Overseas marketing	5,233,531	4,692,783
Packaging	370	-
Overseas trips	4,460,086	3,473,241
Bad debt expenses (reversal)	(104,055)	(336,881)
	<u>₩ 104,385,538</u>	<u>₩ 102,843,513</u>

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30. Other Income and Expenses

(a) Details of other income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Import commission	₩ 79,099	₩ 126,347
Gain on foreign currency transactions	79,862,322	98,107,823
Gain on foreign currency translations	35,993,279	76,542,928
Gain on transaction of derivatives	21,978,567	4,690,810
Gain on valuation of derivatives	33,878,217	8,334,557
Gain on lease modification	163,914	614,175
Gain on disposal of plant, property and equipment	16,053	18,721
Gain on disposal of intangible assets	-	77,900
Gain on disposal of financial assets at fair value through profit and loss	8,025,262	-
Claim income	40,957	37,254
Miscellaneous income	769,243	6,167,067
	<u>₩ 180,806,913</u>	<u>₩ 194,717,582</u>

(b) Details of other expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Loss on foreign currency transactions	₩ 91,120,129	₩ 67,852,177
Loss on foreign currency translations	14,726,385	42,534,100
Impairment loss in investment in subsidiaries	-	1,700,000
Loss on disposal of plant, property and equipment	-	12,633
Loss on valuation of derivatives	6,650,295	-
Loss on transaction of derivatives	26,677,659	-
Loss on disposal of financial assets at fair value through profit and loss	763,193	-
Donations	6,253,778	5,497,013
Claim expenses	165,708	54,271
Miscellaneous expenses	2,556	12,856
	<u>₩ 146,359,703</u>	<u>₩ 117,663,050</u>

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31. Breakdown of Expenses by Nature and Employee Benefits

(a) Expenses by nature for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Changes in inventories	₩ 9,344,172	₩ (539,691)
Raw materials and merchandises purchased	2,120,924,174	1,796,480,894
Employee benefits	42,298,672	44,323,097
Welfare benefit expenses	3,514,777	3,397,475
Depreciation (Notes 15 and 18)	8,265,903	7,978,738
Amortization (Note 17)	122,867	181,732
Depreciation of right-of-use assets (Note 16)	2,408,639	1,868,180
Commission expenses	24,678,655	25,089,078
Sales commissions	-	12,985
Shipping	1,154,864	1,083,238
Overseas marketing	5,233,532	4,692,783
Advertising costs	1,273,063	39,091
Exports	161,822	173,644
Other expenses	15,272,744	14,003,472
Total of cost of sales and selling and administrative expenses	<u>₩ 2,234,653,884</u>	<u>₩ 1,898,784,716</u>

(b) Employee benefits for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Short-term employee benefits	₩ 38,365,504	₩ 35,237,954
Post-employment benefits	3,933,168	9,085,143
	<u>₩ 42,298,672</u>	<u>₩ 44,323,097</u>

32. Financial Income and Costs

(a) Financial income for each of the two years in the period ended December 31, 2025, consists of:

<i>(in thousands of Korean won)</i>	2025	2024
Interest income on short-term bank deposits	₩ 24,049,246	₩ 27,816,667
Interest income on loans	13,494,943	12,980,971
Dividend income	8,359,968	86,070,937
Reversal of financial guarantee liabilities	693,074	207,877
	<u>₩ 46,597,231</u>	<u>₩ 127,076,452</u>

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(b) Financial costs for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Interest expense on borrowings and others	₩ 8,027	₩ 11,656
Interest expense on lease liabilities	490,860	377,597
Less: capitalization borrowing costs for qualifying asset	<u>(85,650)</u>	<u>(45,186)</u>
	<u>₩ 413,237</u>	<u>₩ 344,067</u>

33. Earnings per Share

Basic earnings per share is calculated by dividing profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares. The Company did not issue any potential ordinary shares. Therefore, basic earnings per share are identical to diluted earnings per share.

Basic earnings per share for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in Korean won, number of shares)</i>	2025	2024
Profit attributable to ordinary shares	₩ 263,621,203,990	₩ 335,740,715,680
Weighted average number of ordinary shares outstanding ¹	<u>42,592,596</u>	<u>43,373,280</u>
Basic earnings per share	<u>₩ 6,189</u>	<u>₩ 7,741</u>

¹ Calculation details of weighted average number of ordinary shares outstanding, etc. are as follows:

<i>(in number of shares)</i>	2025	2024
Number of ordinary shares outstanding	44,311,468	44,311,468
Weighted average number of treasury shares	<u>(1,718,872)</u>	<u>(938,188)</u>
Weighted average number of ordinary shares outstanding	<u>42,592,596</u>	<u>43,373,280</u>

34. Cash Flows

(a) Cash generated from operations for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Profit for the year	₩ 263,621,204	₩ 335,740,716
Adjustments:		
Income tax expense	89,771,382	83,147,686
Interest income	(37,544,189)	(40,797,638)

