

Youngone Corporation and its subsidiaries

Consolidated financial statements
For the year ended December 31, 2025
with the independent auditor's report

Youngone Corporation and its subsidiaries

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Independent auditor's report

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Ernst & Young Han Young
2-3F, 7-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors Youngone Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance and its consolidated 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 Group'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 consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated 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 Cash-Generating Unit (CGU)

The Group determines the recognition of impairment loss on CGU in accordance with KIFRS 1036 *Impairment of Assets*. We focused on this area considering that the size of individual assets allocated to a CGU is significant and the assessment of the value-in-use of the CGU involves management's judgements about the future results of the business and the discount rates which is applied to future cash flow forecast.

In particular, considering the significance of the SCOTT segment's CGU and its recent operating performance, we determined that the impairment assessment of the SCOTT CGU 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 consolidated financial statements of the Group 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 consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 consolidated financial statements and may result in modifications to this report.

Youngone Corporation and its subsidiaries

Consolidated 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 Group.”

Kihak Sung
Chief Executive Officer
Youngone Corporation

Youngone Corporation and its subsidiaries
Consolidated 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	₩ 1,090,560,747,187	₩ 799,525,139,874
Short-term financial assets	4,7	432,845,574,226	657,114,807,332
Trade receivables	4,7,10	636,665,881,800	545,983,230,999
Derivative assets	4,5,7,35	34,090,217,532	8,336,183,578
Inventories	13	1,224,604,415,841	1,225,289,838,766
Other receivables	4,7,11	79,908,497,973	61,725,926,990
Other current assets	12	131,563,225,060	115,754,085,575
Current tax asset		13,780,034,967	15,981,782,469
		<u>3,644,018,594,586</u>	<u>3,429,710,995,583</u>
Non-current assets			
Long-term financial assets	4,7,8	3,741,600,640	1,310,902,289
Financial assets at fair value through profit or loss	4,5,7,9	6,417,997,740	5,562,219,600
Financial assets at fair value through other comprehensive income	4,5,7,9	344,734,530,821	379,332,898,532
Investments in associates and joint ventures	6,18	54,311,694,889	55,943,282,105
Property, plant and equipment	6,14	1,013,667,514,493	906,467,946,030
Right-of-use assets	6,15	123,579,588,658	122,061,969,106
Intangible assets	6,16	164,272,404,260	152,660,990,159
Investment property	6,17	283,299,370,118	279,755,760,988
Other receivables	4,7,11	18,451,317,263	19,011,753,994
Other non-current assets	12	5,614,246,966	4,869,073,296
Deferred tax assets	24	54,830,186,007	33,035,115,779
		<u>2,072,920,451,855</u>	<u>1,960,011,911,878</u>
Total assets		<u>₩ 5,716,939,046,441</u>	<u>₩ 5,389,722,907,461</u>
Liabilities			
Current liabilities			
Trade payables	4,7,19	₩ 398,807,620,025	₩ 425,178,610,589
Short-term borrowings	4,7,22,34	76,448,105,310	26,446,534,658
Current portion of long-term borrowings	4,7,22,34	190,959,894,360	19,412,471,680
Derivative liabilities	4,5,7,35	9,121,822,210	113,846,600
Current tax liabilities		80,573,004,393	70,608,158,271
Provisions for other liabilities and charges	38	25,156,391,518	23,681,457,420
Other payables	4,7,19	134,507,014,173	133,552,397,444
Other current liabilities	20,21	6,621,885,729	9,145,217,868
Current lease liabilities	4,7,15,34	17,650,569,623	19,694,012,048
		<u>939,846,307,341</u>	<u>727,832,706,578</u>
Non-current liabilities			
Long-term borrowings	4,7,22,34	122,544,185,955	257,771,492,751
Net defined benefit liabilities	23	100,153,992,969	96,286,080,791
Deferred tax liabilities	24	303,893,474,021	287,146,117,718
Other payables	4,7,19	7,936,428,600	-
Other non-current liabilities	20	7,005,178,134	5,351,684,818
Non-current lease liabilities	4,7,15,34	130,082,350,586	119,681,734,954
		<u>671,615,610,265</u>	<u>766,237,111,032</u>
Total liabilities		<u>1,611,461,917,606</u>	<u>1,494,069,817,610</u>
Equity attributable to owners of the Parent Company			
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	3,485,307,506,898	3,082,550,333,992
Other components of equity	26	131,585,068,960	128,719,350,261
		<u>4,092,315,540,912</u>	<u>3,686,692,649,307</u>
Non-controlling interest	36	13,161,587,923	208,960,440,544
Total equity		<u>4,105,477,128,835</u>	<u>3,895,653,089,851</u>
Total liabilities and equity		<u>₩ 5,716,939,046,441</u>	<u>₩ 5,389,722,907,461</u>

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

Youngone Corporation and its subsidiaries
Consolidated statements 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	6,37	₩ 4,063,584,122,639	₩ 3,517,837,283,293
Cost of sales	31,37	2,946,113,206,841	2,621,487,734,649
Gross profit		1,117,470,915,798	896,349,548,644
Selling and administrative expenses	29,31	603,032,137,500	580,768,965,334
Operating profit	6	514,438,778,298	315,580,583,310
Other income	30	316,748,159,781	324,875,551,688
Other expenses	30	262,245,815,027	241,090,835,794
Finance income	7,32	40,788,318,017	42,093,086,495
Finance costs	7,32	29,556,521,595	31,546,863,292
Share of loss of associates and joint ventures	18	(438,413,879)	(1,738,124,900)
Profit before income tax		579,734,505,595	408,173,397,507
Income tax expense	24	153,483,823,566	113,637,840,952
Profit for the year	34	₩ 426,250,682,029	₩ 294,535,556,555
Profit attributable to:			
Owners of the Parent Company	33	₩ 492,268,483,607	₩ 427,050,356,020
Non-controlling interests	36	(66,017,801,578)	(132,514,799,465)
Earnings per share attributable to the equity holders of the Parent Company			
Basic earnings per share	33	₩ 11,558	₩ 9,846

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

Youngone Corporation and its subsidiaries
Consolidated 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	34	<u>₩ 426,250,682,029</u>	<u>₩ 294,535,556,555</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit liabilities		5,034,802,169	(2,367,911,697)
Loss on valuation of financial assets at fair value through other comprehensive income	9	(24,565,650,851)	(30,002,513,511)
Share of other comprehensive income (loss) of associates and joint ventures	18	956,472	(7,126,744)
Items that may be subsequently reclassified to profit or loss			
Gain (loss) on exchange differences		(70,674,618,488)	167,779,183,629
Share of other comprehensive income (loss) of associates and joint ventures	18	(1,262,092,339)	6,609,873,217
Gain (loss) on valuation of derivatives		121,845,230	(3,914,474,620)
Other comprehensive income (loss) for the year, net of tax		<u>(91,344,757,807)</u>	<u>138,097,030,274</u>
Total comprehensive income for the year		<u>₩ 334,905,924,222</u>	<u>₩ 432,632,586,829</u>
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		₩ 381,549,777,311	₩ 558,486,282,652
Non-controlling interest		(46,643,853,089)	(125,853,695,823)

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

Youngone Corporation and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2025

	Notes	Attributable to owners of the Parent Company				Total	Non-controlling Interest	Total Equity
		Share capital	Share premium	Retained Earnings	Other Components of Equity			
Balance as of January 1, 2024		₩ 22,155,734,000	₩ 453,267,231,054	₩ 2,712,525,857,272	₩ 58,715,464,523	₩ 3,246,664,286,849	₩ 3,587,970,520,505	
Total comprehensive income		-	-	427,050,356,020	-	427,050,356,020	294,535,556,555	
Profit for the year		-	-	427,050,356,020	(1,949,107,223)	(1,949,107,223)	(3,914,474,620)	
Loss on valuation of derivatives		-	-	-	(30,002,513,511)	(30,002,513,511)	(30,002,513,511)	
Loss on valuation of financial assets at fair value through other comprehensive income	9	-	-	-	157,373,975,254	157,373,975,254	167,779,183,629	
Exchange differences		-	-	-	6,612,036,719	6,612,036,719	6,602,746,473	
Share of other comprehensive income of associates and joint ventures		-	-	-	(598,464,607)	(598,464,607)	(2,367,911,697)	
Remeasurements of net defined benefit liabilities		-	-	-	-	(9,290,246)	(9,290,246)	
Total transactions with owners of the Parent Company, recognized directly in equity		-	-	(57,025,879,300)	(41,067,143,300)	(57,025,879,300)	(57,025,879,300)	
Annual dividends paid	28	-	-	(57,025,879,300)	(41,067,143,300)	(41,067,143,300)	(41,067,143,300)	
Acquisition of treasury shares		-	-	-	(20,364,897,594)	(20,364,897,594)	(26,856,994,883)	
Changes in ownership interests to subsidiaries		-	-	-	₩ 128,719,350,261	₩ 3,686,692,649,307	₩ 3,895,653,089,851	
Balance as of December 31, 2024		₩ 22,155,734,000	₩ 453,267,231,054	₩ 3,082,550,333,992	₩ 128,719,350,261	₩ 3,686,692,649,307	₩ 3,895,653,089,851	
Balance as of January 1, 2025		₩ 22,155,734,000	₩ 453,267,231,054	₩ 3,082,550,333,992	₩ 128,719,350,261	₩ 3,686,692,649,307	₩ 3,895,653,089,851	
Total comprehensive income		-	-	492,268,483,607	-	492,268,483,607	426,250,682,029	
Profit for the year		-	-	492,268,483,607	49,777,724	49,777,724	121,845,230	
Gain on valuation of derivatives		-	-	-	49,777,724	49,777,724	72,067,506	
Loss on valuation of financial assets at fair value through other comprehensive income		-	-	-	(24,565,650,851)	(24,565,650,851)	(24,565,650,851)	
Reclassification of accumulated other comprehensive income upon the sale of financial assets at fair value through other comprehensive income	9	-	-	-	(130,836,299)	(130,836,299)	-	
Exchange differences		-	-	130,836,299	(89,137,913,902)	(89,137,913,902)	(70,674,618,488)	
Share of other comprehensive loss of associates and joint ventures		-	-	-	(1,264,991,170)	(1,264,991,170)	(1,261,135,867)	
Remeasurements of net defined benefit liabilities		-	-	-	4,200,071,903	4,200,071,903	5,034,802,169	
Total transactions with owners of the Parent Company, recognized directly in equity		-	-	(59,850,068,600)	(59,850,068,600)	(59,850,068,600)	(59,850,068,600)	
Annual dividends paid	28	-	-	(59,850,068,600)	(59,850,068,600)	(59,850,068,600)	(59,850,068,600)	
Interim dividends paid	28	-	-	(29,792,078,400)	(29,792,078,400)	(29,792,078,400)	(29,792,078,400)	
Acquisition of treasury shares		-	-	-	(8,932,520,150)	(8,932,520,150)	(8,932,520,150)	
Changes in ownership interests in subsidiaries		-	-	-	122,647,781,444	122,647,781,444	(26,507,218,088)	
Balance as of December 31, 2025		₩ 22,155,734,000	₩ 453,267,231,054	₩ 3,485,307,506,898	₩ 131,585,068,960	₩ 4,092,315,540,912	₩ 4,105,477,128,835	

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

Youngone Corporation and its subsidiaries
Consolidated 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	₩ 499,810,241,386	₩ 742,194,408,627
Interest received		32,038,788,235	35,836,421,797
Interest paid		(29,556,521,595)	(31,546,863,292)
Dividends received		9,013,813,802	7,047,148,050
Income tax paid		(136,430,817,707)	(129,802,062,564)
Net cash provided by operating activities		374,875,504,121	623,729,052,618
Cash flows from investing activities			
Increase in short-term financial assets		(1,045,853,381,587)	(766,536,473,000)
Decrease in short-term financial assets		1,266,991,229,277	624,429,693,000
Increase in short-term loans		(1,673,302,950)	-
Increase in long-term loans		-	(312,910,120)
Decrease in long-term loans		380,980,860	5,466,438,320
Acquisition of property, plant and equipment		(223,162,674,298)	(116,824,849,924)
Disposal of property, plant and equipment		16,501,425,171	8,872,695,470
Acquisition of intangible assets		(6,373,159,195)	(7,403,052,817)
Disposal of intangible assets		-	89,340,000
Acquisition of investment property		(1,130,626,458)	(5,002,972,240)
Increase in leasehold deposits		(721,925,062)	(2,323,466,932)
Decrease in leasehold deposits		742,551,177	859,761,920
Acquisition of financial assets at fair value through profit or loss		(60,989,099,133)	(4,647,180)
Disposal of financial assets at fair value through profit or loss		68,251,168,999	-
Disposal of financial assets at fair value through other comprehensive income		2,017,248,867	-
Increase in long-term financial assets		(2,228,192,736)	(701,000,000)
Disposal of investments in subsidiaries		240,164,253	-
Settlement of derivatives		3,635,465,344	4,768,757,780
Changes in the scope of consolidation		(152,252,610)	-
Net cash provided by (used in) investing activities		16,475,619,919	(254,622,685,723)
Cash flows from financing activities			
Proceeds from (repayments of) short-term borrowings, net		46,427,333,779	(381,833,355,424)
Repayments for current portion of long-term borrowings		(19,031,881,700)	(71,478,275,580)
Increase in other deposits		2,005,726,536	3,869,205,694
Decrease in other deposits		(219,502,550)	(1,144,748,850)
Repayment of lease liabilities		(24,860,804,020)	(21,437,584,462)
Proceeds for long-term borrowings		25,425,807,860	184,920,111,083
Acquisition of treasury shares		(8,932,520,150)	(41,067,143,300)
Dividends paid		(89,634,796,930)	(57,021,232,060)
Acquisition of non-controlling interest		(26,507,218,088)	(26,856,994,883)
Net cash used in financing activities		(95,327,855,263)	(412,050,017,782)
Effects of exchange rate changes on cash and cash equivalents		(4,987,661,464)	(53,925,287,728)
Net increase (decrease) in cash and cash equivalents		291,035,607,313	(96,868,938,615)
Cash and cash equivalents at the beginning of the year		799,525,139,874	896,394,078,489
Cash and cash equivalents at the end of the year		₩ 1,090,560,747,187	₩ 799,525,139,874

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

Youngone Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

1. Corporate information

In accordance with KIFRS 1110 *Consolidated Financial Statements*, Youngone Corporation (the “Company”) is a controlling company of the consolidated group consisting of the Company and its 67 subsidiaries (collectively referred to as the “Group”), including YOUNGONE (CEPZ) LTD.(“YCL”), and five entities including International Retail Corporation are subject to the equity method accounting in the preparation of the consolidated financial statements.

1.1 The Company

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
	<u>44,311,468</u>	<u>100.00%</u>	

1.2 Subsidiaries

Details of the consolidated subsidiaries as of December 31, 2025 are as follows:

Subsidiaries	Main business	Number of investment shares			Percentage of ownership (%) ¹	Closing month	Location
		Parents	Subsidiaries	Total			
YCL ²	Manufacturing outdoor and sports wear	1,013,058	1,026,737	2,039,795	100.00%	December	Bangladesh
TSL ³	Manufacturing outdoor and sports wear	1,370,746	13,101	1,383,847	100.00%	December	Bangladesh
KSL ⁴	Manufacturing outdoor and sports wear	41,607	63,457	105,064	100.00%	December	Bangladesh
YHT ⁵	Manufacturing outdoor and sports wear	618,505	-	618,505	100.00%	December	Bangladesh
YPL ⁶	Manufacturing non-woven and padding	514,684	-	514,684	100.00%	December	Bangladesh
YGA ⁷	Manufacturing clothing parts	199,595	-	199,595	100.00%	December	Bangladesh
SEL ⁸	Subsidiary material/adhesives	-	346,802	346,802	100.00%	December	Bangladesh

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SDF ⁹	Fabric processing/dye	619,760	-	619,760	100.00%	December	Bangladesh
YSF ¹⁰	Manufacturing non-woven and padding	199,892	253,830	453,722	100.00%	December	Bangladesh
STL ¹¹	Fabric weaving	1,706,255	-	1,706,255	100.00%	December	Bangladesh
AAL ¹²	Aircraft leases/education	-	2,500,000	2,500,000	100.00%	December	Bangladesh
KSI ¹³	Manufacturing outdoor sports wear and shoes	-	100,000	100,000	100.00%	December	Bangladesh
SWL ¹⁴	Fabric processing	-	3	3	100.00%	December	Bangladesh
SLS ¹⁵	Manufacturing backpack	771,000	-	771,000	100.00%	December	Bangladesh
APD ¹⁶	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
CPD ¹⁷	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
DPD ¹⁸	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
EPD ¹⁹	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
GPD ²⁰	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
KPP ²¹	Manufacturing knitwear	-	1,000,000	1,000,000	100.00%	December	Bangladesh
ICL ²²	Developing industrial complex	-	100,000	100,000	100.00%	December	Bangladesh
SAL ²³	Manufacturing outdoor and sports wear	-	100,000	100,000	100.00%	December	Bangladesh
BHL ²⁴	Operating industrial complex	-	100,000	100,000	100.00%	December	Bangladesh
KPL ²⁵	Manufacturing packaging	-	900,000	900,000	100.00%	December	Bangladesh
YSP ^{26,52}	Manufacturing outdoor wear and backpack	-	-	-	100.00%	December	China
GMC ^{27,52}	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	China
YNL ^{28,52}	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Vietnam
YBL ^{29,52}	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Vietnam
YHL ^{30,52}	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Vietnam
BSL ^{31,52}	Manufacturing outdoor wear and backpack	-	-	-	100.00%	December	Vietnam
YLS ³²	Manufacturing outdoor and sports wear	760,000	-	760,000	100.00%	December	El Salvador
ESL ³³	Sourcing subsidiary materials	390,000	-	390,000	100.00%	December	Hong Kong

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DTL ³⁴	Sourcing subsidiary materials	510,000	-	510,000	100.00%	December	Thailand
YOA ³⁵	Service/trading	-	1,000	1,000	100.00%	December	USA
MSH ³⁶	OR Holding Company	40,817,178	-	40,817,178	100.00%	December	USA
OR ³⁷	Distribution of outdoor brands	-	950	950	95.00%	December	USA
OR CANADA ³⁸	Distribution of outdoor brands	-	1,000	1,000	95.00%	December	USA
YTL ^{39,52}	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Turkey
AAI ⁴⁰	Aircraft lease	26,400,000	39,600,000	66,000,000	100.00%	December	UK(IOM)
SQA ^{41,52}	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Uzbekistan
BKS ^{42,52}	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Uzbekistan
BPL ^{43,52}	Sourcing subsidiary materials	-	-	-	100.00%	December	Taiwan
ESP ⁴⁴	Manufacturing outdoor and sports wear	5,352,755	-	5,352,755	100.00%	December	Ethiopia
DTI ⁴⁵	Merino wool business	102	-	102	100.00%	December	New Zealand
YIA ⁴⁶	Trading/service	15,300,000	-	15,300,000	100.00%	December	Singapore
ETL ⁴⁷	Manufacturing woven and knitwear	-	72,000,000	72,000,000	100.00%	December	India
YES ⁴⁸	YMS Holding Company	200,000	-	200,000	100.00%	December	Portugal
YMS ⁴⁹	Properties leases	-	170,000	170,000	100.00%	December	Portugal
ASI ⁵⁰	Clothing wholesale	1,076,639	-	1,076,639	100.00%	December	Guatemala
YKE ⁵¹	Clothing wholesale	130,000	-	130,000	100.00%	December	Kenya
SCOTT CORPORATION SA	SCOTT Holding Company	12,088,750	-	12,088,750	96.71%	September	Switzerland
SCOTT SPORTS SA	Distribution of bicycle/sports brands	-	12,001	12,001	96.71%	September	Switzerland
SCOTT USA INC.	Distribution of bicycle/sports brands	-	1	1	96.71%	September	USA
SSG (EUROPE) DISTRIBUTION CENTER NV	Distribution of bicycle	-	250	250	96.71%	September	Belgium
SCOTT ITALIA S.R.L.	Distribution of bicycle/sports brands	-	100,000	100,000	96.71%	September	Italy
SCOTT SPORTS AB	Distribution of bicycle/sports brands	-	5,000	5,000	96.71%	September	Sweden
SCOTT SPORTS AFRICA (PTY) LTD	Distribution of bicycle/sports brands	-	100	100	96.71%	September	Republic of South Africa
SCOTT SPORTS INDIA (PTY) LTD	Distribution of bicycle/sports brands	-	10,000	10,000	96.71%	September	India

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DFG INC.	Manufacturing sports products	-	4,438	4,438	96.71%	September	USA
BERGAMONT FAHRRAD VERTRIEB GMBH	Distribution of bicycle/sports brands	-	1	1	96.71%	September	Germany
DOLOMITE S.R.L.	Design and developing sports shoes/wear	-	100,000	100,000	96.71%	September	Italy
SHEPPARD CYCLES AUSTRALIA PTY LTD.	Distribution of bicycle/sports brands	-	95,000	95,000	91.87%	September	Australia
SHEPPARD CYCLES NEW ZEALAND LIMITED	Distribution of bicycle/sports brands	-	95,000	95,000	91.87%	September	New Zealand
SPORT NETWORK SOLUTION SA	Distribution of bicycle/sports brands	-	10,000,000	10,000,000	96.71%	September	Switzerland
SCOTT SPORTS DENMARK A/S	Distribution of bicycle/sports brands	-	5,000	5,000	96.71%	September	Denmark
SHEPPARD CYCLES RETAIL SERVICES PTY LTD. ⁵²	Bicycle service	-	-	-	91.87%	September	Australia
BSSH PTY LTD	Distribution of bicycle/sports brands	-	2,280,000	2,280,000	91.87%	September	Australia

¹ Based on effective consolidated shareholding ratio.

² YOUNGONE (CEPZ) LTD.

³ TITAS SPORTSWEAR INDUSTRIES LTD.

⁴ KARNAPHULI SPORTSWEAR INDUSTRIES LTD.

⁵ YOUNGONE HI-TECH SPORTSWEAR INDUSTRIES LTD.

⁶ YOUNGONE PADDING (CEPZ) LTD.

⁷ YOUNGONE GARMENT ACCESSORIES INDUSTRIES LTD.

⁸ SHINHAN EMULSION CO., LTD.

⁹ SAVAR DYEING & FINISHING INDUSTRIES LTD.

¹⁰ YOUNGONE SYNTHETIC FIBRE PRODUCTS INDUSTRIES LTD.

¹¹ SUNGNAM TEXTILES MILLS LTD.

¹² ARIRANG AVIATION LTD.

¹³ KARNAPHULI SHOES INDUSTRIES LTD.

¹⁴ SURMA GARMENTS WASHING & FINISHING CO., LTD.

¹⁵ SUNGNAM LEATHER AND SPORTS PRODUCT INDUSTRIES LTD.

¹⁶ ALPHA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

¹⁷ CHANG-JO PRODUCT DEVELOPMENT CO.(BD) LIMITED

¹⁸ DAE-GU PRODUCT DEVELOPMENT CO.(BD) LIMITED

¹⁹ EVERTOP PRODUCT DEVELOPMENT CO.(BD) LIMITED

²⁰ GAYA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

²¹ KARNAPHULI POLYESTER PRODUCTS COMPANY LIMITED

²² INCHEON CONTAINERS (BD) LIMITED

²³ SUNGNAM APPARELS (BD) LIMITED

²⁴ BUSAN HARBOUR (BD) LIMITED

²⁵ KARNAPHULI PACKAGING IND LTD.

²⁶ QINGDAO YOUNGONE SPORTS PRODUCTS CO., LTD.

²⁷ QINGDAO YOUNGONE SPORTSWEAR CO., LTD.

²⁸ YOUNGONE NAM DINH CO., LTD.

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²⁹ YOUNGONE BAC GIANG CO., LTD.

³⁰ YOUNGONE HUNGYEN CO., LTD.

³¹ BROADPEAK SOC TRANG CO., LTD.

³² YOUNGONE (EL SALVADOR) S.A DE C.V.

³³ EVER SUMMIT (HK) LTD.

³⁴ DONGNAMA TRADING CO., LTD.

³⁵ YOUNGONE AMERICA INC.

³⁶ MOUNTAIN SUMMIT HOLDINGS, LTD.

³⁷ OUTDOOR RESEARCH, LLC.

³⁸ OUTDOOR RESEARCH-CANADA, INC.

³⁹ YOUNGONE (ISTANBUL) APPAREL SANAYI VE TICARET LTD. SIRKETI

⁴⁰ ARIRANG AVIATION (IOM) LTD.

⁴¹ SAMARKAND APPAREL LLC.

⁴² BUKA SPORTSWEAR LLC.

⁴³ BROAD PEAK INTL LTD.

⁴⁴ EVERTOP SPORTSWEAR PLC.

⁴⁵ DESIGNER TEXTILES INTERNATIONAL LTD.

⁴⁶ YOUNGONE INTERNATIONAL ASIA PTE. LTD.

⁴⁷ EVERTOP TEXTILE & APPAREL COMPLEX PRIVATE LIMITED

⁴⁸ YOUNGONE CORPORATION EUROPE SGPS, S.A.

⁴⁹ YOK MIRAGAIA, S.A.

⁵⁰ AMATITLAN SUNGNAM INDUSTRIES, S. A.

⁵¹ YOUNGONE KENYA EPZ LTD

⁵² This subsidiary either does not issue the share certificates or is not a share corporation. Thus, there is no share.

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1.3 Summary of Financial information of Subsidiaries

Summarized financial information on consolidated subsidiaries as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands
of Korean won)

As of and for the year ended December 31, 2025

	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
YCL	₩ 528,365,054	₩ 69,534,584	₩ 458,830,470	₩ 425,493,355	₩ 63,177,401	₩ 44,942,474
TSL	381,864,848	39,817,135	342,047,713	223,176,724	33,069,583	15,857,493
KSL	200,667,272	41,222,274	159,444,998	189,427,378	21,992,176	15,698,803
YHT	338,573,578	38,492,649	300,080,929	166,444,582	19,902,455	6,795,233
YPL	33,064,904	1,387,523	31,677,381	9,148,316	3,003,762	1,631,294
YGA	37,680,239	1,323,294	36,356,945	9,456,283	3,503,446	1,951,895
SEL	21,071,053	534,646	20,536,407	5,892,543	2,675,808	1,824,377
SDF	51,968,304	7,693,664	44,274,640	41,912,459	6,344,126	4,582,198
YSF	30,572,856	1,826,068	28,746,788	11,467,025	3,039,156	1,828,465
STL	21,359,649	1,414,147	19,945,502	9,273,278	2,970,569	2,168,334
AAL	1,695,413	514,451	1,180,962	325,687	(143,530)	(208,665)
KSI	555,602,045	314,105,995	241,496,050	499,502,242	51,793,733	43,740,286
SWL	1,356,700	145,144	1,211,556	289,602	(77,668)	(136,319)
SLS	85,557	11,269	74,288	-	(640)	(4,285)
YSP	23,071,429	11,799,722	11,271,707	-	(1,366,850)	(1,184,772)
GMC	11,953,822	1,689,999	10,263,823	-	(149,801)	22,496
YNL	480,922,895	42,839,246	438,083,649	523,028,315	79,149,755	58,617,811
YBL	54,056,506	11,011,147	43,045,359	85,181,353	7,235,585	5,188,451
YHL	71,793,362	4,999,289	66,794,073	96,275,420	13,234,285	10,167,777
YLS	40,821,716	2,685,462	38,136,254	44,327,904	(1,202,149)	(2,175,411)
ESL	20,613,158	10,552,687	10,060,471	80,322,054	716,450	476,616
DTL	3,630,183	381,188	3,248,995	2,487,407	(634,932)	(444,086)
YTL	504,566	39,776	464,790	-	(25,310)	(1,053)
AAI	119,219,120	29,634,531	89,584,589	14,891,551	(479,186)	(2,686,670)
MSH ¹	107,703,463	35,434,785	72,268,678	149,871,845	3,612,954	1,966,523
SQA	12,402,239	7,489,488	4,912,751	3,763,170	(1,444,690)	(1,044,408)
SCOTT ²	1,235,047,812	924,583,060	310,464,752	1,122,264,930	(129,727,415)	(91,605,659)
BPL	1,076,098	169,081	907,017	1,130,595	(90,339)	(66,906)
ESP	1,982,094	652,373	1,329,721	2,975,207	196,106	(427,154)
APD	30,115,722	31,350,646	(1,234,925)	4,252,559	(501,635)	(468,147)
CPD	102,092	782	101,310	-	(1,955)	(6,984)
DPD	6,908,917	4,303,537	2,605,380	3,095,912	1,632,082	1,600,226
EPD	31,077,166	37,005,351	(5,928,185)	1,778,959	(1,734,696)	(1,540,555)
GPD	18,169,831	21,021,154	(2,851,323)	781,019	(1,204,774)	(1,125,883)
KPP	187,535,129	215,639,041	(28,103,912)	37,864,171	(5,856,670)	(4,776,190)

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BKS	5,901,119	1,481,798	4,419,321	182,811	(2,286,170)	(2,077,109)
DTI	6,657,667	316,763	6,340,904	4,097,385	(1,402,613)	(1,383,325)
BSL	174,739,981	24,958,773	149,781,208	163,856,124	24,893,972	17,755,211
ICL	105,052	764	104,288	-	(1,804)	(6,969)
SAL	55,240,071	77,919,779	(22,679,708)	6,380,030	(5,653,695)	(4,856,824)
BHL	105,279	873	104,406	-	(2,567)	(7,779)
KPL	16,239,066	11,652,441	4,586,625	7,398,288	2,088,203	1,978,055
YIA	30,409,316	12,062,299	18,347,017	24,774,719	370,003	965,793
ETL	43,650,552	37,792,701	5,857,851	968,460	(4,331,225)	(5,005,672)
YES	5,242,277	514,338	4,727,939	-	(96,261)	232,364
YMS	3,477,341	25,697	3,451,644	-	(146,729)	119,111
ASI	10,336,966	-	10,336,966	-	(4,992)	(210,252)
YKE	1,205,967	-	1,205,967	-	(238,119)	(264,233)

(in thousands of
Korean won)

2024

	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
YCL	₩ 476,415,483	₩ 62,527,487	₩ 413,887,996	₩ 339,964,096	₩ 56,396,009	₩ 75,329,568
TSL	321,008,918	38,720,067	282,288,850	205,846,363	39,179,226	51,772,666
KSL	179,907,545	36,161,350	143,746,195	166,499,471	18,442,821	24,976,945
YHT	325,403,201	32,117,505	293,285,696	161,866,178	23,016,220	36,491,301
YPL	31,798,723	1,752,636	30,046,087	7,094,921	2,521,117	3,847,024
YGA	35,906,165	1,501,115	34,405,050	8,327,177	4,797,340	6,272,862
SEL	19,186,219	474,190	18,712,029	5,469,125	2,393,169	3,212,510
SDF	48,849,052	9,156,611	39,692,441	47,414,508	7,491,197	9,215,404
YSF	28,644,957	1,726,634	26,918,323	10,022,598	2,623,976	3,813,862
STL	19,245,950	1,468,782	17,777,167	10,134,425	3,578,350	4,354,470
YSS	43,772,500	1,780,600	41,991,900	12,163,591	(3,074,598)	(1,176,119)
AAL	2,799,113	1,409,486	1,389,627	183,018	(196,962)	(133,492)
KSI	509,644,015	311,888,250	197,755,765	422,557,042	44,905,111	54,008,274
SWL	1,499,274	151,399	1,347,875	481,898	158,153	222,586
SLS	89,735	11,163	78,572	-	(1,978)	1,548
YSP	23,062,515	11,669,486	11,393,028	-	(3,089,128)	(1,833,700)
GMC	11,892,113	1,650,787	10,241,327	-	(472,497)	587,932
YNL	425,414,916	45,949,077	379,465,839	446,638,009	71,641,180	99,941,689
YBL	46,524,043	8,667,135	37,856,908	63,921,921	7,619,667	10,404,031
YHL	61,926,946	5,300,651	56,626,295	83,164,122	12,291,669	16,436,792
YLS	42,670,562	2,358,898	40,311,665	46,744,703	169,352	6,259,057
ESL	19,425,663	9,841,808	9,583,855	68,451,313	(313,195)	931,493
DTL	4,214,501	521,420	3,693,081	4,820,352	(7,812)	454,467