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Dividend income	(8,359,968)	(86,070,937)
Interest expense	413,237	344,067
Depreciation	8,265,903	7,978,738
Depreciation of right-of-use assets	2,408,639	1,868,180
Amortization	122,867	181,732
Post-employment benefits	3,828,864	8,992,975
Gain on disposal of property, plant and equipment	(16,053)	(18,721)
Loss on disposal of property, plant and equipment	-	12,632
Gain on disposal of intangible assets	-	(77,900)
Gain on lease modification	(163,914)	(614,175)
Bad debt expenses (reversal of allowance for doubtful accounts)	(104,055)	(336,881)
Gain on foreign currency translation	(35,993,279)	(76,542,928)
Loss on foreign currency translation	14,726,385	42,534,100
Gain on foreign currency transaction	-	(189,446)
Gain on transaction of derivatives	(21,978,567)	(4,690,810)
Loss on transaction of derivatives	26,677,659	-
Gain on valuation of derivatives	(33,878,217)	(8,334,557)
Loss on valuation of derivatives	6,650,295	-
Gain on disposal of financial assets at fair value through profit and loss	(8,025,262)	-
Loss on disposal of financial assets at fair value through profit and loss	763,193	-
Impairment loss in investment in subsidiaries	-	1,700,000
Reversal of financial guarantee liabilities	(693,074)	(207,877)
Miscellaneous income	-	(258,473)
Miscellaneous expenses	-	11,440
	<u>6,871,846</u>	<u>(71,368,793)</u>
Changes in operating assets and liabilities:		
Increase in trade receivables	(77,642,092)	(96,059,193)
Decrease in non-trade receivables	892,856	1,203,993
Decrease (increase) in advances	186,449	(10,435,648)
Decrease (increase) in VAT refund	126,605	(317,140)
Decrease (increase) in inventories	9,344,172	(539,691)
Decrease in prepaid expenses	38,521	336,147
Increase (decrease) in trade payables	(367,096,018)	128,229,066
Increase (decrease) in non-trade payables	(1,914,988)	5,247,948
Increase in customer advances	67,836	248,716
Increase (decrease) in withholdings	(3,218,385)	2,157,322
Decrease in accrued expenses	-	(5,308,809)
Increase (decrease) in financial guarantee liabilities	(238,449)	222,384
Decrease in net defined benefit liabilities	(5,956,719)	(5,931,808)
	<u>(445,410,212)</u>	<u>19,053,287</u>
	<u>₩ (174,917,162)</u>	<u>₩ 283,425,210</u>

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(b) Material non-cash transactions for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Gain on valuation of financial assets at fair value through other comprehensive income	₩ (32,581,118)	₩ (39,476,127)
Reclassification of current portion of long-term loans	-	(1,373,281)
Reclassification of construction in progress	2,141,247	46,305,227
Inception of new lease contracts	5,308,426	-

(c) Changes in liabilities arising from financial activities for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		
	Leasehold deposits	Lease liabilities	Total
As of January 1, 2025	₩ 15,596,693	₩ 8,922,398	₩ 24,519,091
Cash flows	941,787	(1,900,619)	(958,832)
Exchange differences	-	59,298	59,298
Other non-financial changes	-	5,308,426	5,308,426
As of December 31, 2025	<u>₩ 16,538,480</u>	<u>₩ 12,389,503</u>	<u>₩ 28,927,983</u>

<i>(in thousands of Korean won)</i>	2024		
	Leasehold deposits	Lease liabilities	Total
As of January 1, 2024	₩ 13,223,526	₩ 10,368,698	₩ 23,592,224
Cash flows	2,373,167	(1,759,490)	613,677
Exchange differences	-	222,985	222,985
Other non-financial changes	-	90,205	90,205
As of December 31, 2024	<u>₩ 15,596,693</u>	<u>₩ 8,922,398</u>	<u>₩ 24,519,091</u>

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35. Contingencies and Commitment

(a) The Company's major agreements with financial institutions as of December 31, 2025 are as follows:

(in thousands of Korean won, and in USD)

	Financial institution	Credit line		Outstanding Balance	
Limit loans	Woori Bank and other financial institutions	KRW	10,000,000	KRW	-
L/C		USD	27,000,000	USD	921,820
D/A,O/A		USD	15,000,000	USD	-

(b) In 2022, the Company initiated arbitration proceedings before the International Chamber of Commerce (ICC) against the second largest shareholder of SCOTT CORPORATION SA, a consolidated subsidiary, seeking confirmation that the second largest shareholder had materially breached the shareholder's agreement entered into with the Company, as well as confirmation of the Company's call option rights over the shares in SCOTT CORPORATION SA held by the second largest shareholder. In response, the second largest shareholder filed a counterclaim in 2023, asserting that the Company had materially breached the shareholders' agreement by voluntarily disclosing the initiation of the ICC arbitration proceedings in 2022, notwithstanding the absence of any mandatory disclosure obligation. In January 2025, the arbitration tribunal rendered an award recognizing that the second largest shareholder had materially breached the shareholders' agreement, and accordingly confirmed the Company's call option rights and the second largest shareholder's obligation to pay the liquidated damages, while dismissing the counterclaim in its entirety. The Company received the arbitration award in February, and pursuant to a board resolution dated February 6, 2025, decided to exercise the call option over the entirety of the shares in SCOTT CORPORATION SA held by the second largest shareholder.