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(in thousands of
Korean won)

	2024					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
YTL	465,843	-	465,843	-	-	57,232
AAI	122,192,111	29,920,852	92,271,259	14,508,959	2,970,678	14,144,430
MSH ¹	123,314,622	53,012,467	70,302,155	162,874,509	2,503,557	10,928,815
SQA	12,396,112	6,438,952	5,957,160	668,927	(847,683)	139,644
SCOTT ²	1,304,683,662	902,613,252	402,070,410	953,661,749	(210,621,041)	(198,213,743)
BPL	1,198,864	224,941	973,923	1,712,864	(23,058)	38,722
ESP	2,176,036	419,161	1,756,875	3,053,411	874,402	(668,488)
APD	25,270,540	26,037,318	(766,778)	386,724	(386,007)	(417,684)
CPD	109,481	1,186	108,294	-	(3,170)	1,694
DPD	5,871,664	4,866,509	1,005,155	2,340,705	701,870	747,785
EPD	20,581,364	24,968,995	(4,387,631)	1,909,048	(1,147,345)	(1,335,781)
GPD	19,483,824	21,209,264	(1,725,441)	596,125	(1,044,078)	(1,114,171)
KPP	140,931,702	164,259,425	(23,327,723)	37,424,846	(1,453,435)	(2,462,072)
BKS	6,509,629	13,199	6,496,430	-	-	590,585
DTI	8,362,446	638,217	7,724,230	4,792,986	1,725,780	1,818,476
BSL	157,067,458	25,041,461	132,025,997	133,153,512	28,825,377	38,486,178
TWL	113,039	1,088	111,951	-	(3,102)	1,925
TVL	7,739,822	10,576,358	(2,836,536)	-	(718,901)	(840,876)
ICL	112,335	1,079	111,257	-	(3,102)	1,894
SAL	51,533,677	69,356,560	(17,822,883)	1,196,712	(6,029,705)	(6,785,887)
BHL	113,285	1,101	112,185	-	(1,122)	3,902
KPL	15,810,313	13,201,743	2,608,570	5,127,188	1,450,868	1,557,700
YIA	22,272,772	4,891,548	17,381,225	11,494,524	(887,960)	825,500
ETL	21,277,631	10,414,108	10,863,523	475,142	(918,068)	195,016
YES	2,859,502	9,056	2,850,446	-	(102,415)	91,398
YMS	2,821,274	163,030	2,658,245	-	(68,918)	396,071
ASI	10,547,218	-	10,547,218	-	-	961,088

¹ Consolidated financial information includes MSH and its subsidiaries.

² Consolidated financial information of SCOTT CORPORATION SA and its subsidiaries.

1.4 Changes in scope of consolidation

The subsidiaries newly included in the consolidated financial statements and those excluded from the scope of consolidation for the year ended December 31, 2025 are as follows:

(a) Newly included in the consolidation for the year ended December 31, 2025.

Name of subsidiary	Reason for inclusion
YOUNGONE KENYA EPZ LTD	Newly established

(b) Excluded from the consolidation for the year ended December 31, 2025.

Name of subsidiary	Reason for inclusion
TEKWIN (BD) LIMITED	Disposal of shares
TEKVISION (BD) LIMITED	Disposal of shares
YOUNGONE SPORTS SHOES INDUSTRIES LTD.	Merged into subsidiary

2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated 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 Group maintains its accounting records in Korean won and prepares statutory consolidated financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The accompanying consolidated 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 Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated 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 consolidated financial statements of the Group 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 consolidated 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 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 consolidated financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated 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 Group

The Group 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 do not have a material impact on the consolidated financial statements.

2.2.2 New standards and interpretations not yet adopted by the Group

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

(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).

The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. The Group does not anticipate that the amendments will have a material effect on the Group'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 Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with KIFRS 1110 *Consolidated Financial Statements*.

(a) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in profit or loss.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

(c) Joint Arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

(d) Business combination of entities under a common control

The Group applies the book amount method to account for business combinations of entities under a common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book amounts on the consolidated financial statements of the Ultimate Parent Company. However, if the consolidated financial statements are not available, the Group applies the carrying amount of assets and liabilities accounted on acquiree's financial statements. In addition, the difference between the sum of consolidated book amounts of the assets and liabilities transferred and accumulated other comprehensive income; and the consideration paid is recognized as reserves.

2.4 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 Board of directors that makes strategic decisions.

2.5 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated 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 statement of profit or loss, 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 classified as available-for-sale financial assets are recognized in other comprehensive income.

2.6 Financial Assets

(a) Classification

The Group 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 Group'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 model in which the investment is held. The Group 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 Group 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 fair value of non-designated equity investment are recognized in profit or loss.

(b) Measurement

At initial recognition, the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. The Group 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 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 arises.

B. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group'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 Group 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 Group 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 Group 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 Group 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 Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group 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 Group or the counterparty.

2.7 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 income (expenses) based on the nature of transactions.

2.8 Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 10 for further information about the Group's accounting for trade receivables and Note 4.1.2 for a description of the Group's accounting policy for impairment.

2.9 Inventories

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

2.10 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 life
Buildings	20 - 40 years
Structures	30 years
Facilities	30 years
Machinery	4 - 10 years
Vehicles	4 - 15 years
Tools and equipment	3 - 7 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.11 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.

2.12 Intangible Assets

Intangible assets 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 Group are recognized when the criteria for recognition such as technically feasibility and probable future economic benefits are met. Membership rights and brand value 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 Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Software, development costs and industrial property rights	5 years
Customer relationships	15 – 20 years
Brand value ¹	10 – 15 years

¹ Particular brand value that have a definite useful life.

2.13 Investment Property

Investment property 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 Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 25 – 40 years.

2.14 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 Group 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.

2.15 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group 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 payables, borrowings, and other financial liabilities in the statement of financial position.

Preferred shares that require mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the statement of profit or loss as finance costs, together with interest expenses recognized from other financial liabilities.

(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 a 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 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group 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.

2.17 Financial Guarantee Contracts

Financial guarantee contracts are measured at fair value and 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; and
- the amount initially recognized less the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

2.18 Provisions

Provisions are recognized when the Group 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 Group 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.

2.19 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in 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 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. The Group recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

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 consolidated 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 Group 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 Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group 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 when the Group 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.

2.20 Net Defined Benefit Liabilities (Assets)

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group 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 depended 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.

2.21 Revenue Recognition

The Group has applied KIFRS 1115 *Revenue from Contracts with Customers*.

(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 properties is recognized as revenue during the period in which the rental service is provided.

(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 Group 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 Group 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.

2.22 Lease

(a) Lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

(b) Lessee

The Group 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 Group 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 Group is lessee, the Group 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 Group 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 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 Group 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 Group (the lessee) under residual value guarantees;
- the exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group (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 Group reflects the lease period in the interest rate of the publicly placed bond considering the Group's credit rating.

The Group 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 the 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group elected not to apply the 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.

(c) Options to extend and terminate the leases

A number of lease contracts for real estate held by the Group 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 Group, 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 Group 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.

2.23 Approval of Issuance of the Financial Statements

The consolidated 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.

3. Critical Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group'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 loss on goodwill and intangible assets with indefinite useful lives

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations.

(b) Income taxes

The Group'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 Group 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 Group'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 Group 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.

(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 Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(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 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 Group 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 Group's inventory is mainly sold.

4. Financial Risk Management

4.1 Financial Risk Factors

Following explains the Group's exposure to financial risks and how these risks could affect the Group'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	Foreign currency forwards and foreign currency options
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

The Group's risk management is predominantly controlled by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group'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 Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Also, the Group regularly evaluates, manages and reports on the foreign exchange risks for the receivables and payables in foreign currencies.

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The Group'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	₩ 676,799,416	₩ 293,878,854
EUR	20,335,877	13,428,436
JPY	15,468,643	14,652,027
CHF	4,339,683	4,209,170
GBP	33,406	6,554
NZD	416	414
SGD	44,701	-
	<u>₩ 717,022,142</u>	<u>₩ 326,175,455</u>
Short-term financial instruments		
USD	₩ 36,440,276	₩ 433,650,000
	<u>₩ 36,440,276</u>	<u>₩ 433,650,000</u>
Trade and other receivables		
USD	₩ 293,678,503	₩ 392,700,166
EUR	96,489,650	78,829,151
JPY	594	-
CHF	9,679	-
	<u>₩ 390,178,426</u>	<u>₩ 471,529,317</u>
Trade and other payables		
USD	₩ 95,643,749	₩ 128,290,014
EUR	136,444,714	169,148,909
JPY	3,441	-
CHF	28,011	-
GBP	46,706	-
SGD	209,990	246,969
	<u>₩ 232,376,611</u>	<u>₩ 297,685,892</u>
Borrowings		
USD	₩ 41,612,100	₩ 19,306,798
EUR	258,675,025	240,710,559
CHF	89,596,481	-
	<u>₩ 389,883,606</u>	<u>₩ 260,017,357</u>

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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:

<i>(in thousands of Korean won)</i>	2025		2024	
	Increase	Decrease	Increase	Decrease
USD	₩ 43,483,117	₩ (43,483,117)	₩ 48,631,610	₩ (48,631,610)
EUR	(13,914,711)	13,914,711	(15,880,094)	15,880,094
JPY	773,290	(773,290)	732,601	(732,601)
CHF	(4,263,757)	4,263,757	210,459	(210,459)
GBP	(665)	665	328	(328)
NZD	21	(21)	21	(21)
SGD	(8,264)	8,264	(12,348)	12,348
	<u>₩ 26,069,031</u>	<u>₩ (26,069,031)</u>	<u>₩ 33,682,577</u>	<u>₩ (33,682,577)</u>

(b) Price risk

The Group acquires equity securities (including both listed and unlisted) to manage a liquidity risk and for trading. The Group invests in more than one investment vehicle either directly or indirectly, and the fair value of equity securities (excluding investments in associate and joint ventures and unlisted securities) as of December 31, 2025 is ₩ 344,709,704 thousand (2024: ₩ 379,308,071 thousand) (see Note 9).

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:

<i>(in thousands of Korean won)</i>	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)

(c) Cash flow and fair value interest rate risk

The Group 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 and 2024, if the interest rate fluctuated by 0.1% while other variables are fixed, the effects on profit before income tax would be as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
	Increase	Decrease	Increase	Decrease

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Borrowings	₩	(382,366)	₩	382,366	₩	(196,329)	₩	196,329
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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 Group 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 Group 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	₩ 494,442,709	₩ 97,159,597	₩ 41,839,136	₩ 14,285,278	₩ 647,726,720
Allowance for credit losses	1,135,297	636,001	-	9,289,540	11,060,838

*(in thousands of
Korean won)*

	2024				
	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Trade receivables	₩ 454,443,840	₩ 60,770,623	₩ 20,018,591	₩ 25,494,328	₩ 560,727,382
Allowance for credit losses	509,214	528,574	8,132	13,698,231	14,744,151

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Movements in the allowance for doubtful accounts 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	₩	14,744,151	₩	12,577,931
Bad debt expenses (reversal of allowance for doubtful accounts)		(2,690,553)		5,912,087
Write-off		(1,128,361)		(4,188,121)
Foreign currency translation		135,601		442,254
Ending balance	₩	<u>11,060,838</u>	₩	<u>14,744,151</u>

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).

(b) Other financial assets at amortized cost

Credit risk can arise from transaction with financial institution such as cash and cash equivalents, deposits with banks, derivative financial instruments. The Group has transactions with counterparties that are above certain credit rating 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	Non-trade receivables	Total
Beginning balance	₩ 14,439,792	₩ 1,726,997	₩ 16,166,789
Provision of allowance for doubtful accounts	264,284	71	264,355
Reversal of allowance for doubtful accounts	-	(212,410)	(212,410)
Foreign currency translation	<u>1,651,107</u>	<u>(82,537)</u>	<u>1,568,570</u>
Ending balance	<u>16,355,183</u>	<u>1,432,121</u>	<u>17,787,304</u>

<i>(in thousands of Korean won)</i>	2024		
	Loans	Non-trade receivables	Total
Beginning balance	₩ 13,328,368	₩ 742,400	₩ 14,070,768
Provision of allowance for doubtful accounts	238,555	883,716	1,122,271
Reversal of allowance for doubtful accounts	-	-	-
Foreign currency translation	<u>₩ 872,869</u>	<u>₩ 100,881</u>	<u>₩ 973,750</u>
Ending balance	<u>₩ 14,439,792</u>	<u>₩ 1,726,997</u>	<u>₩ 16,166,789</u>

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(c) Maximum exposures to credit risk

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

<i>(in thousands of Korean won)</i>	December 31, 2025			December 31, 2024		
	Book amount without deduction	Allowance for doubtful account	Book amount (maximum exposure)	Book amount without deduction	Allowance for doubtful account	Book amount (maximum exposure)
Cash and cash equivalents ¹	₩ 1,074,477,013	₩ -	₩ 1,074,477,013	₩ 777,887,891	₩ -	₩ 777,887,891
Short-term financial instruments	432,845,574	-	432,845,574	657,114,807	-	657,114,807
Financial instruments at fair value through profit or loss	6,417,998	-	6,417,998	5,562,220	-	5,562,220
Financial instruments at fair value through other comprehensive income	344,734,531	-	344,734,531	379,332,899	-	379,332,899
Derivative assets	34,090,218	-	34,090,218	8,336,184	-	8,336,184
Trade receivables	647,726,720	(11,060,838)	636,665,882	560,727,381	(14,744,150)	545,983,231
Other receivables ²	116,147,119	(17,787,304)	98,359,815	96,904,470	(16,166,789)	80,737,681
Long-term financial instruments	3,741,601	-	3,741,601	1,310,902	-	1,310,902
	<u>₩ 2,660,180,774</u>	<u>₩ (28,848,142)</u>	<u>₩ 2,631,332,632</u>	<u>₩ 2,487,176,754</u>	<u>₩ (30,910,939)</u>	<u>₩ 2,456,265,815</u>

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 Group is unable to meet its short-term payment obligations on time due to deterioration of its business performance or inability to access financing.

The Group 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 Group'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	Over 2 years	Total
Borrowings ¹	₩	62,324,705	₩ 280,258,306	₩ 90,589,526	₩ 32,579,790	₩ 465,752,327
Trade payables		371,606,684	27,200,936	-	-	398,807,620
Other payables		72,595,496	61,911,518	4,114,984	3,821,445	142,443,443
Lease liabilities		6,623,314	18,394,997	22,015,744	182,258,111	229,292,166
Derivatives held for trading						
Outflow	₩	195,974,486	₩ 610,767,143	₩ -	₩ -	₩ 806,741,629
(Inflow)		(199,927,356)	(631,760,924)	-	-	(831,688,280)
	₩	(3,952,870)	₩ (20,993,781)	₩ -	₩ -	₩ (24,946,651)
Derivatives held for hedging						
Outflow	₩	6,943,469	₩ 6,943,469	₩ -	₩ -	₩ 13,886,938
(Inflow)		(6,954,341)	(6,954,341)	-	-	(13,908,682)
	₩	(10,872)	₩ (10,872)	₩ -	₩ -	₩ (21,744)

¹ Current portion of borrowings are included.

(in thousands of Korean won)

		December 31, 2024				
		Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Over 2 years	Total
Borrowings ¹	₩	42,866,038	₩ 18,778,826	₩ 248,669,603	₩ 9,320,424	₩ 319,634,891
Trade payables		375,941,370	49,237,241	-	-	425,178,611
Other payables		56,049,132	77,503,266	-	-	133,552,398
Lease liabilities		6,733,593	19,651,062	21,522,378	161,366,560	209,273,593
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)
Derivatives held for hedging						
Outflow	₩	3,969,180	₩ 3,969,180	₩ -	₩ -	₩ 7,938,360
(Inflow)		(3,913,070)	(3,913,070)	-	-	(7,826,140)
	₩	56,110	₩ 56,110	₩ -	₩ -	₩ 112,220

¹ Current portion of borrowings are included.

4.2 Capital Risk Management

The Group's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Group 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:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Total liabilities	₩	1,611,461,918	₩	1,494,069,818
Total equity		4,105,477,129		3,895,653,090
Debt-to-equity ratio		39.25%		38.35%

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
Financial assets at fair value through profit or loss	-	-	6,417,998	6,417,998
Derivative assets	-	34,090,218	-	34,090,218
Financial liabilities				
Derivative liabilities	-	9,121,822	-	9,121,822

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	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	₩ 379,308,071	₩ -	₩ 24,827	₩ 379,332,898
Financial assets at fair value through profit or loss	-	-	5,562,220	5,562,220
Derivative assets	-	8,336,184	-	8,336,184
Financial liabilities				
Derivative liabilities	-	113,847	-	113,847

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

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

The Group'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 profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss
Beginning balance	₩ 24,827	₩ 5,562,220	₩ 24,827	₩ 4,864,449
Amount recognized in profit or loss	-	209,368	-	357,833
Acquisition	-	-	-	4,647
Effect of foreign currency translation	-	646,410	-	335,291
Ending balance	₩ 24,827	₩ 6,417,998	₩ 24,827	₩ 5,562,220

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	₩ 34,090,218			Foreign currency forwards	
Derivative liabilities	(9,121,822)	2	Market approach	exchange rate, discount rate and others	N/A

6. Operating Segment Information

(a) The Group's reportable segments consist of OEM segment, SCOTT 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:

(in thousands of Korean won)

2025					
	OEM	SCOTT	Others	Consolidation adjustment	Total
Sales	₩ 5,167,062,948	₩ 1,122,264,930	₩ 191,847,053	₩ (2,417,590,808)	₩ 4,063,584,123
Operating income ¹	597,277,311	(105,442,459)	19,379,486	3,224,440	514,438,778
Depreciation and amortization ²	52,603,065	20,519,766	15,415,059	-	88,537,890
Depreciation of right-of-use assets ²	₩ 5,785,229	₩ 15,007,557	₩ 3,988,783	₩ -	₩ 24,781,569

(in thousands of Korean won)

2024					
	OEM	SCOTT	Others	Consolidation adjustment	Total
Sales	₩ 4,405,930,493	₩ 953,661,749	₩ 201,436,723	₩ (2,043,191,682)	₩ 3,517,837,283
Operating income ¹	501,700,825	(212,281,633)	20,380,999	5,780,392	315,580,583
Depreciation and amortization ²	48,797,709	20,616,440	14,615,897	-	84,030,046
Depreciation of right-of-use assets ²	₩ 5,069,456	₩ 14,897,310	₩ 3,584,895	₩ -	₩ 23,551,661

¹ Management of the Group 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.

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(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	SCOTT	Others	Adjustment ^{3,4}	Consolidation adjustment	Total
Assets ¹	₩ 4,675,665,597	₩ 1,235,047,812	₩ 337,807,413	₩ 1,348,651,216	₩ (1,880,232,992)	₩ 5,716,939,046
Investment in associates and joint ventures	-	1,777,543	45,000,000	-	7,534,152	54,311,695
Purchase of non-current assets ²	197,847,934	13,650,098	18,152,733	-	-	229,650,765
Liabilities ¹	1,347,947,271	924,583,060	86,635,600	166,950,333	(914,654,346)	1,611,461,918

<i>(in thousands of Korean won)</i>	December 31, 2024					
	OEM	SCOTT	Others	Adjustment ^{3,4}	Consolidation adjustment	Total
Assets ¹	₩ 4,596,908,763	₩ 1,304,683,662	₩ 390,486,329	₩ 1,280,769,493	₩ (2,183,125,340)	₩ 5,389,722,907
Investment in associates and joint ventures	-	2,977,902	45,000,000	-	7,965,380	55,943,282
Purchase of non-current assets ²	103,106,063	15,594,387	10,686,165	-	-	129,386,615
Liabilities ¹	1,565,692,675	902,613,252	145,981,597	157,329,551	(1,277,547,257)	1,494,069,818

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.

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

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(d) Sales and non-current assets as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	Sales		Non-current assets ¹	
	2025	2024	December 31, 2025	December 31, 2024
Korea	₩ 2,507,415,268	₩ 2,113,886,201	₩ 372,380,520	₩ 375,936,317
Bangladesh	1,653,360,412	1,447,005,759	498,634,921	446,061,168
Vietnam	868,341,212	726,877,563	127,540,309	105,560,735
China	-	-	18,825,988	18,904,665
Switzerland	1,122,264,930	953,661,749	336,433,906	313,754,724
Others	329,793,109	319,597,692	216,872,253	185,740,056
Consolidation adjustment	(2,417,590,808)	(2,043,191,682)	14,130,980	14,989,001
	<u>₩ 4,063,584,123</u>	<u>₩ 3,517,837,282</u>	<u>₩ 1,584,818,877</u>	<u>₩ 1,460,946,666</u>

¹ Financial instrument and others were excluded from non-current asset.

(e) Details of external customers who contribute more than 10% of the Group's OEM 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

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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	Financial liabilities at fair value through profit or loss	Other financial assets and liabilities	Total
Financial assets							
Cash and cash equivalents	₩ 1,090,560,747	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,090,560,747
Long-term and short-term financial instruments	436,587,175	-	-	-	-	-	436,587,175
Financial assets at fair value through profit or loss	-	6,417,998	-	-	-	-	6,417,998
Derivative assets	-	34,090,218	-	-	-	-	34,090,218
Financial assets at fair value through other comprehensive income	-	-	344,734,531	-	-	-	344,734,531
Trade receivables	636,665,882	-	-	-	-	-	636,665,882
Other receivables	98,359,815	-	-	-	-	-	98,359,815
	<u>₩ 2,262,173,619</u>	<u>₩ 40,508,216</u>	<u>₩ 344,734,531</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 2,647,416,366</u>
Financial liabilities							
Trade payables	₩ -	₩ -	₩ -	₩ 398,807,620	₩ -	₩ -	₩ 398,807,620
Shor-term borrowings ¹	-	-	-	267,408,000	-	-	267,408,000
Derivative liabilities	-	-	-	-	9,121,822	-	9,121,822
Other payables	-	-	-	142,443,443	-	-	142,443,443
Long-term borrowings	-	-	-	122,544,186	-	-	122,544,186
Lease liabilities	-	-	-	-	-	147,732,921	147,732,921
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 931,203,249</u>	<u>₩ 9,121,822</u>	<u>₩ 147,732,921</u>	<u>₩ 1,088,057,992</u>

¹ Current portion of long-term borrowings are included.

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(in thousands of

December 31, 2024

Korean won)

	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	Financial liabilities at fair value through profit or loss	Other financial assets and liabilities	Total
Financial assets							
Cash and cash equivalents	₩ 799,525,140	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 799,525,140
Long-term and short-term financial instruments	658,425,710	-	-	-	-	-	658,425,710
Financial assets at fair value through profit or loss	-	5,562,220	-	-	-	-	5,562,220
Derivative assets	-	8,336,184	-	-	-	-	8,336,184
Financial assets at fair value through other comprehensive income	-	-	379,332,899	-	-	-	379,332,899
Trade receivables	545,983,231	-	-	-	-	-	545,983,231
Other receivables	80,737,681	-	-	-	-	-	80,737,681
	<u>₩ 2,084,671,762</u>	<u>₩ 13,898,404</u>	<u>₩ 379,332,899</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 2,477,903,065</u>
Financial liabilities							
Trade payables	₩ -	₩ -	₩ -	₩ 425,178,611	₩ -	₩ -	₩ 425,178,611
Shor-term borrowings ¹	-	-	-	45,859,006	-	-	45,859,006
Derivative liabilities	-	-	-	-	113,847	-	113,847
Other payables	-	-	-	133,552,397	-	-	133,552,397
Long-term borrowings	-	-	-	257,771,493	-	-	257,771,493
Lease liabilities	-	-	-	-	-	139,375,747	139,375,747
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 862,361,507</u>	<u>₩ 113,847</u>	<u>₩ 139,375,747</u>	<u>₩ 1,001,851,101</u>

¹ Current portion of long-term borrowings are included.

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 or loss		
Gain (loss) on valuation	₩ 209,368	₩ 357,833
Gain (loss) on transaction	7,262,070	-
Interest income	154,847	-
Financial assets at fair value through other comprehensive income		
Gain (loss) on valuation (other comprehensive income)	(32,581,118)	(39,476,127)
Dividend income	9,013,814	7,047,148
Derivative assets and liabilities		
Gain (loss) on valuation	27,227,073	9,668,055
Gain (loss) on valuation (other comprehensive income)	157,884	(5,000,366)
Gain (loss) on transaction	(4,699,092)	4,665,454
Financial asset at amortized cost		
Interest income	31,619,657	35,045,938
Gain (loss) on foreign currency transaction	27,807,888	158,589,751
Reversal of loss allowance (amortization)	2,638,607	(7,034,358)
Financial liabilities at amortized cost		
Interest expense	(19,730,333)	(19,455,548)
Gain (loss) on foreign currency transaction	(9,847,171)	(40,286,042)
Other financial liabilities		
Interest expense	(9,826,189)	(12,091,315)

8. Cash and Cash Equivalents

(a) 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	₩ 16,083,734	₩ 21,637,249
Short-term financial institution deposits	1,074,477,013	777,887,891
	<u>₩ 1,090,560,747</u>	<u>₩ 799,525,140</u>

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(b) 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
	Others	1,645,269	1,105,938	Lease contracts
		<u>₩ 2,953,769</u>	<u>₩ 2,414,438</u>	

9. Financial Assets at Fair Value

(a) Financial assets at fair value through profit or loss as of December 31, 2025 and 2024 consist of:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Unlisted securities	₩ 6,417,998	₩ 5,562,220
	<u>₩ 6,417,998</u>	<u>₩ 5,562,220</u>

(b) Changes in financial assets at fair value through profit or loss 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	₩ 5,562,220	₩ 4,864,449
Acquisition	60,989,099	4,647
Valuation	209,368	357,833
Disposal	(60,989,099)	-
Foreign currency translation	646,410	335,291
Ending balance	<u>₩ 6,417,998</u>	<u>₩ 5,562,220</u>

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(c) 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 the above 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.

(d) 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		<u>(32,581,119)</u>		<u>(39,476,128)</u>
Ending balance	₩	<u>344,734,530</u>	₩	<u>379,332,898</u>

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

<i>(in thousands of Korean won)</i>	December 31, 2025					December 31,
	Number of	Percentage of	Acquisition	Fair Value	Book amount	2024
	Shares	ownership (%)	cost			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.

10. Trade Receivables

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

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Trade receivables	₩ 647,726,720	₩ 560,727,381
Allowance for doubtful accounts	(11,060,838)	(14,744,150)
Trade receivable, net	<u>₩ 636,665,882</u>	<u>₩ 545,983,231</u>

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

(c) As of December 31, 2025, Trade receivables are pledged as collateral for borrowings and others (see Note 22).

11. Other Receivables

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

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Short-term loans	₩ 35,427,261	₩ 28,629,921
Allowance for doubtful accounts	(100,000)	(100,000)
Accrued income	4,765,345	11,709,454
Non-trade receivables	31,348,692	17,139,111
Allowance for doubtful accounts	(1,432,121)	(1,726,997)
Leasehold deposits	1,843,092	1,105,938
Deposits received for margin accounts	8,056,229	4,968,500
	<u>79,908,498</u>	<u>61,725,927</u>
Non-current		
Long-term loans	24,971,936	21,874,916
Allowance for doubtful accounts	(16,255,183)	(14,339,792)
Long-term accrued income	-	431,725
Leasehold deposits	2,185,488	2,902,966
Other deposits	7,549,076	8,141,939
	<u>18,451,317</u>	<u>19,011,754</u>
	<u>₩ 98,359,815</u>	<u>₩ 80,737,681</u>

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

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12. Other Assets

Other 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				
Advances	₩	107,310,698	₩	93,759,536
Allowance for doubtful accounts		(500,000)		(500,000)
Prepaid expenses		5,287,618		4,600,296
Prepaid VAT		18,031,068		15,798,424
Others		1,433,841		2,095,830
		<u>131,563,225</u>		<u>115,754,086</u>
Non-current				
Prepaid expenses		4,467,733		4,869,073
Advances		1,050,785		-
Others		95,729		-
		<u>5,614,247</u>		<u>4,869,073</u>
	₩	<u>137,177,472</u>	₩	<u>120,623,159</u>

13. 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		
	Before valuation	Valuation allowance	Book amount	Before valuation	Valuation allowance	Book amount
Product and merchandise	₩ 832,382,201	₩ (85,573,115)	₩ 746,809,086	₩ 835,787,628	₩ (90,811,159)	₩ 744,976,469
Raw materials	267,329,646	(32,243,443)	235,086,203	262,814,418	(25,270,033)	237,544,385
Work in progress	126,339,243	(8,335,932)	118,003,311	118,071,124	(8,624,248)	109,446,876
Supplies	34,681,987	-	34,681,987	36,094,468	-	36,094,468
Goods in transit	90,023,829	-	90,023,829	97,227,641	-	97,227,641
	<u>₩ 1,350,756,906</u>	<u>₩ (126,152,490)</u>	<u>₩ 1,224,604,416</u>	<u>₩ 1,349,995,279</u>	<u>₩ (124,705,440)</u>	<u>₩ 1,225,289,839</u>

(b) As of December 31, 2025, inventories are pledged as collateral for borrowings (see Note 22).

(c) The cost of inventories recognized as cost of sales amounts to ₩ 2,238,718,057 thousand (2024: ₩ 2,004,143,737 thousand) (see Note 31).