In November 2025, the arbitral tribunal rendered a second partial award fixing February 6, 2025 as the valuation date for the shares to be acquired by the Company upon exercise of the call option. The value of the 5,837,500 shares previously held by the second largest shareholder, as determined in the arbitration proceedings, was assessed at CHF 19,088,927 (approximately KRW 35.3 billion, based on the base exchange rate first published on December 17, 2025). On December 17, 2025, in accordance with the arbitral award and the shareholder's agreement, the Company completed the acquisition of the 5,837,500 shares, by paying approximately KRW 26.5 billion (equivalent to 75% of the total consideration of CHF 19,088,927, based on the base exchange rate first published on December 17, 2025) to the second largest shareholder, with the remaining 25% deposited into an escrow account. As a result, the Company's ownership interest in SCOTT CORPORATION SA increased to approximately 96.71%. The amount held in escrow remains subject to adjustment, and the final acquisition price may vary depending on the outcome of the remaining arbitration proceedings, which will determine whether any additional payment is to be made to the second largest shareholder.

(c) As of December 31, 2025, the Company provided SCOTT CORPORATION SA, a consolidated subsidiary, a support letter to commit in necessary financial support to continue as a going concern.

(d) As of December 31, 2025, the Company has entered into performance guarantee insurance according to product supply contract, amounting to ₩ 531 million to Seoul Guarantee Insurance.

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(e) As of December 31, 2025, the Company has entered into a management advisory contract with the Parent Company and recognized management consulting fees as commission expenses.

(f) As of December 31, 2025, payment guarantees provided by the Company to its subsidiaries are as follows:

(in thousands of Korean won)

Subsidiaries	2025		Debt guarantee period
	Guarantee limit	Guaranteed amount	
SCOTT SPORTS SA	₩ 242,743,680	₩ 165,200,560	2024.06.28~2026.06.26
	101,143,200	84,286,000	2025.12.25~2026.12.24
ETL	35,872,500	35,872,500	2024.02.16~2027.02.16
	<u>₩ 379,759,380</u>	<u>₩ 285,359,060</u>	

(g) Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

(in thousands of Korean won)

	2025	2024
Investment properties	₩ 400,000	₩ 934,000

(h) As of December 31, 2025, details of Company's derivative contracts held for trading purposes are as follows:

<Foreign exchange forwards contract>

(in thousands of Korean won, USD, CHF, EUR, No. of contracts)

Type of forwards	Purchase currency	Purchase amount	Sale currency	Sale amount	No. of contracts
Foreign exchange	USD	115,000,000	KRW	162,075,500	6
	USD	160,514,073	CHF	125,000,000	2
	EUR	72,000,000	USD	84,479,900	4
	EUR	28,000,000	KRW	46,315,700	3
	CHF	6,000,000	USD	7,772,021	1

<Commodity forwards contract>

(in MT, No. of contracts)

Type of forwards	Purchase	Sale	No. of contracts
LME Copper	14,350	-	46

Youngone Corporation
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36. Related Party Transactions

(a) Related parties of the Company as of December 31, 2025 are as follows:

2025	
Categories	Name
Parent Company	Youngone Holdings Co., Ltd.
Subsidiaries	YCL, TSL, KSL, YHT, YPL, YGA, SDF, YSF, STL, SLS, YSP, GMC, YNL, YBL, YHL, YLS, ESL, DTL, YTL, AAI, SQA, MSH, SCOTT, BPL, ESP, BKS, DTI, AAL ¹ , KSI ² , SEL ³ , SWL ⁴ , OR ⁵ , APD ⁶ , CPD ⁷ , DPD ⁸ , EPD ⁹ , GPD ¹⁰ , KPP ¹¹ , SCOTT SPORTS SA, SCOTT USA INC., SSG (EUROPE) DISTRIBUTION CENTER NV, SCOTT ITALIA S.R.L., SCOTT SPORTS AB, SCOTT SPORTS AFRICA (PTY) LTD., SCOTT SPORTS INDIA (PVT) LTD., DFG INC., SWC L.L.C., BERGAMONT FAHRRAD VERTRIEB GMBH, DOLOMITE S.R.L., SHEPPARD CYCLES AUSTRALIA PTY LTD., SHEPPARD CYCLES NEW ZEALAND LIMITED, SPORT NETWORK SOLUTION SA,BSL ¹² , SCOTT SPORTS DENMARK A/S, SHEPPARD CYCLES RETAIL SERVICES PTY LTD., YIA ¹³ , ICL ¹⁴ , SAL ¹⁵ , BHL ¹⁶ , KPL ¹⁷ , YOA ¹⁸ , ETL ¹⁹ , YES ²⁰ , YMS ²¹ , BSSH PTY LTD, ASI ²² , OR CANADA ²³ , YKE ²⁴
Associate	YOH CVC FUND 1 LP ²⁵
Others³⁶	Youngone Outdoor, KEPZ ²⁶ , PBI ²⁷ , Qweto GmbH, YMSA, SCOTT NORTH ASIA Ltd., SCOTT JAPAN INC., S-13 ²⁸ , INTERNATIONAL RETAIL CORPORATION SA, TRANSA Backpacking SA, SKI-SERVICE SA, SKI+VELO CENTER SVC AG, TROPHY SCHWEIZ, YMSA USA LLC, SCOTT Network Solutions India Pvt Ltd., RAY&CO., SOMTOM Corp., YSC ²⁹ , EL MEROSI ³⁰ , YOH LLC, YOH CVC ³¹ , BIKE SPORT TRAVEL AG, GOLDWIN KOREA CO.,LTD., TWL ³² , TVL ³³ , KTH ³⁴ , CYNC ³⁵

¹ ARIRANG AVIATION LTD.