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14. 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:

(in thousands of Korean won)	2025								
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Facilities	Construction in progress	Total
Opening net book amount	₩ 57,897,681	₩ 385,854,101	₩ 554,582	₩ 175,223,371	₩ 107,652,467	₩ 24,911,026	₩ 12,553,142	₩ 141,821,576	₩ 906,467,946
Acquisition	265,479	2,334,414	4,108	43,995,808	16,932,374	8,498,335	2,388,450	147,705,513	222,124,481
Disposal	-	(211,923)	-	(3,538,060)	(147,589)	(322,179)	(25,924)	(13,071,762)	(17,317,437)
Depreciation	-	(13,808,339)	(45,981)	(42,426,175)	(9,418,731)	(6,819,520)	(3,777,244)	-	(76,295,990)
Transfer	(2,679,560)	13,729,734	570,408	12,259,572	494,649	1,644,868	15,337,985	(47,400,395)	(6,042,739)
Changes in consolidation scope	-	-	-	-	-	-	-	(5,336,554)	(5,336,554)
Exchange differences	534,575	3,241,145	39,188	(1,400,611)	(2,472,056)	(540,609)	(2,706,452)	(6,627,373)	(9,932,193)
Closing net book amount	56,018,175	391,139,132	1,122,305	184,113,905	113,041,114	27,371,921	23,769,957	217,091,005	1,013,667,514
Acquisition cost	56,018,175	549,603,494	1,836,570	591,504,106	173,561,139	102,398,060	61,657,627	217,091,005	1,753,670,176
Accumulated depreciation	-	(158,464,362)	(714,265)	(407,390,201)	(60,520,025)	(75,026,139)	(37,887,670)	-	(740,002,662)
Ending net book amount	₩ 56,018,175	₩ 391,139,132	₩ 1,122,305	₩ 184,113,905	₩ 113,041,114	₩ 27,371,921	₩ 23,769,957	₩ 217,091,005	₩ 1,013,667,514

(in thousands of Korean won)	2024								
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Facilities	Construction in progress	Total
Opening net book amount	₩ 51,150,365	₩ 350,419,425	₩ 601,221	₩ 159,371,631	₩ 101,373,894	₩ 23,841,949	₩ 10,711,506	₩ 113,065,591	₩ 810,535,582
Acquisition	8,012,357	12,901,998	-	33,134,453	470,440	6,923,985	1,318,347	54,219,011	116,980,591
Disposal	-	(3,974,916)	-	(1,331,588)	(152,122)	(355,964)	(189,792)	(3,831,247)	(9,835,629)
Depreciation	-	(13,683,917)	(46,639)	(41,683,885)	(7,841,538)	(7,007,032)	(2,650,624)	-	(72,913,635)
Transfer	(3,579,958)	21,895,638	-	17,168,052	593,592	706,429	2,334,497	(28,303,523)	10,814,727
Changes in consolidation scope	-	-	-	-	-	-	-	-	-
Exchange differences	2,314,917	18,295,873	-	8,564,708	13,208,201	801,659	1,029,208	6,671,744	50,886,310
Closing net book amount	57,897,681	385,854,101	554,582	175,223,371	107,652,467	24,911,026	12,553,142	141,821,576	906,467,946
Acquisition cost	57,897,681	531,489,751	1,214,858	579,408,611	161,188,729	95,289,944	46,256,274	141,821,576	1,614,567,424
Accumulated depreciation	-	(145,635,650)	(660,276)	(404,185,240)	(53,536,262)	(70,378,918)	(33,703,132)	-	(708,099,478)
Ending net book amount	₩ 57,897,681	₩ 385,854,101	₩ 554,582	₩ 175,223,371	₩ 107,652,467	₩ 24,911,026	₩ 12,553,142	₩ 141,821,576	₩ 906,467,946

Depreciation of ₩ 24,170,618 thousand (2024: ₩ 23,085,625 thousand) is included in selling and administrative expenses and ₩ 52,125,372 thousand (2024: ₩ 49,828,010 thousand) in cost of sales.

(b) As of December 31, 2025, construction-in-progress presents construction of headquarters building, expansion of overseas manufacturing plant of subsidiaries and others.

(c) There are no borrowing costs capitalized for property, plant and equipment, which are qualifying assets, during 2025.

(d) As of December 31, 2025, Property, Plant and Equipment are pledged as collateral for borrowings (see Note 22).

15. Leases

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

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

<i>(in thousands of Korean won)</i>	2025	2024
Right-of-use assets		
Land	₩ 44,655,350	₩ 44,580,841
Buildings	74,505,767	74,112,705
Machinery	28,994	12,000
Vehicles	2,085,839	1,992,647
Tools and equipment	327,967	966,070
Facilities	1,975,672	397,706
	<u>₩ 123,579,589</u>	<u>₩ 122,061,969</u>

<i>(in thousands of Korean won)</i>	2025	2024
Lease liabilities		
Current	₩ 17,650,570	₩ 19,694,012
Non-current	130,082,351	119,681,735
	<u>₩ 147,732,921</u>	<u>₩ 139,375,747</u>

Additions to the right-of-use assets for the year ended December 31, 2025 amount to ₩ 25,338,260 thousand (2024: ₩ 10,530,984 thousand).

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

The consolidated 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		
Land	₩ 1,966,885	₩ 2,036,766
Buildings	19,832,143	18,019,613
Machinery	13,141	137,593
Vehicles	1,588,031	1,641,712
Tools and equipment	717,343	1,107,578
Facilities	664,026	608,399
	<u>₩ 24,781,569</u>	<u>₩ 23,551,661</u>
Interest expense relating to lease liabilities (included in finance cost) ¹	₩ 9,826,189	₩ 12,091,315
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)	5,060,645	4,176,264
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)	38,227	34,051
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)	2,773,266	5,049,936

The total cash outflow for leases for the year ended December 31, 2025 amounts to ₩ 42,559,131 thousand (2024: ₩ 42,789,151 thousand).

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16. 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									
	Industrial property	Software	Membership rights	Brand value	Customer Relationships	Other intangible assets	Goodwill	Construction in progress	Total	
Opening net book amount	₩ 71,214	₩ 2,799,238	₩ 382,244	₩ 90,596,924	₩ 28,899,036	₩ 16,698	₩ 3,510,873	₩ 26,384,763	₩ 152,660,990	
Acquisition	-	3,122,809	-	-	-	-	-	3,250,350	6,373,159	
Amortization	(58,046)	(3,445,290)	-	(544,013)	(3,105,400)	(4,140)	-	-	(7,156,889)	
Impairment	-	-	-	(2,418,027)	-	-	-	-	(2,418,027)	
Transfer	-	31,091,127	-	-	-	-	-	(31,091,127)	-	
Exchange differences	4,632	1,820,892	-	8,600,622	3,015,347	(505)	(83,831)	1,456,014	14,813,171	
Closing net book amount	17,800	35,388,776	382,244	96,235,506	28,808,983	12,053	3,427,042	-	164,272,404	
Acquisition cost	10,346,563	67,253,438	382,244	104,421,986	64,410,742	37,239	3,427,042	-	250,279,254	
Accumulated depreciation	(10,328,763)	(31,864,662)	-	(8,186,480)	(35,601,759)	(25,186)	-	-	(86,006,850)	
Ending net book amount	₩ 17,800	₩ 35,388,776	₩ 382,244	₩ 96,235,506	₩ 28,808,983	₩ 12,053	₩ 3,427,042	₩ -	₩ 164,272,404	

<i>(in thousands of Korean won)</i>	2024									
	Industrial property	Software	Membership rights	Brand value	Customer Relationships	Other intangible assets	Goodwill	Construction in progress	Total	
Opening net book amount	₩ 779,060	₩ 4,172,211	₩ 393,684	₩ 121,259,367	₩ 29,843,336	₩ 12,242	₩ 20,266,950	₩ 17,911,125	₩ 194,637,975	
Acquisition	-	437,416	-	-	-	7,260	-	6,958,378	7,403,054	
Amortization	(722,368)	(2,127,227)	-	(625,820)	(2,814,072)	(4,825)	-	-	(6,294,312)	
Impairment	-	-	-	(38,643,258)	-	-	(18,270,753)	-	(56,914,011)	
Disposal	-	-	(11,440)	-	-	-	-	-	(11,440)	
Exchange differences	14,522	316,838	-	8,606,635	1,869,772	2,021	1,514,676	1,515,260	13,839,724	
Closing net book amount	71,214	2,799,238	382,244	90,596,924	28,899,036	16,698	3,510,873	26,384,763	152,660,990	
Acquisition cost	9,318,395	31,035,185	382,244	97,396,819	58,187,660	38,866	3,510,873	26,384,763	226,254,805	
Accumulated depreciation	(9,247,181)	(28,235,947)	-	(6,799,895)	(29,288,624)	(22,168)	-	-	(73,593,815)	
Ending net book amount	₩ 71,214	₩ 2,799,238	₩ 382,244	₩ 90,596,924	₩ 28,899,036	₩ 16,698	₩ 3,510,873	₩ 26,384,763	₩ 152,660,990	

Amortization of ₩ 7,060,502 thousand (2024: ₩ 6,171,862 thousand) is included in selling and administrative expenses and ₩ 96,388 thousand (2024: ₩ 122,450 thousand) in the cost of sales on the statement of profit or loss.

Intangible assets with indefinite useful lives of ₩ 93,792,970 thousand (2024: ₩ 87,856,473 thousand) are included in brand value.

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(b) Details of impairment tests for goodwill and intangible assets with indefinite useful lives are as follows:

Goodwill is monitored by the management at the operating segment level. The following is a summary of goodwill allocation for each operating segment (cash-generating unit):

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
MSH	3,427,042	3,510,873
	<u>₩ 3,427,042</u>	<u>₩ 3,510,873</u>

Details of intangible assets with indefinite useful lives as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
SCOTT brand held by the Parent Company	₩ 31,109,189	₩ 27,922,848
DOLOMITE brands and others held by SCOTT	51,818,718	48,802,785
Outdoor Research brand held by MSH	10,865,063	11,130,840
	<u>₩ 93,792,970</u>	<u>₩ 87,856,473</u>

The Group annually performs impairment test on intangible assets with indefinite useful lives such as goodwill and others. As a result of the impairment test, the carrying amount of certain brands including DOLOMITE held by the SCOTT segment exceeded its value in use by ₩ 2,418,027 thousand, and this amount is recognized in other expenses in the consolidated statement of profit or loss.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on business budgets approved by management covering a five-year period. The assumption of certain growth rate was made (only when, not exceeding long-term average inflation rate) to calculate perpetual cash flows for the periods, exceeding the five-year period. The Group's revenue included in the value-in-use estimation is estimated considering economic uncertainties such as inflation.

The key assumptions on CGU(s) which significant goodwill was allocated to, perpetual growth rate and discount rate used in assessment of value-in-use, are as follows:

	2025		2024	
	Perpetual growth rate¹	Discount rate before tax²	Perpetual growth rate¹	Discount rate before tax²
SCOTT	1.90%	10.86%	1.60%	9.74%
MSH	3.00%	18.42%	3.00%	18.58%

¹ The projected growth rate for next five years

² Discount rate applied to the pre-tax cash flow projections

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Sales growth rate was determined on the basis of past performance and expectations of market. The growth rate is consistent with estimates included in the industry report. The discount rate reflects pre-tax rate and the special risk related to the division.

17. 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	₩ 279,755,761	₩ 290,737,441
Acquisition	1,153,126	5,002,973
Transfer	6,042,739	(11,561,630)
Depreciation	(5,085,011)	(4,822,099)
Exchange differences	1,432,755	399,076
Closing net book amount	<u>283,299,370</u>	<u>279,755,761</u>
Acquisition cost	330,201,164	318,623,421
Accumulated depreciation	<u>(46,901,794)</u>	<u>(38,867,660)</u>
Ending net book amount	<u>₩ 283,299,370</u>	<u>₩ 279,755,761</u>

(b) Fair value of investment property as of December 31, 2025 is ₩ 418,876,580 thousand (2024: ₩ 406,346,885 thousand).

(c) Rent income from investment property for the year ended December 31, 2025 is ₩ 22,103,317 thousand (2024: ₩ 21,390,106 thousand).

(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%).

(e) As of December 31, 2025, Investment property is pledged as collateral for borrowings (see Note 22).

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18. Investments in Associates and Joint Ventures

(a) The Group's investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

	Percentage of ownership		Location	Date of financial statements
	December 31, 2025	December 31, 2024		
SCOTT NORTH ASIA Ltd.	40.0%	40.0%	Korea, Japan	December 31
INTERNATIONAL RETAIL CORPORATION SA	30.0%	30.0%	Switzerland	September 30
SCOTT Network Solutions India PVT LTD.	49.0%	49.0%	India	September 30
BIKE SPORT TRAVEL AG	45.0%	45.0%	Switzerland	September 30
YOH CVC Fund 1 Limited Partnership ¹	52.94%	52.94%	Singapore	December 31

¹ Although the Company holds more than 50% of ownership for YOH CVC FUND 1 LP, the Group cannot determine operation of fund and composition of investment committee by itself, and Youngone Holdings Co., Ltd., the Parent Company, has controls over YOH CVC FUND 1 LP, therefore, it is classified as an associate.

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

(in thousands of Korean won)

	2025					
	Beginning balance	Acquisition	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Foreign currency translation	Ending balance
SCOTT NORTH ASIA Ltd.	₩ 1,414,887	₩ -	₩ (313,873)	₩ 7,712	₩ -	₩ 1,108,726
INTERNATIONAL RETAIL CORPORATION SA	-	-	-	-	-	-
SCOTT Network Solutions India PVT LTD.	-	-	-	-	-	-
BIKE SPORT TRAVEL AG	1,071,783	-	(973,045)	-	67,963	166,701
YOH CVC Fund 1 Limited Partnership	53,456,612	-	848,504	(1,268,848)	-	53,036,268
	₩ 55,943,282	₩ -	₩ (438,414)	₩ (1,261,136)	₩ 67,963	₩ 54,311,695

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	2024					
	Beginning balance	Acquisition	Share of loss of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Foreign currency translation	Ending balance
SCOTT NORTH ASIA Ltd.	₩ 2,131,815	₩ -	₩ (698,345)	₩ (18,583)	₩ -	₩ 1,414,887
INTERNATIONAL RETAIL CORPORATION SA	-	-	-	-	-	-
SCOTT Network Solutions India PVT LTD.	-	-	-	-	-	-
BIKE SPORT TRAVEL AG	1,061,140	-	(55,766)	-	66,409	1,071,783
YOH CVC Fund 1 Limited Partnership	47,819,294	-	(984,013)	6,621,331	-	53,456,612
	<u>₩ 51,012,249</u>	<u>₩ -</u>	<u>₩ (1,738,124)</u>	<u>₩ 6,602,748</u>	<u>₩ 66,409</u>	<u>₩ 55,943,282</u>

(c) The summarized financial information on material investments in associates and joint ventures as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of Korean won)

	As of and for the year ended December 31, 2025				
	Assets	Liabilities	Revenues	Profit (loss) for the year	Other comprehensive income (loss)
SCOTT NORTH ASIA Ltd.	₩ 18,260,863	₩ 15,489,049	₩ 11,975,386	₩ (784,681)	₩ 19,280
INTERNATIONAL RETAIL CORPORATION SA	154,004,041	194,772,279	189,999,617	(9,763,064)	(554,462)
SCOTT Network Solutions India PVT LTD.	75,197	199,317	18,191	(39,128)	(8,552)
BIKE SPORT TRAVEL AG	401,714	28,720	22,310	(2,162,324)	188,451
YOH CVC Fund 1 Limited Partnership	101,060,078	880,461	1,485,652	1,602,730	(2,396,713)

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	As of and for the year ended December 31, 2024				
	Assets	Liabilities	Revenues	Profit (loss) for the year	Other comprehensive income (loss)
SCOTT NORTH ASIA Ltd.	₩ 16,119,151	₩ 12,581,936	₩ 10,929,692	₩ (1,745,863)	₩ (46,461)
INTERNATIONAL RETAIL CORPORATION SA	144,440,434	174,891,147	-	-	(1,864,062)
SCOTT Network Solutions India PVT LTD.	84,572	161,012	29,432	(6,196)	(30,546)
BIKE SPORT TRAVEL AG	4,207,445	1,860,579	91,395	(43,374)	2,247,140
YOH CVC Fund 1 Limited Partnership	101,508,724	535,124	(3,084,526)	(1,858,692)	12,506,958

(d) The Group has ceased to apply equity method for certain associates and joint ventures. Accumulated share of losses of associate and joint ventures unrecognized due to the suspension of equity method application are as follows:

(in thousands of Korean won)

	2025		2024	
	Unrecognized share of loss	Unrecognized accumulated share of losses	Unrecognized share of loss	Unrecognized accumulated share of losses
INTERNATIONAL RETAIL CORPORATION SA	₩ (3,095,257)	₩ (12,230,471)	₩ (559,219)	₩ (9,135,214)
SCOTT Network Solutions India PVT LTD.	(23,363)	(60,819)	(18,004)	(37,456)

19. Trade and Other Payables

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

(in thousands of Korean won)

	December 31, 2025	December 31, 2024
Current		
Trade payables	₩ 398,807,620	₩ 425,178,611
Other payables	38,035,363	47,960,883
Accrued expenses	77,126,964	66,712,862
Leasehold deposits	19,344,687	17,616,968
Financial guarantee liabilities	-	1,261,684
	<u>533,314,634</u>	<u>558,731,008</u>
Non-current		
Long-term other payables	7,936,429	-
	<u>₩ 541,251,063</u>	<u>₩ 558,731,008</u>

20. Other Liabilities

Details of other 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	₩ 1,862,962	₩ 2,172,429
Unearned revenue	110,973	85,135
Withholdings	1,833,591	5,006,414
Value added tax withheld	367,500	380,018
Others	2,446,860	1,501,222
	<u>6,621,886</u>	<u>9,145,218</u>
Non-current		
Long-term unearned revenue	1,755,601	1,770,875
Others	5,249,577	3,580,810
	<u>7,005,178</u>	<u>5,351,685</u>
	<u>₩ 13,627,064</u>	<u>₩ 14,496,903</u>

21. Contract Assets and Liabilities

(a) The Group 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	₩ 1,862,962	₩ 2,172,429

¹ The Group does not have contract assets, and contract liabilities are included in other current liabilities (see Note 20).

(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	₩ 2,164,526	₩ 734,832

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22. Borrowings

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

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Current				
Bank overdrafts	₩	1,705,064	₩	7,320,271
Bank borrowings		74,724,922		19,110,000
Current portion of long-term borrowings		190,959,894		19,412,472
Other borrowings		18,120		16,264
		<u>267,408,000</u>		<u>45,859,007</u>
Non-current				
Bank borrowings		122,544,186		257,771,493
		<u>122,544,186</u>		<u>257,771,493</u>
	₩	<u>389,952,186</u>	₩	<u>303,630,500</u>

(b) Details of bank borrowings as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Category	Creditor	Annual interest rate (%) December 31, 2025	December 31, 2025		December 31, 2024	
			₩	₩	₩	₩
Current						
Overdrafts	Credito Emiliano and others	Euribor 3M + 0.05%, Euribor 1M + 0.10%, Euribor 3M + 0.09%	₩ 1,705,064	₩	7,320,271	₩
Collateralized borrowings ¹	Woori Bank and others	-		-		-
Borrowings from financial institutions ^{1,2,3}	Citibank and others	SOFR + 1.50%, Euribor 3M + 1.60%	74,724,922		19,110,000	
Current portion of long-term borrowings ^{1,2,3}	Woori Bank and others	SARON + 0.45%, SARON + 1.05%, Euribor 3M + 1.60%, 1.00%, 1.44%	190,959,894		19,412,472	
Other borrowings	Shareholder borrowings and others	-	18,120		16,264	
			<u>267,408,000</u>		<u>45,859,007</u>	
Non-current						
Borrowings from financial institutions ¹	BCF and others	SOFR + 1.30%, SARON + 1.05%, 1.44%	122,544,186		257,771,493	
			<u>122,544,186</u>		<u>257,771,493</u>	
			₩ 389,952,186	₩	303,630,500	

¹ Borrowings are collateralized with property, plant and equipment and investment properties (see Notes 14 and 17).

² Borrowings are collateralized with inventories (see Note 13).

³ Borrowings are collateralized with trade receivables (see Note 10).

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	₩ 209,311,008	₩ 192,977,937
Fair value of plan assets	<u>(109,157,015)</u>	<u>(96,691,856)</u>
Net defined benefit liabilities on the consolidated statement of financial position	<u>₩ 100,153,993</u>	<u>₩ 96,286,081</u>

(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	₩ 192,977,937	₩ 161,105,197
Current service cost	24,423,440	22,480,721
Interest expense	7,611,817	7,032,702
Remeasurements:		
Actuarial losses (gains) arising from change in demographic assumptions	-	(177,866)
Actuarial losses (gains) arising from change in financial assumptions	(667,128)	10,497,677
Actuarial losses (gains) arising from experience adjustments	(4,553,452)	(2,552,078)
Contributions:		
Employees	2,349,382	2,151,644
Payments from plans:		
Benefit payments	(12,475,471)	(18,261,441)
Effect of transfer from (to) associates	80,983	(535,821)
Effect of plans revision	-	5,494,493
Exchange differences	<u>(436,500)</u>	<u>5,742,709</u>
Ending balance	<u>₩ 209,311,008</u>	<u>₩ 192,977,937</u>

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(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	₩ 96,691,856	₩ 89,642,551
Interest income	1,852,418	2,292,480
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	1,313,528	4,324,295
Contributions:		
Employers	8,534,982	8,859,634
Employees	2,349,382	2,151,644
Payments from plans:		
Benefit payments	(8,190,813)	(13,341,557)
Effect of transfer from and to affiliates	80,983	(535,821)
Exchange differences	6,524,679	3,298,630
Ending balance	<u>₩ 109,157,015</u>	<u>₩ 96,691,856</u>

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

	<u>Local</u>		<u>Foreign</u>	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Discount rate	4.71%	4.40%	1.10%~7.00%	1.10%~7.00%
Salary growth rate	8.09%	8.79%	2.30%~6.00%	2.30%~6.00%

(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
Property	₩ 25,670,179	₩ 24,654,294
Current assets	44,909,994	39,703,501
Securities	17,476,451	14,347,924
Loan assets	20,960,869	16,961,517
Others	139,522	1,024,620
	<u>₩ 109,157,015</u>	<u>₩ 96,691,856</u>

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

(in thousands of Korean won)

	December 31, 2025		
	Impact on defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%p	₩ (29,768,879)	₩ 34,687,046
Salary growth rate	1%p	24,354,727	(21,765,466)

(in thousands of Korean won)

	December 31, 2024		
	Impact on defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%p	₩ (27,403,326)	₩ 33,406,117
Salary growth rate	1%p	23,580,897	(20,744,079)

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

The weighted average duration of the defined benefit obligation is 12.41 years.

(h) The expenses recognized for the year ended December 31, 2025 in relation to defined contribution plan is ₩ 4,000,001 thousand (2024: ₩ 3,824,044 thousand).

(i) Expected contributions to post-employment benefit plans for the year ending December 31, 2026 are ₩ 7,237 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	₩ 149,601,811	₩ 136,874,298
Adjustments in respect of prior years	1,136,673	1,089,887
Deferred tax:		
Origination and reversal of temporary differences	2,745,340	(24,326,344)
Income tax expense ¹	153,483,824	113,637,841

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	₩ 579,734,506	₩ 408,173,398
Tax at domestic tax rates applicable to profits in the respective countries	117,019,724	120,628,786
Tax effects of:		
Non-taxable income	(16,787)	(17,479,896)
Expenses not deductible for tax purposes	1,340,021	308,552
Adjustments in respect of prior years	1,136,673	1,089,887
Tax credit and tax exemption	(1,376,601)	(1,095,539)
Tax effect of investments in subsidiaries	23,755,092	9,990,152
Temporary difference for which no deferred tax is recognized	3,306,937	428,577
Others (including effect of changes in tax rate)	8,318,765	(232,679)
Income tax expense	₩ 153,483,824	₩ 113,637,841

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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	6,534,108	(1,499,306)	5,034,802	(3,443,438)	1,075,526	(2,367,912)
Derivatives	157,884	(36,039)	121,845	(5,000,366)	1,085,891	(3,914,475)
	₩ (25,889,126)	₩ 6,349,286	₩ (19,539,840)	₩ (47,919,931)	₩ 11,635,031	₩ (36,284,900)

(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	₩ 11,032,569	₩ 14,421,018
Deferred tax asset to be recovered after more than 12 months	83,272,158	64,306,390
	<u>94,304,727</u>	<u>78,727,408</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(843,919)	(2,592,047)
Deferred tax liability to be recovered after more than 12 months	(342,524,096)	(330,246,363)
	<u>(343,368,015)</u>	<u>(332,838,410)</u>
Deferred tax assets, net	54,830,186	33,035,116
Deferred tax liabilities, net	₩ (303,893,474)	₩ (287,146,118)

(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	₩ (254,111,002)	₩ (291,056,205)
Exchange differences	1,443,768	983,828
Income statement charge	(2,745,340)	24,326,344
Tax recognized directly in equity	6,349,286	11,635,031
Ending balance	₩ (249,063,288)	₩ (254,111,002)

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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	Foreign currency translation	Ending balance
Deferred tax assets					
Provision for sales promotion	₩ 343,582	₩ (5,999)	₩ -	₩ (8,257)	₩ 329,326
Agent cost of goods sold	173	(173)	-	-	-
Loss on valuation of inventories	12,254,722	(3,784,453)	-	662,799	9,133,068
Bad debt expenses	1,608,490	(442,762)	-	158,822	1,324,550
Interest related to loan for construction	763,326	(722,456)	-	(24,264)	16,606
Post-employment benefit obligations	21,285,434	1,247,234	(1,765,306)	(266,699)	20,500,663
Accrued expenses	214,051	32,058	-	(484)	245,625
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	1,186,483	(62,755)	(10,578)	-	1,113,150
Lease liabilities	1,108,289	4,813,864	-	(103,802)	5,818,351
Others	39,962,858	12,200,864	(36,039)	3,695,705	55,823,388
	<u>78,727,408</u>	<u>13,275,422</u>	<u>(1,811,923)</u>	<u>4,113,820</u>	<u>94,304,727</u>
Deferred tax liabilities					
Accrued income	(2,591,834)	1,747,915	-	-	(843,919)
Agent sales	(213)	213	-	-	-
Advanced depreciation provision	(2,984,873)	(149,771)	-	8,167	(3,126,477)
Investments in subsidiaries and jointly controlled entity	(209,315,970)	(21,731,504)	-	-	(231,047,474)
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	(74,010,276)	(3,341,981)	7,895,209	-	(69,457,048)
Insurance for retirement	(7,721,706)	(1,499,524)	-	-	(9,221,230)
Depreciation	(6,516,322)	1,383,894	-	156,535	(4,975,893)
Intangible assets	(7,848,773)	3,064	-	(895,962)	(8,741,671)
Depreciation of right-of-use asset	(3,035,743)	(2,415,551)	-	114,318	(5,336,976)
Others	(18,812,700)	9,982,483	266,000	(2,053,110)	(10,617,327)
	<u>(332,838,410)</u>	<u>(16,020,762)</u>	<u>8,161,209</u>	<u>(2,670,052)</u>	<u>(343,368,015)</u>
	<u>₩ (254,111,002)</u>	<u>₩ (2,745,340)</u>	<u>₩ 6,349,286</u>	<u>₩ 1,443,768</u>	<u>₩ (249,063,288)</u>

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	2024				
	Beginning balance	Profit or loss	Equity	Foreign currency translation	Ending balance
Deferred tax assets					
Provision for sales promotion	₩ -	₩ 295,002	₩ -	₩ 48,580	₩ 343,582
Agent cost of goods sold	(35,020)	35,193	-	-	173
Loss on valuation of inventories	14,226,752	(2,782,035)	-	810,005	12,254,722
Bad debt expenses	1,204,661	309,812	-	94,017	1,608,490
Interest related to loan for construction	490,253	191,914	-	81,159	763,326
Post-employment benefit obligations	14,880,180	4,774,682	1,075,526	555,046	21,285,434
Accrued expenses	580,283	(374,739)	-	8,507	214,051
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	970,999	(15,719)	231,203	-	1,186,483
Lease liabilities	6,618,854	(5,242,091)	-	(268,474)	1,108,289
Others	4,750,014	32,985,002	-	2,227,842	39,962,858
	<u>43,686,976</u>	<u>30,177,021</u>	<u>1,306,729</u>	<u>3,556,682</u>	<u>78,727,408</u>
Deferred tax liabilities					
Accrued income	(2,122,446)	(469,388)	-	-	(2,591,834)
Agent sales	42,931	(43,144)	-	-	(213)
Advanced depreciation provision	(3,803,246)	843,700	-	(25,327)	(2,984,873)
Investments in subsidiaries and jointly controlled entity	(199,863,718)	(9,452,252)	-	-	(209,315,970)
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	(83,208,051)	(44,636)	9,242,411	-	(74,010,276)
Insurance for retirement	(6,058,075)	(1,663,468)	-	(163)	(7,721,706)
Depreciation	(5,855,975)	(241,302)	-	(419,045)	(6,516,322)
Intangible assets	(7,347,058)	(21,704)	-	(480,011)	(7,848,773)
Depreciation of right-of-use asset	(5,540,769)	2,499,673	-	5,353	(3,035,743)
Others	(20,986,774)	2,741,844	1,085,891	(1,653,661)	(18,812,700)
	<u>(334,743,181)</u>	<u>(5,850,677)</u>	<u>10,328,302</u>	<u>(2,572,854)</u>	<u>(332,838,410)</u>
	<u>₩ (291,056,205)</u>	<u>₩ 24,326,344</u>	<u>₩ 11,635,031</u>	<u>₩ 983,828</u>	<u>₩ (254,111,002)</u>

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(g) Details of unrecognized tax loss carry forwards as deferred tax 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	Remarks
Tax loss carry forwards ¹	₩ 38,775,143	₩ 27,840,881	Uncertainty of future taxable profit
Commission expenses, amortization of bad debts	727,769	727,769	No tax effect
Tax credit carry forwards ²	2,012,459	3,333,387	Uncertainty of future taxable profit
Investments in subsidiaries	₩ 2,945,592	₩ 1,413,870	Uncertainty of the realization timing

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

<i>(in thousands of Korean won)</i>	2025	2024
2026	₩ 5,624,148	₩ 5,954,685
2027	4,064,042	3,321,068
2028	12,428,095	10,828,438
2029	4,143,768	7,736,690
2030	12,515,090	-
	<u>₩ 38,775,143</u>	<u>₩ 27,840,881</u>

² 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
	<u>₩ 2,012,459</u>	<u>₩ 3,333,387</u>

(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.

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 Group 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 Group 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 Group operates for the financial year beginning January 1, 2024.

The Group 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 Group. The Group has recognized a Pillar Two current tax expense of ₩ 6,482 million.

The Group 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.

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25. Share Capital and Share Premium

(a) Changes in share capital and share premium for each of the two years in the period ended December 31, 2025 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	44,311,468	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
January 1, 2025	Beginning balance	44,311,468	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
December 31, 2025	Ending balance	44,311,468	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965

(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
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
Share of other comprehensive loss of associates and joint ventures	4,650,869	5,915,860
Gain (loss) on foreign currency translation	(75,466,002)	13,671,912
Actuarial gain (loss)	(1,856,330)	(6,056,402)
Gain (loss) on valuation of derivatives	(6,933,598)	(6,983,376)
	<u>138,050,542</u>	<u>248,900,084</u>
Capital adjustments:		
Other capital adjustments	59,470,653	(63,177,128)
Treasury shares ¹	(65,936,126)	(57,003,606)
	<u>(6,465,473)</u>	<u>(120,180,734)</u>
	<u>₩ 131,585,069</u>	<u>₩ 128,719,350</u>

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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:

(in thousands of Korean won)

	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
Share in other comprehensive income of associate and joint ventures	5,915,860	(1,264,991)	4,650,869
Gain (loss) on foreign currency translation	13,671,912	(89,137,914)	(75,466,002)
Remeasurements of net defined benefit liabilities	(6,056,402)	4,200,072	(1,856,330)
Gain (loss) on valuation of derivatives	(6,983,376)	49,778	(6,933,598)
	<u>₩ 248,900,084</u>	<u>₩ (110,849,542)</u>	<u>₩ 138,050,542</u>

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

27. Retained Earnings

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>2,213,387,507</u>	<u>2,086,630,334</u>
	<u>₩ 3,485,307,507</u>	<u>₩ 3,082,550,334</u>

¹ The Commercial Code of the Republic of Korea requires the Group 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.

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 consolidated financial statements do not reflect the dividend payable.