² KARNAPHULI SHOES INDUSTRIES LTD.

³ SHINHAN EMULSION CO., LTD.

⁴ SURMA GARMENTS WASHING & FINISHING CO., LTD.

⁵ OUTDOOR RESEARCH LLC.

⁶ ALPHA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

⁷ CHANG-JO PRODUCT DEVELOPMENT CO.(BD) LIMITED

⁸ DAE-GU PRODUCT DEVELOPMENT CO.(BD) LIMITED

⁹ EVERTOP PRODUCT DEVELOPMENT CO.(BD) LIMITED

¹⁰ GAYA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

¹¹ KARNAPHULI POLYESTER PRODUCTS COMPANY (BD) LIMITED

¹² BROADPEAK SOC TRANG CO., LTD.

¹³ YOUNGONE INTERNATIONAL ASIA PTE LTD.

¹⁴ INCHEON CONTAINERS (BD) LTD.

¹⁵ SUNGNAM APPARELS (BD) LTD.

¹⁶ BUSAN HARBOUR (BD) LIMTIED

¹⁷ KARNAPHULI PACKAGING IND,LTD.

¹⁸ YOUNGONE AMERICA, INC.

Youngone Corporation
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¹⁹ EVERTOP TEXTILE & APPAREL COMPLEX PRIVATE LIMITED

²⁰ YOUNGONE CORPORATION EUROPE SGPS, S.A.

²¹ YOK MIRAGAIA, S.A.

²² AMATITLAN SUNGNAM INDUSTRIES, S.A.

²³ OUTDOOR RESERACH CANADA

²⁴ YOUNGONE KENYA EPZ LTD

²⁵ YOH CVC FUND 1 LIMITED PARTNERSHIP

²⁶ KOREAN EPZ(KEPZ) CORPORATION(BD) LIMITED

²⁷ POIVRE BLANC INTERNATIONAL AG.

²⁸ POIVRE BLANC S-13

²⁹ YOUNGONE SOURCING COMPANY(BANGLADESH) LTD.

³⁰ EL MEROSI SAMARKAND LLC.

³¹ YOH CVC PTE LTD.

³² TEKWIN (BD) LIMITED

³³ TEKVISION (BD) LIMITED

³⁴ KEPZ TRUST HOSPITAL

³⁵ CHITTAGONG YOUNGONE NURSING COLLEGE

³⁶ Other related parties are mainly associates and others under the common control.

(b) Material transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

		2025					
		Sales	Purchases	Other income	Other expense	Dividends paid	Dividends received
<i>(in thousands of Korean won)</i>							
Parent Company	Youngone Holdings Co., Ltd.	₩ 442,719	₩ -	₩ -	₩ 4,128,345	₩ 47,011,272	₩ -
Subsidiaries	SDF	15,636	6,215	-	-	-	-
	TSL	212,620	212,760,688	-	-	-	-
	YNL	875,940	462,245,570	31,159	1,219	-	-
	YLS	12,345	44,044,395	-	-	-	-
	STL	9,003	-	-	-	-	-
	YCL	711,590	425,255,435	2,037	-	-	-
	YPL	5,923	-	-	-	-	-
	KSL	247,163	165,614,650	-	-	-	-
	YHT	153,879	99,223,260	-	-	-	-
	YSF	2,069	-	-	-	-	-
	YGA	6,001	89,670	-	-	-	-
	ETL	-	-	189,488	-	-	-
	ESL	-	389,306	-	-	-	-
	KSI	313,530	423,875,068	38,915	912	-	-
	SWL	351	-	-	-	-	-
	YBL	102,049	55,517,405	-	-	-	-
	SQA	3,120	2,390,548	286,460	-	-	-
	YHL	68,078	93,359,347	-	-	-	-

Youngone Corporation
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(in thousands of
Korean won)

		2025					
		Sales	Purchases	Other income	Other expense	Dividends paid	Dividends received
	OR LLC	17,673,679	-	183	-	-	-
	SCOTT SPORTS SA	2,775,859	-	11,281,599	-	-	-
	ESP	927	3,063,468	-	-	-	-
	KPP	1,635,568	1,255,676	-	-	-	-
	BSL	182,662	137,944,352	-	-	-	-
	AAI	-	-	2,087,488	-	-	-
	SAL	118,578	-	-	-	-	-
	YIA	-	-	-	431,032	-	-
	APD	36,422	2,380,004	-	-	-	-
	DPD	1,456	-	-	-	-	-
	GPD	6,277	-	-	-	-	-
	EPD	23,267	-	-	-	-	-
	KPL	2,185	148,222	-	-	-	-
	YOA	-	-	-	1,327,985	-	-
Other related parties	YMSA	340,938	-	-	-	-	-
	Youngone Outdoor	28,484,215	-	86,098	222,257	-	-
	SCOTT NORTH ASIA Ltd.	209,316	-	343,130	-	-	-
	SCOTT JAPAN	40,658	-	-	-	-	-
Others ¹	OPEN PLUS ARCHITECT CO.,LTD.	-	-	-	150,000	-	-
	PRUON CO.,LTD.	-	-	-	29,900	-	-
		<u>₩ 54,714,023</u>	<u>₩ 2,129,563,279</u>	<u>₩ 14,346,557</u>	<u>₩ 6,291,650</u>	<u>₩ 47,011,272</u>	<u>₩ -</u>

¹ Although the entities above are not related parties of the Company in accordance with KIFRS 1024, the entities belong to the same Large-scale business group to which the Company also belongs in accordance with the *Monopoly Regulation and Fair-Trade Act*.