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	₩ 240,795,581	₩ 229,189,101
Post-employment benefits	14,711,681	17,511,924
Welfare benefit expenses	16,799,967	18,787,864
Travel expense	2,373,207	2,136,050
Communications	5,214,581	4,598,412
Utilities	5,072,030	27,233,088
Taxes and dues	6,859,021	6,252,934
Rent expenses	4,912,142	6,955,638
Depreciation	29,255,629	27,907,724
Depreciation of right-of-use assets	21,528,813	20,572,073
Repair and maintenance	15,617,617	18,312,533
Vehicle maintenance	5,680,318	4,856,355
Entertainment	1,781,032	1,638,011
Supplies	2,140,064	1,955,546
Insurance	6,758,307	5,901,797
Publications	708,267	663,204
Training	727,546	942,720
Commission expenses	85,594,336	42,478,181
Samples	8,454,673	8,779,884
Advertising costs	51,673,205	46,724,339
Bad debt expenses (reversal)	(2,690,553)	5,912,087
Transportation	3,160,794	3,581,935
Exports	31,855,869	30,751,566
Shipping	2,676,328	2,869,356
Amortization	7,060,502	6,171,862
Overseas marketing	4,818,849	4,211,587
Packaging	4,472,728	4,284,084
Overseas trips	12,056,290	10,510,566
Sales promotion	1,538,281	1,755,479
Others	11,425,033	17,323,065
	<u>₩ 603,032,138</u>	<u>₩ 580,768,965</u>

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
Gain on valuation of derivatives	₩ 33,878,217	₩ 9,695,332
Gain on derivative transactions	21,978,567	4,722,190
Gain on valuation of financial asset at fair value through profit or loss	262,568	474,012
Gain on disposal of financial asset at fair value through profit or loss	8,025,262	-
Gain on disposal of investments in subsidiaries	2,964,749	-
Gain on disposal of property, plant and equipment	372,059	120,352
Gain on lease modification	163,914	614,175
Gain on disposal of intangible assets	-	77,900
Reversal of other bad debt expense	212,410	-
Gain on foreign currency translation	69,957,155	130,914,764
Gain on foreign currency transaction	162,898,340	157,819,899
Import commission	86,098	125,906
Rental income	1,503,256	1,467,568
Claim income	1,876,236	1,018,076
Miscellaneous income	12,569,329	17,825,378
	<u>₩ 316,748,160</u>	<u>₩ 324,875,552</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 valuation of derivatives	₩ 6,651,144	₩ 27,277
Loss on derivative transactions	26,677,659	56,736
Loss on valuation of financial assets at fair value through profit or loss	53,200	116,180
Loss on disposal of financial asset at fair value through profit or loss	763,193	-
Loss on disposal of property, plant and equipment	1,188,072	1,083,285
Impairment loss on intangible assets	2,418,027	56,914,011
Other bad debt expenses	264,355	1,122,271
Loss on foreign currency translation	65,005,960	91,964,839
Loss on foreign currency transaction	149,888,819	78,466,114
Donations	6,429,032	5,767,604
Claim expenses	260,306	131,500
Miscellaneous expenses	2,646,048	5,441,018
	<u>₩ 262,245,815</u>	<u>₩ 241,090,835</u>

31. Breakdown of Expenses by Nature

(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	₩ 685,423	₩ 103,872,390
Raw materials and merchandises purchased	2,238,032,634	1,900,271,347
Employee benefits	756,520,925	681,440,044
Welfare benefit expenses	32,122,070	37,471,942
Depreciation (Notes 14 and 17)	81,381,001	77,735,734
Depreciation of right-of-use assets (Note 15)	24,781,569	23,551,661
Amortization (Note 16)	7,156,889	6,294,312
Commission expenses	125,257,501	71,665,189
Shipping	6,923,148	10,290,150
Overseas marketing	4,818,849	4,211,587
Advertising costs	51,673,205	46,724,339
Exports	33,151,972	31,522,796
Sales promotion	1,538,281	1,755,479
Other expenses	185,101,877	205,449,730
Total cost of sales and selling and administrative expenses	<u>₩ 3,549,145,344</u>	<u>₩ 3,202,256,700</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	₩ 726,338,086	₩ 648,723,059
Post-employment benefits and retirement bonus	30,182,839	32,716,985
	<u>₩ 756,520,925</u>	<u>₩ 681,440,044</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	₩ 30,813,715	₩ 34,517,653
Dividend income	9,013,814	7,047,148
Others	960,789	528,285
	<u>₩ 40,788,318</u>	<u>₩ 42,093,086</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	₩ 19,731,263	₩ 19,464,581
Interest expense on lease liabilities	9,910,909	12,127,468
Less: capitalized borrowing costs for qualifying asset	(85,650)	(45,186)
	<u>₩ 29,556,522</u>	<u>₩ 31,546,863</u>

33. Earnings per Share

Basic earnings per share is calculated by dividing profit attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Group and held as treasury shares. The Group did not issue any potential ordinary shares. Therefore, basic earnings per share is 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 equity holders of the Parent Company	₩ 492,268,483,607	₩ 427,050,356,020
Weighted average number of ordinary shares outstanding ¹	<u>42,592,596</u>	<u>43,373,280</u>
Basic earnings per share	<u>₩ 11,558</u>	<u>₩ 9,846</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 issued ordinary shares	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>

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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	₩ 426,250,682	₩ 294,535,557
Adjustments:		
Income tax expense	153,483,824	113,637,841
Interest income	(31,774,504)	(35,045,938)
Dividend income	(9,013,814)	(7,047,148)
Interest expense	29,556,522	31,546,863
Depreciation	81,381,001	77,735,734
Depreciation of right-of-use assets	24,781,569	23,551,661
Amortization	7,156,889	6,294,312
Post-employment benefits	30,182,839	32,716,985
Gain on disposal of property, plant and equipment	(372,059)	(120,352)
Loss on disposal of property, plant and equipment	1,188,072	1,083,285
Gain on disposal of intangible assets	-	(77,900)
Impairment loss on intangible assets	2,418,027	56,914,011
Gain on lease modification	(163,914)	(614,175)
Bad debt expenses (Reversal)	(2,690,553)	5,912,087
Other bad debt expenses	264,355	1,122,271
Reversal of other allowance for doubtful accounts	(212,410)	-
Gain on foreign currency translation	(69,957,155)	(130,914,764)
Loss on foreign currency translation	65,005,960	91,964,839
Gain on disposal of investments in subsidiaries	(2,964,749)	-
Share of loss of associates and joint ventures	438,414	1,738,125
Gain on valuation of financial assets at fair value through profit or loss	(262,568)	(474,012)
Loss on valuation of financial assets at fair value through profit or loss	53,200	116,180
Gain on disposal of financial assets at fair value through profit or loss	(8,025,262)	-
Loss on disposal of financial assets at fair value through profit or loss	763,193	-
Gain on valuation of derivatives	(33,878,217)	(9,695,332)
Loss on valuation of derivatives	6,651,144	27,277
Gain on transaction of derivatives	(21,978,567)	(4,722,190)
Loss on transaction of derivatives	26,677,659	56,736
	<u>248,708,896</u>	<u>255,706,396</u>
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(124,758,817)	20,003,215
Decrease in inventories	31,537,410	182,664,476
Decrease (increase) in other current receivables	(4,818,641)	9,803,957
Increase in other current assets	(22,900,508)	(39,848,211)

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Decrease (increase) in other non-current assets	442	(387,303)
Decrease in trade payables	(37,890,372)	(24,144,469)
Decrease in provisions for other liabilities and charges	(804,920)	(5,208,108)
Increase (decrease) in other current payables	(497,689)	38,989,110
Increase (decrease) in other current liabilities	(3,543,918)	3,632,551
Increase (decrease) in net defined benefit liabilities	(12,819,640)	4,483,472
Increase in other non-current payables	1,347,316	1,963,766
	<u>(175,149,337)</u>	<u>191,952,456</u>
	<u>₩ 499,810,241</u>	<u>₩ 742,194,409</u>

(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 construction in progress	47,400,395	28,303,523
Reclassification of current portion of long-term loans	179,407,662	18,062,040
Newly acquired lease contracts and others	25,338,260	12,235,280

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

(in thousands of Korean won)

	2025					
	Short-term borrowings	Current portion of long-term borrowings	Long-term borrowings	Other deposits	Lease liabilities	Total
As of January 1, 2025	₩ 26,446,535	₩ 19,412,472	₩ 257,771,493	₩ 17,446,200	₩ 139,375,747	₩ 460,452,447
Cash flows	46,427,334	(19,031,882)	25,425,808	1,786,224	(24,860,804)	29,746,680
Exchange differences	3,574,236	11,171,642	18,754,547	34,499	6,627,515	40,162,439
Other non-financial changes	-	179,407,662	(179,407,662)	(115,866)	26,590,462	26,474,596
As of December 31, 2025	₩ 76,448,105	₩ 190,959,894	₩ 122,544,186	₩ 19,151,057	₩ 147,732,920	₩ 556,836,162

(in thousands of Korean won)

	2024					
	Short-term borrowings	Current portion of long-term borrowings	Long-term borrowings	Other deposits	Lease liabilities	Total
As of January 1, 2024	₩ 399,176,532	₩ 70,491,753	₩ 77,487,642	₩ 14,641,417	₩ 138,348,446	₩ 700,145,790
Cash flows	(381,833,355)	(71,478,276)	184,920,111	2,724,457	(21,437,584)	(287,104,647)
Exchange differences	9,103,358	2,336,955	13,425,780	80,326	8,008,109	32,954,528
Other non-financial changes	-	18,062,040	(18,062,040)	-	14,456,776	14,456,776
As of December 31, 2024	₩ 26,446,535	₩ 19,412,472	₩ 257,771,493	₩ 17,446,200	₩ 139,375,747	₩ 460,452,447

35. Contingencies and Commitment

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

(in thousands of Korean won, and in USD)

	Financial institution	Credit line	Outstanding Balance
Overdrafts	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 -

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(b) The subsidiary's major agreements with foreign financial institutions as of December 31, 2025 are as follows:

(in US dollars and Confoederatio Helvetica Franc)

	Financial institution	Credit line	Outstanding Balance
Borrowings		USD 113,000,000	USD 27,827,284
L/C	Standard Chartered	CHF 510,000	CHF 510,000
Comprehensive limit ¹	Bank and other financial	USD 101,000,000	USD 8,782,792
Comprehensive limit	institutions	CHF 202,198,000	CHF 192,206,000
FX		CHF 1,481,000	CHF 1,481,000

¹ USD 85,000,000 is only available for short-term borrowing and bank overdraft and USD 54,000,000 is available for L/C.

(c) As of December 31, 2025, the Group has entered into performance guarantee insurance and others according to product supply contract, amounting to ~~¥~~ 531 million.

(d) As of December 31, 2025, the Group is involved in lawsuits with litigation amount of ~~¥~~ 19,743 million in relation to its business. The outcomes of litigations cannot be reasonably estimated; however, the Group expects that these cases would not have any material impact on its consolidated financial statements.

(e) 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.

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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.

(f) Material capital expenditure contracted but not recognized as liabilities as of December 31, 2025 and 2024 is as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Property, plant and equipment	₩	127,396,329	₩	9,614,608
Investment properties		400,000		934,000

(g) Major derivatives contracts 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	Number 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	Number of contracts
LME Copper	14,350	-	46

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36. Non-controlling Interests

(a) The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of
Korean won)

	2025						
	Non-controlling interests percentage	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Other components of equity to non-controlling interests	Equity transactions with owners	Accumulated non-controlling interests at the end of the year
MSH and its subsidiaries	5.00%	₩ 2,529,524	₩ 180,648	₩ -	₩ (58,788)	₩ -	₩ 2,651,384
SCOTT and its subsidiaries	3.29%	206,430,917	(66,198,450)	-	19,432,737	(149,155,000)	10,510,204
		₩ 208,960,441	₩ (66,017,802)	₩ -	₩ 19,373,949	₩ (149,155,000)	₩ 13,161,588

(in thousands of
Korean won)

	2024						
	Non-controlling interests percentage	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Other components of equity to non-controlling interests	Equity transactions with owners	Accumulated non-controlling interests at the end of the year
MSH and its subsidiaries	5.00%	₩ 8,401,682	₩ 125,178	₩ -	₩ 494,761	₩ (6,492,097)	₩ 2,529,524
SCOTT and its subsidiaries	49.99%	332,904,552	(132,639,977)	-	6,166,342	-	206,430,917
		₩ 341,306,234	₩ (132,514,799)	₩ -	₩ 6,661,103	₩ (6,492,097)	₩ 208,960,441

Youngone Corporation and its subsidiaries
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(b) The summarized financial information on each subsidiary with non-controlling interests that are material to the Group before inter-company eliminations is as follows:

Summarized statements of financial position as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025	
	MSH and its subsidiaries	SCOTT and its subsidiaries
Current assets	₩ 72,033,808	₩ 849,509,519
Non-current assets	35,669,655	385,538,293
	<u>₩ 107,703,463</u>	<u>₩ 1,235,047,812</u>
Current liabilities	₩ 25,557,019	₩ 769,556,343
Non-current liabilities	9,877,766	155,026,717
	<u>₩ 35,434,785</u>	<u>₩ 924,583,060</u>
Equity	<u>₩ 72,268,678</u>	<u>₩ 310,464,752</u>

(in thousands of Korean won)

	December 31, 2024	
	MSH and its subsidiaries	SCOTT and its subsidiaries
Current assets	₩ 81,802,686	₩ 960,905,963
Non-current assets	41,511,936	343,777,699
	<u>₩ 123,314,622</u>	<u>₩ 1,304,683,662</u>
Current liabilities	₩ 39,953,320	₩ 597,728,804
Non-current liabilities	13,059,147	304,884,448
	<u>₩ 53,012,467</u>	<u>₩ 902,613,252</u>
Equity	<u>₩ 70,302,155</u>	<u>₩ 402,070,410</u>

Summarized statements of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025	
	MSH and its subsidiaries	SCOTT and its subsidiaries
Sales	₩ 149,871,845	₩ 1,122,264,930
Profit for the year	3,612,954	(129,727,415)
Other comprehensive income	(1,646,431)	38,121,756
Total comprehensive income	<u>₩ 1,966,523</u>	<u>₩ (91,605,659)</u>

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(in thousands of Korean won)

	2024	
	MSH and its subsidiaries	SCOTT and its subsidiaries
Sales	₩ 162,874,509	₩ 953,661,749
Profit for the year	2,503,557	(210,621,041)
Other comprehensive income	8,425,258	12,407,298
Total comprehensive income	₩ 10,928,815	₩ (198,213,743)

Summarized statements of cash flows for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025	
	MSH and its subsidiaries	SCOTT and its subsidiaries
Cash flows from operating activities	₩ 17,850,283	₩ (71,298,337)
Cash flows from investing activities	(2,530,129)	(11,326,458)
Cash flows from financing activities	(17,523,173)	(20,119,908)
Effects of exchange rate changes on cash and cash equivalents	(188,745)	14,860,633
Net decrease in cash and cash equivalents	(2,391,764)	(87,884,070)
Cash and cash equivalents at the beginning of the year	7,012,451	211,951,468
Cash and cash equivalents at the end of the year	₩ 4,620,687	₩ 124,067,398

(in thousands of Korean won)

	2024	
	MSH and its subsidiaries	SCOTT and its subsidiaries
Cash flows from operating activities	₩ 25,723,299	₩ (8,160,448)
Cash flows from investing activities	(1,063,904)	(13,419,507)
Cash flows from financing activities	(51,958,090)	(30,352,282)
Effects of exchange rate changes on cash and cash equivalents	2,354,806	10,143,016
Net decrease in cash and cash equivalents	(24,943,889)	(41,789,221)
Cash and cash equivalents at the beginning of the year	31,956,340	253,740,689
Cash and cash equivalents at the end of the year	₩ 7,012,451	₩ 211,951,468

37. Related Party Transactions

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

Categories	Name
Parent Company	Youngone Holdings Co., Ltd.
Investments in associates and joint ventures	SCOTT NORTH ASIA Ltd., SCOTT JAPAN INC., IRC ¹ , TRANSA Backpacking SA, Ski-service SA, Ski+Velo-Center SVC AG, Trophy Schweiz SA, SCOTT Network Solutions India Pvt Ltd., Bike Sport Travel AG, YOH CVC Fund 1 Limited Partnership
Others¹¹	YMSA, Youngone Outdoor, KEPZ ² , PBI ³ , Qweto GmbH, S-13 ⁴ , YMSA USA LLC, RAY&CO., YSC ⁵ , EL MEROSI ⁶ , YOH LLC, YOH CVC PTE. LTD., GOLDWIN KOREA CO.,LTD., TWL ⁷ , TVL ⁸ , KTH ⁹ , CYNC ¹⁰ , SOMTOM Corp.