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(in thousands of
Korean won)

		2024					
		Sales	Purchases	Other income	Other expense	Dividends paid	Dividends received
Parent Company	Youngone Holdings Co., Ltd.	₩ 816,286	₩ -	₩ 77,900	₩ 5,681,100	₩ 29,102,216	₩ -
Subsidiaries	SDF	12,773	2,441	-	-	-	-
	TSL	273,198	179,248,065	-	-	-	-
	YSS	1,693	9,851,305	-	-	-	-
	YNL	254,229	389,401,054	-	-	-	67,760,000
	YLS	14,982	46,197,414	-	-	-	11,461,589
	STL	20,754	-	-	-	-	-
	YCL	294,988	337,511,134	-	7,179	-	-
	YPL	9,206	-	-	-	-	-
	KSL	726,717	121,588,410	-	-	-	-
	YHT	149,742	110,521,906	-	558	-	-
	YSF	6,989	-	-	-	-	-
	YGA	3,522	15,731	-	-	-	-
	DTL	2,487	-	-	-	-	-
	ETL	80,429	-	40,966	-	-	-
	ESL	-	120,902	-	-	-	-
	KSI	692,236	364,125,949	-	-	-	-
	SEL	6,244	-	-	-	-	-
	YBL	26,275	39,254,009	-	-	-	-
	SQA	41,454	499,414	237,938	-	-	-
	YHL	21,875	69,510,930	-	-	-	-
	OR LLC	18,104,028	-	10	-	-	-
	SCOTT SPORTS						
	SA	-	-	15,920,485	-	-	-
	ESP	55	1,207,358	-	-	-	380,000
	KPP	368,145	3,408,369	-	-	-	-
	BSL	106,780	113,369,316	-	-	-	-
	AAI	-	-	2,234,079	-	-	-
	SAL	107,300	-	-	-	-	-
	YIA	-	-	-	1,798,972	-	-
	APD	7,898	-	-	-	-	-
	DPD	3,441	-	-	-	-	-
	GPD	9,374	-	-	-	-	-
	EPD	13,654	-	-	-	-	-
	KPL	658	-	-	-	-	-
	YOA	-	-	-	1,306,180	-	-
Other related parties	YMSA	479,616	-	-	-	-	-

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(in thousands of
Korean won)

		2024					
		Sales	Purchases	Other income	Other expense	Dividends paid	Dividends received
	Youngone Outdoor	21,699,718	-	209,542	336,958	-	-
	SCOTT NORTH ASIA Ltd.	208,834	-	528,286	-	-	-
	SCOTT JAPAN	38,557	-	-	-	-	-
	YMSA USA LLC	-	-	-	216,885	-	-
	YOA	-	-	-	1,306,180	-	-
	KEPZ	1,929	-	-	-	-	-
	OPEN PLUS ARCHITECT CO.,LTD.	-	-	-	430,000	-	-
Others	WOONAM B&E	-	-	-	2,800	-	-
	PRUON CO.,LTD.	-	-	-	29,988	-	-
		<u>₩ 44,606,066</u>	<u>₩ 1,785,833,707</u>	<u>₩ 19,249,206</u>	<u>₩ 9,810,620</u>	<u>₩ 29,102,216</u>	<u>₩ 79,601,589</u>

(c) The balances of material receivables and payables with the related parties as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean
won)

		December 31, 2025							
		Trade receivables	Non-trade receivables	Loans ¹	Guarantee deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
Parent	Youngone								
Company	Holdings Co., Ltd.	₩ -	₩ 43,635	₩ -	₩ 1,636,900	₩ -	₩ 1,267,337	₩ 1,055,000	₩ 8,678,258
Subsidiaries	SDF	38,408	-	-	-	-	-	-	-
	TSL	2,309,366	-	-	-	15,914,538	-	-	-
	YNL	1,250,926	-	-	-	66,612,312	-	-	-
	YLS	14,102	-	-	-	7,978,482	-	-	-
	STL	43,179	-	-	-	-	-	-	-
	YCL	2,994,829	-	-	-	40,429,507	6,706	-	-
	YPL	9,507	-	-	-	-	-	-	-
	KSL	1,239,581	-	-	-	21,073,011	17,846	-	-
	YHT	1,272,321	-	-	-	8,814,675	7,500	-	-
	YSF	44,485	-	-	-	-	-	-	-
	YGA	12,258	-	-	-	-	-	-	-
	KSI	2,217,538	-	-	-	52,346,972	-	-	-
	SWL	4,967	-	-	-	-	-	-	-
	YBL	182,399	-	-	-	4,403,350	99,555	-	-
	YHL	128,324	-	-	-	13,837,488	-	-	-
	SAL	718,803	-	-	-	-	-	-	-
	OR LLC	1,539,806	-	-	-	-	-	-	-
	SCOTT	2,600,820	466,773	271,795,500	-	-	-	-	-