¹ INTERNATIONAL RETAIL CORPORATION SA

² KOREAN EPZ(KEPZ) CORPORATION(BD) LIMITED

³ POIVRE BLANC INTERNATIONAL AG

⁴ POIVRE BLANC S-13

⁵ YOUNGONE SOURCING COMPANY(BANGLADESH) LTD.

⁶ EL MEROSI SAMARKAND LLC.

⁷ TEKWIN (BD) LIMITED

⁸ TEKVISION (BD) LIMITED

⁹ KEPZ TRUST HOSPITAL

¹⁰ CHITTAGONG YOUNGONE NURSING COLLEGE

¹¹ Other related parties are mainly associates and others under the common control.

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

		Sales		Purchases		Other income	
		2025	2024	2025	2024	2025	2024
Parent Company	Youngone Holdings Co., Ltd.	₩ 442,719	₩ 816,286	₩ -	₩ -	₩ 17,631	₩ 77,900
	SCOTT NORTH ASIA Ltd. ¹	11,641,885	2,872,960	-	-	343,130	528,286
Associate Other related parties	YMSA ¹	340,938	479,616	60,674,398	49,685,818	-	-
	Youngone Outdoor	245,928,530	235,877,850	-	-	108,661	209,542
	KEPZ	101,494	107,012	10,722,305	11,049,290	-	-
	PBI ¹	1,766,285	3,965,606	852,508	2,005,947	-	-
	TVL	4,772	-	-	-	-	-
	YOH LLC	-	-	-	-	-	-
	YOH CVC	-	-	-	-	56,950	-
	YOH CVC Fund1	-	-	-	-	47,547	-
	KTH	26,847	-	-	-	-	-
	CYNC	3,412	-	-	-	-	-
	RAY&CO. OPEN PLUS ARCHITECT CO.,LTD.	106,077	-	-	-	-	-
Others ²	WOONAM B&E PRUON CO.,LTD.	-	-	-	-	-	-
		-	-	-	-	-	-
		<u>₩ 260,362,959</u>	<u>₩ 244,119,330</u>	<u>₩ 72,249,211</u>	<u>₩ 62,741,055</u>	<u>₩ 573,919</u>	<u>₩ 815,728</u>

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(in thousands of Korean won)		Other expenses		Acquisition of right-of-use assets		Dividends paid	
		2025	2024	2025	2024	2025	2024
Parent Company	Youngone Holdings Co., Ltd.	₩ 10,522,348	₩ 5,681,100	₩ 2,528,827	₩ -	₩ 47,011,272	₩ 29,102,216
Associate	SCOTT NORTH ASIA Ltd. ¹	-	-	-	-	-	-
Other related parties	YMSA ¹	-	216,885	-	-	-	-
	Youngone Outdoor	222,257	336,958	-	-	-	-
	KEPZ	-	-	5,109,869	820,713	-	-
	PBI ¹	791	-	-	-	-	-
	TVL	9,526,959	-	-	-	-	-
	YOH LLC	-	-	2,943,512	-	-	-
	YOH CVC	-	-	-	-	-	-
	YOH CVC Fund1	-	-	-	-	-	-
	KTH	1,056,285	-	-	-	-	-
	CYNC	-	-	-	-	-	-
	RAY&CO.	-	-	-	-	-	-
Others ²	OPEN PLUS ARCHITECT CO.,LTD.	150,000	430,000	-	-	-	-
	WOONAM B&E	-	2,800	-	-	-	-
	PRUON CO.,LTD.	29,900	29,988	-	-	-	-
		<u>₩ 21,508,540</u>	<u>₩ 6,697,731</u>	<u>₩ 10,582,208</u>	<u>₩ 820,713</u>	<u>₩ 47,011,272</u>	<u>₩ 29,102,216</u>

¹ Consolidated financial information on SCOTT NORTH ASIA Ltd., YMSA and PBI.

² Although the entities above are not related parties of the Group in accordance with KIFRS 1024, the entities belong to the same Large-scale business group to which the Group also belongs in accordance with the *Monopoly Regulation and Fair-Trade Act*.

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(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)

		Receivables		Payables	
		December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Parent					
Company	Youngone Holdings Co., Ltd.	₩ 1,695,748	₩ 1,689,720	₩ 11,874,337	₩ 10,330,626
Associate and joint ventures	IRC	-	-	-	-
	SCOTT NORTH ASIA Ltd. ¹	14,128,283	9,578,151	120,000	120,000
Other	YMSA ¹	206,868	128,690	11,724,419	9,965,698
	Youngone Outdoor	23,380,657	39,216,622	10,135,061	9,885,777
	KEPZ	38,014,559	37,891,668	59,566,140	52,669,526
	PBI ¹	717,240	2,089,226	-	-
	TVL	8,147,475	-	8,894,448	-
	YOH LLC	31,568	-	2,850,684	-
	YOH CVC	731	-	-	-
	YOH CVC Fund 1	13,247	-	-	-
	KTH	157,812	-	-	-
	CYNC	80,606	-	-	-
	Others	-	-	-	16,264
		<u>₩ 86,574,794</u>	<u>₩ 90,594,077</u>	<u>₩ 105,165,089</u>	<u>₩ 82,987,891</u>

¹ Consolidated financial information on SCOTT NORTH ASIA Ltd., YMSA and PBI.

(d) 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
Associate and joint ventures	IRC ¹	₩ -	₩ -
	SCOTT NORTH ASIA Ltd.	8,300,000	6,800,000
Others	KEPZ	27,207,802	28,529,921
	TVL	8,119,459	-
		<u>₩ 43,627,261</u>	<u>₩ 35,329,921</u>

¹ For the year ended December 31, 2025, allowance for doubtful account was recognized for the entire loans to IRC amounting ₩ 16,255,183 thousand.

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(e) Borrowings from the related parties as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>		2025		2024	
Others	Others ¹	₩	-	₩	16,264
		₩	-	₩	16,264

¹ Including amounts borrowed from former shareholders of SCOTT.

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

<i>(in thousands of Korean won)</i>		2025			
		Loan transactions		Borrowing transactions	
		Loans	Collections	Borrowings	Repayments
Parent					
Company	Youngone Holdings Co., Ltd. ¹	₩	-	₩	2,364,913
Associate					₩
and joint					
ventures	SCOTT NORTH ASIA Ltd.		1,500,000	-	-
Other	KEPZ		-	-	5,109,869
	TVL		1,673,303	-	-
	YOH LLC ²		-	-	2,943,512
	YMSA ³		-	-	139,008
		₩	3,173,303	₩	-
				₩	10,418,294
				₩	2,581,862

¹ For the year ended December 31, 2025, the repayment of lease liabilities amounts to ₩ 1,609,867 thousand and interest expense amounts of ₩ 385,997 thousand in respect to building lease agreements which the Group has entered with the Parent Company.

² For the year ended December 31, 2025, right-of-use assets recognized in respect of building lease agreements which the Group has entered with YOH LLC amount to ₩ 2,943,512 thousand. The repayment of lease liabilities during the year is ₩ 139,008 thousand and interest expenses amount to ₩ 72,850 thousand.

³ Presenting consolidated financial information on YMSA. There are no right-of-use assets in respect to building lease agreements which the Group has entered with YMSA during the year. The repayment of lease liabilities during the year is ₩ 832,987 thousand and interest expenses amount to ₩ 219,746 thousand.

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(in thousands of Korean won)

		2024			
		Loan transactions		Borrowing transactions	
		Loans	Collections	Borrowings	Repayments
Parent					
Company	Youngone Holdings Co., Ltd. ¹	₩ -	₩ -	₩ -	₩ 1,605,346
Associate					
and joint					
ventures	IRC	-	-	-	-
	SCOTT NORTH ASIA Ltd.	-	5,200,000	-	-
Other	KEPZ	-	-	820,713	-
	YMSA ²	-	-	-	751,567
	Others	-	-	15,491	-
		₩ -	₩ 5,200,000	₩ 836,204	₩ 2,356,913

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

² Presenting consolidated financial information on YMSA. There are no right-of-use assets in respect to building lease agreements which the Group has entered with YMSA during the year. The repayment of lease liabilities during the year is ₩ 751,567 thousand and interest expenses amount to ₩ 246,088 thousand.

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

(in thousands of Korean won)

	2025	2024
Salaries	₩ 9,976,600	₩ 9,996,290
Post-employment benefits	906,806	4,560,694

(h) As of December 31, 2025, there are no pledges and guarantees for the related parties provided by the Group.

(i) 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).

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38. Provisions

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

<i>(in thousands of Korean won)</i>	2025				
	Provision for sales returns	Provision for product warranties	Bonuses	Others	Total
Beginning balance	₩ 445,361	₩ 5,359,470	₩ 16,293,926	₩ 1,582,700	₩ 23,681,457
Addition	(151,354)	181,201	(839,884)	(2,334)	(812,371)
Changes in exchange rate	(11,983)	563,974	1,700,589	34,726	2,287,306
Ending balance	<u>₩ 282,024</u>	<u>₩ 6,104,645</u>	<u>₩ 17,154,631</u>	<u>₩ 1,615,092</u>	<u>₩ 25,156,392</u>
Current	₩ 282,024	₩ 6,104,645	₩ 17,154,631	₩ 1,615,092	₩ 25,156,392
Non-current	-	-	-	-	-

<i>(in thousands of Korean won)</i>	2024				
	Provision for sales returns	Provision for product warranties	Bonuses	Others	Total
Beginning balance	₩ 659,360	₩ 8,140,388	₩ 16,934,026	₩ 1,428,554	₩ 27,162,328
Addition	(284,258)	(3,184,991)	(1,732,448)	(6,410)	(5,208,107)
Changes in exchange rate	70,259	404,073	1,092,348	160,556	1,727,236
Ending balance	<u>₩ 445,361</u>	<u>₩ 5,359,470</u>	<u>₩ 16,293,926</u>	<u>₩ 1,582,700</u>	<u>₩ 23,681,457</u>
Current	₩ 445,361	₩ 5,359,470	₩ 16,293,926	₩ 1,582,700	₩ 23,681,457
Non-current	-	-	-	-	-

Provisions for bonus include vacation pay, bonus and others.

Audit opinion on internal control over financial reporting for consolidation purposes

The accompanying independent auditor's report on internal control over financial reporting for consolidation purposes is attached as a result of auditing the internal control over financial reporting of Youngone Corporation and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group 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 for consolidation purposes
2. Management's report on the effectiveness of internal control over financial reporting (ICFR) for consolidation purposes



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Ernst & Young Han Young
2-3F, 7-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's report on internal control over financial reporting for consolidation purposes

(English translation of a report originally issued in Korean)

Youngone Corporation The Shareholders and Board of Directors

Opinion on internal control over financial reporting for consolidation purposes

We have audited the internal control over financial reporting ("ICFR") of Youngone Corporation and its subsidiaries (collectively referred to as the "Group") for consolidation purposes 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 Group's ICFR for consolidation purposes 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 consolidated statement of financial position as of December 31, 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 18, 2026 expressed an unqualified opinion thereon.

Basis for opinion on ICFR for consolidation purposes

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 for consolidation purposes section of our report. We are independent of the Group 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 for consolidation purposes.

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

Auditor's responsibilities for the audit of ICFR for consolidation purposes

Our responsibility is to express an opinion of the Group's ICFR for consolidation purposes 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 for consolidation purposes was maintained in all material respects.

An audit of the ICFR for consolidation purposes 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 for consolidation purposes based on obtaining an understanding of ICFR and the assessed risk.



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with confidence

ICFR for consolidation purposes definition and inherent limitations

An ICFR of a company and its subsidiaries 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 consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). An ICFR of a company and its subsidiaries 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 and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the company and its subsidiaries that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent or detect material misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR for consolidation purposes 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 Group's ICFR and may result in modifications to this report.

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

(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 and its subsidiaries (collectively referred to as the “Group”) , assessed the effectiveness of the design and operation of the Group’s Internal Control over Financial Reporting (“ICFR”) for consolidation purposes for the year ended December 31, 2025.

The Group’s management, including the undersigned, is responsible for designing and operating ICFR for consolidation purposes. We assessed the design and operating effectiveness of ICFR for consolidation purposes 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 for consolidation purposes 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 for consolidation purposes 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 Group’s ICFR for consolidation purposes, 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	Subject 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 Management.	Youngone Corporation and eight other companies	Testing results: No material weaknesses identified (Youngone Corporation and eight other companies ICFR Officer, etc., Aug 2025, Nov 2025, etc.)
	<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.	Youngone Corporation and eight other companies	Testing results: No material weaknesses identified (Youngone Corporation and eight other companies ICFR Officer, etc., Jan 2026, etc.)
	< 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.	Youngone Corporation and two other companies	Testing results: No material weaknesses identified (Youngone Corporation and two other companies ICFR Officer, etc., Jan 2026, etc.)
	<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.	Youngone Corporation	Testing results: No material weaknesses identified (Youngone Corporation ICFR Officer, Aug 2025, etc.)
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.	Youngone Corporation	Testing results: No material weaknesses identified (ICFR Officer, Aug 2025, Nov 2025)
	<Segregation of Duties in Treasury Operations> For fund transfer through internet banking, etc., there is a clear segregation of duties between the transfer requester (the person in charge of fund in the Treasury Team) and the approvers (Treasury Manager, the CFO, etc.).	Youngone Corporation and two other companies	Testing results: No material weaknesses identified (Youngone Corporation and two other companies ICFR Officer, etc., Aug 2025, Nov 2025, etc.)
	<Review of Fund Execution> The Treasury Manager and the CFO approve after reviewing fund execution details.	Youngone Corporation and eight other companies	Testing results: No material weaknesses identified (Youngone Corporation and eight other companies ICFR Officer, etc., Aug 2025, Nov 2025, etc.)
	< Management of Fund Inflows and Outflows> Approvers (The Treasury Manager, the CFO, etc.) review and approve the reconciliation between daily or monthly account-by-account balance lists from each financial institution and the trial balance	Youngone Corporation and eight other companies	Testing results: No material weaknesses identified (Youngone Corporation and eight other companies ICFR Officer, etc., Aug 2025, Nov 2025, etc.)

	<p>< Review of Fund-raising Options> The Management reviews and approves 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 and the Approvers (CEO, etc.) review and approve on the journal entry.</p>	Youngone Corporation and two other companies	Testing results: No material weaknesses identified (Youngone Corporation and two other companies ICFR Officer, etc., Aug 2025, Nov 2025, etc.)
	<p><Review of Fund Operations> Approvers(The Treasury Manager, the CFO,etc.) review and approve the appropriateness of key terms in approval requests relating to fund operations such as subscriptions to financial instruments and loans.</p>	Youngone Corporation and seven other companies	Testing results: No material weaknesses identified (Youngone Corporation and seven other companies ICFR Officer, etc., Aug 2025, Nov 2025, etc.)
	<p>< Review of Cash Disbursements> Cash payments are made after obtaining review and approval from the Treasury Team Manager, etc.</p>	Youngone Corporation and seven other companies	Testing results: No material weaknesses identified (Youngone Corporation and seven other companies ICFR Officer, etc., Aug 2025, Nov 2025 ,etc.)
	<p><Cash Count> The Treasury Team conducts a cash count on a regular basis, prepares a cash verification report and obtains approval from the Approvers (Treasury Manager, the CFO, etc.).</p>	Youngone Corporation and seven other companies	Testing results: No material weaknesses identified (Youngone Corporation and seven other companies ICFR Officer, etc., Aug 2025, Nov 2025, etc.)
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>	Youngone Corporation and eight other companies	Testing results: No material weaknesses identified (Youngone Corporation and eight other companies ICFR Officer etc., Aug 2025, Nov 2025, Jan 2026 , etc.)