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		December 31, 2025							
		Trade receivables	Non-trade receivables	Loans ¹	Guarantee deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
SPORTS SA									
	ESP	-	-	-	-	462,467	-	-	-
	KPP	22,979,003	-	-	-	-	-	-	-
	BSL	4,787	-	-	-	20,762,801	3,390	-	-
	APD	122,806	-	-	-	-	-	-	-
	DPD	1,261	-	-	-	-	-	-	-
	GPD	33,968	-	-	-	-	-	-	-
	EPD	29,449	-	-	-	-	-	-	-
	SQA	410,041	251,749	5,739,600	-	317,368	-	-	-
	BKS	1,304,426	5,374	-	-	-	-	-	-
	KPL	631	-	-	-	-	-	-	-
	ETL	-	513,865	-	-	-	-	-	-
	AAI	-	181,634	28,698,000	-	-	-	-	-
	YIA	-	8,108	-	-	-	185,405	-	-
Other related parties	YMSA	197,457	9,411	-	-	-	-	386,800	-
	Youngone Outdoor	968,199	1,504,027	-	-	-	27,681	10,107,380	-
	SCOTT NORTH ASIA Ltd.	-	23,517	8,300,000	-	-	-	120,000	-
	YMSA USA LLC	-	-	-	-	-	-	-	860,560
	YOH LLC	-	-	-	31,568	-	-	-	2,850,684
		<u>₩ 42,673,647</u>	<u>₩ 3,008,093</u>	<u>₩ 314,533,100</u>	<u>₩ 1,668,468</u>	<u>₩ 252,952,971</u>	<u>₩ 1,615,420</u>	<u>₩ 11,669,180</u>	<u>₩ 12,389,502</u>

(in thousands of Korean won)

		December 31, 2024							
		Trade receivables	Non-trade receivables	Loans ¹	Guarantee deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
Parent Company	Youngone Holdings Co., Ltd.	₩ 23,330	₩ 55,990	₩ -	₩ 1,610,400	₩ -	₩ 1,677,415	₩ 730,000	₩ 7,923,212
Subsidiaries	SDF	22,862	-	-	-	-	-	-	-
	TSL	953,813	-	-	-	39,323,225	-	-	-
	YSS	-	-	-	-	109,909	-	-	-
	YNL	520,897	-	-	-	138,699,337	41,404	-	-
	YLS	199,720	-	-	-	19,325,422	-	-	-
	STL	80,546	-	-	-	-	-	-	-
	YCL	1,090,958	-	-	-	114,304,642	45,902	-	-
	YPL	10,148	-	-	-	-	-	-	-
	KSL	1,264,022	-	-	-	30,637,502	90,657	-	-
	YHT	446,649	-	-	-	39,836,566	-	-	-
	YSF	95,601	-	-	-	-	-	-	-

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(in thousands of Korean won)

		December 31, 2024							
		Trade receivables	Non-trade receivables	Loans ¹	Guarantee deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
	YGA	28,215	-	-	-	-	-	-	-
	ESL	-	-	-	-	26,232	-	-	-
	KSI	4,242,424	273	-	-	130,726,060	43,776	-	-
	YBL	49,930	-	-	-	2,918,233	-	-	-
	YHL	-	-	-	-	26,349,437	14,594	-	-
	SAL	252,066	-	-	-	-	-	-	-
	OR	1,456,260	-	-	-	-	-	-	-
	SCOTT								
	SPORTS SA	3,358,531	681,018	195,165,600	-	-	-	-	-
	ESP	-	-	-	-	466,090	-	-	-
	KPP	2,117,820	-	-	-	250,140	-	-	-
	BSL	-	-	-	-	83,948,591	161	-	-
	APD	107,430	-	-	-	-	-	-	-
	DPD	17,956	-	-	-	-	-	-	-
	GPD	46,870	-	-	-	-	-	-	-
	EPD	70,430	-	-	-	-	-	-	-
	SQA	1,646,093	117,071	3,296,567	-	-	-	-	-
	BKS	1,336,334	5,505	-	-	-	-	-	-
	KPL	3,878	-	-	-	-	-	-	-
	AAI	-	192,080	29,400,000	-	-	-	-	-
	YIA	-	5,689	-	-	-	246,969	-	-
Other related parties	YMSA	119,400	9,290	-	-	-	-	386,800	-
	Youngone Outdoor	1,077,520	1,582,210	-	-	-	46,087	9,839,690	-
	SCOTT NORTH ASIA Ltd.	1,287	23,121	6,800,000	-	-	-	120,000	-
	YMSA USA LLC	-	-	-	-	-	-	-	999,186
		<u>₩ 20,640,990</u>	<u>₩ 2,672,247</u>	<u>₩ 234,662,167</u>	<u>₩ 1,610,400</u>	<u>₩ 626,921,386</u>	<u>₩ 2,206,965</u>	<u>₩ 11,076,490</u>	<u>₩ 8,922,398</u>

¹ Loans to the related parties as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)		December 31, 2025	December 31, 2024
Subsidiaries	AAI	₩ 28,698,000	₩ 29,400,000
	SQA	5,739,600	3,296,567
	SCOTT SPORTS SA	271,795,500	195,165,600
Others	SCOTT NORTH ASIA Ltd.	8,300,000	6,800,000
		<u>₩ 314,533,100</u>	<u>₩ 234,662,167</u>

There is no allowance for doubtful accounts made for loans to the related parties as of December 31,

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2025.

(d) The fund transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

		2025				
		Loan transactions		Borrowing transactions		Equity contributions
		Loans	Collections	Borrowings	Repayments	in cash
Parent						
Company	Youngone Holdings Co., Ltd. ¹	₩ -	₩ -	₩ 2,364,913	₩ 1,609,867	₩ -
Subsidiaries	SCOTT SPORTS SA	53,601,900	-	-	-	26,507,218
	SQA	4,354,290	1,826,567	-	-	-
	YSP	-	-	-	-	1,063,450
	YKE	-	-	-	-	1,470,200
	YES	-	-	-	-	1,645,130
Other	YMSA USA LLC ²	-	-	-	151,744	-
	YOH LLC ²	-	-	2,943,512	139,008	-
	SCOTT NORTH ASIA Ltd.	1,500,000	-	-	-	-
		<u>₩ 59,456,190</u>	<u>₩ 1,826,567</u>	<u>₩ 5,308,425</u>	<u>₩ 1,900,619</u>	<u>₩ 30,685,998</u>

¹ For the year ended December 31, 2025, the right-of-use assets amount to ₩ 2,528,827 thousand, repayment of lease liabilities of ₩ 1,609,867 thousand and interest expense amounts of ₩ 385,997 thousand are recognized in respect to building lease agreements which the Company has entered with the Parent Company.

² For the year ended December 31, 2025, the right-of-use assets amount to ₩ 2,943,512 thousand in respect to building lease agreements, which the Company has entered with other related parties. The repayment of lease liabilities is ₩ 290,752 thousand and interest expenses amount to ₩ 104,863 thousand for the year ended December 31, 2025.

(in thousands of Korean won)

		2024				
		Loan transactions		Borrowing transactions		Equity contributions
		Loans	Collections	Borrowings	Repayments	in cash
Parent						
Company	Youngone Holdings Co., Ltd. ¹	₩ -	₩ -	₩ -	₩ 1,605,346	₩ -
Subsidiaries	SCOTT SPORTS SA	229,073,811	46,006,200	-	-	-
	ASI	-	-	-	-	9,585,800
	YSP	-	-	-	-	362,425
Other	YMSA USA LLC ²	-	-	-	154,144	-
	SCOTT NORTH ASIA Ltd.	-	5,200,000	-	-	-
		<u>₩ 229,073,811</u>	<u>₩ 51,206,200</u>	<u>₩ -</u>	<u>₩ 1,759,490</u>	<u>₩ 9,948,225</u>

¹ For the year ended December 31, 2024, the repayment of lease liabilities amounts to ₩ 1,605,346 thousand and interest expense amounts to ₩ 342,926 thousand in respect to building lease agreements which the Company has entered with the Parent Company.

Youngone Corporation
Notes to the separate financial statements
December 31, 2025 and 2024

² For the year ended December 31, 2024, the repayment of lease liabilities amounts to ₩ 154,144 thousand and interest expenses amount to ₩ 34,671 thousand in respect to building lease agreements which the Company has entered with other related parties for the year ended December 31, 2024.

(e) Details of compensation granted to key management for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Salaries	₩	9,976,600	₩	9,996,290
Post-employment benefits		906,806		4,560,694

(f) The Company acquired control over SCOTT CORPORATION SA in 2015 and, in order to foster cooperation among shareholders and maximize shareholder value, entered into a shareholders' agreement with the founder of the acquired company. The agreement includes provisions relating to the composition and operation of the board of directors, restrictions on share transfers (for a period of ten years following the transaction), a right of first refusal upon expiration of the restriction period, a tag-along right, and a call option exercisable under limited circumstances such as bankruptcy. Pursuant to an arbitral award rendered by the International Chamber of Commerce (ICC), the board of directors resolved on February 6, 2025 to exercise the call option over the entire shareholding in SCOTT CORPORATION SA held by the second largest shareholder. In accordance with the second arbitral award issued by the arbitral tribunal and the shareholders' agreement, the Company acquired all 5,837,500 shares held by the second largest shareholder on December 17, 2025, upon which the shareholders' agreement with the second largest shareholder was terminated (see Note 35).

(g) As of December 31, 2025, payment guarantees provided by the Company to its subsidiaries are as follows (see Note 33):

<i>(in thousands of Korean won)</i>	December 31, 2025		
	Guarantee limit	Guaranteed amount	Debt guarantee period
SCOTT SPORTS SA	₩ 242,743,680	₩ 165,200,560	2024.06.28~2026.06.26
	101,143,200	84,286,000	2025.12.25~2026.12.24
ETL	35,872,500	35,872,500	2024.02.16~2027.02.16
	<u>₩ 379,759,380</u>	<u>₩ 285,359,060</u>	

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Youngone Corporation (the "Company") and the financial statements of the Company for the year ended December 31, 2025 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's report on the effectiveness of internal control over financial reporting (ICFR)



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Independent auditor's report on internal control over financial reporting (English translation of a report originally issued in Korean)

Youngone Corporation The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of Youngone Corporation (the "Company") based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2025.

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2025 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the statement of financial position as of December 31, 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information, of the Company, and our report dated March 18, 2026 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance are responsible for overseeing the Company's ICFR process.

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Company's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A company's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with



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International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). A company's ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with KIFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Jungik Park.

Ernst & Young Han Young

March 18, 2026

This audit report is effective as of March 18, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

Management's Report on the Effectiveness of Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee
Youngone Corporation

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting Officer of Youngone Corporation (the "Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting ("ICFR") for the year ended December 31, 2025.

The Company's management, including the undersigned, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with *Conceptual Framework for Design and Operation of Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee"). And, we conducted an evaluation of ICFR based on the Annex 6 'Standards for Evaluating and Reporting on Internal Control over Financial Reporting' for the Detailed Enforcement Rule of the Regulation on External Audit and Accounting.

Based on the assessment results, we believe that the Company's ICFR, as at December 31, 2025, is designed and operated effectively, in all material respects, in accordance with *Conceptual Framework for Design and Operation of Internal Control over Financial Reporting*.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

(Attachment)

Internal control activities implemented to address treasury-related fraud risks, including embezzlement.

March 3, 2026

/s/Kihak Sung
Chief Executive Officer

/s/Sukbeen Shin
Internal Control over Financial Reporting Officer

(Attachment)

Internal control activities implemented to address treasury-related fraud risks, including embezzlement.

Category	Control Activities Performed by the Company	Design and Operating Effectiveness Assessment Results (Department, Timing, etc.)
Entity-Level Controls	<Anti-Fraud Program Operation> To prevent fraud, such as embezzlement, management operates a whistleblower system (hotline) and guarantees the anonymity of informants. The Internal Audit Team conducts ad hoc audits on reported matters and reports the results to the CEO.	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	<Fraud Risk Assessment> Management updates the identification and assessment of potential fraud risks by considering risk factors relating to fraudulent financial reporting and asset misappropriation from the perspective of the three elements of fraud (incentive/pressure, opportunity, and attitude/rationalization), and appropriately reflects such risks in the controls.	Testing results: No material weaknesses identified (ICFR Officer, Jan 2026)
	< Segregation of Duties Management> Management considers segregation of duties and access rights when designing control activities, and the ICFR team manages such controls so that the design of segregation of duties remains up to date and operates appropriately.	Testing results: No material weaknesses identified (ICFR Officer, Jan 2026)
	<Monitoring> After the annual assessment of the ICFR, the ICFR team classifies identified exceptions by significance and reports deficiencies identified each year to the ICFR Officer. Deficiencies classified as material weaknesses or above are reported by the ICFR Officer to the Audit Committee.	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025)
Treasury Controls	<Control over Use of Corporate Seal> Physical access to corporate seals required for external fund transfers and execution of contracts is controlled by not allowing the relevant operating departments to possess them. Approval is required each time the seal is used, ensuring segregation of duties between the Treasury Manager or the CFO and the relevant operating department.	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	<Internet Banking and Firm Banking Transfer Restriction> Internet banking may be used only for transfers between registered accounts and for fund transfers between related parties through offshore accounts. Authority for internet banking and firm banking is segregated so that there is a clear segregation of duties between the transfer requester (the person in charge of fund in the Treasury Team) and the approver (Treasury Manager, the CFO).	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	<Review of Fund Execution> The Treasury Manager and the CFO approve after reviewing fund execution details.	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	< Management of Fund Inflows and Outflows> The Treasury Manager and the CFO review, verify, and approve daily fund movement details and account-by-account balance lists through the daily treasury report prepared each day. At the end of the month, the balances shown in the daily treasury report are additionally reconciled with the balance certificates received from banks.	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	< Review of Fund-raising Options> The Management and the CFO review and approve the appropriateness of key terms in approval requests relating to fund-raising options such as borrowings, etc. Approval is obtained through resolutions of the Board of Directors or the Management Committee, and the Treasury Manager reviews and approves on the journal entry.	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	<Review of Fund Operations> The Treasury Manager, the CFO, and the CEO review and approve the appropriateness of key terms in approval requests relating to fund operations such as subscriptions to financial instruments and loans.	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)

	<p>< Review of Cash Disbursements> The person in charge of cash payments in the Treasury Team verifies that AP vouchers have been approved by the relevant operating department manager and the Accounting team and then obtains approval for the disbursement plan from the Treasury Team Manager and the CFO and then makes cash payments.</p>	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	<p><Cash Count> The Treasury Team conducts a cash count twice a year, prepares a daily treasury report on the date of cash count, and obtains approval from the Treasury Manager and the CFO.</p>	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
Other Process-Level Controls	<p><Review of Vendor Master Creation and Modification > The person in charge of Vendor Master of the Accounting Team and the Accounting Manager and the Treasury Manager review and approve the request for the creation or modification of the Vendor Master prepared by the relevant operating department, verifying that the key information (such as bank account numbers) matches the supporting documents.</p>	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025, Jan 2026)