

Youngone Holdings Co., Ltd

Separate Financial Statements

December 31, 2023 and 2022

Youngone Holdings Co., Ltd
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December 31, 2023 and 2022

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
Youngone Holdings Co., Ltd.

Opinion

We have audited the accompanying separate financial statements of Youngone Holdings Co., Ltd. (the Company), which comprise the separate statement of financial position as at December 31, 2023, and the separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of Youngone Holdings Co., Ltd. as at December 31, 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting as of December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 28, 2024 expressed an unqualified opinion.

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of investment in subsidiaries

Why it is determined to be a key audit matter

Investment in subsidiaries held by the Company as at December 31, 2023, amounts to ₩ 420,281 million. The investment in subsidiaries is measured at cost in the separate financial statements and the recognition of impairment loss is determined with respect to the Company's investment in subsidiaries in accordance with Korean IFRS 1036 *Impairment of Assets*. We have determined that the impairment of investment in subsidiaries is a key audit matter, considering that the size of investment in subsidiaries is significant, and significant management's judgment is involved in the process of management's identification of impairment indicators and the performance of impairment tests, including accounting policies used, future cash flows, and discount rates.

How our audit addressed the key audit matter

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

- Obtained an understanding and evaluated the Company's accounting policies related to the identification of impairment indicators of investment in subsidiaries, and reviewed consistency with past accounting policies
- Evaluated the design and operation of the internal control system related to the impairment indicators of investment in subsidiaries
- Evaluated the model for reviewing impairment indicators of investment in subsidiaries presented by the Company
- Performed an independent review of the evaluation of impairment indicators of investment in subsidiaries

Other Matters

The separate financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those statements on March 21, 2023.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Seung-hwan, Hong, Certified Public Accountant.

Seoul, Korea
March 28, 2024

<p>This report is effective as of March 28, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

Youngone Holdings Co., Ltd
Separate Statements of Financial Position
December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes		2023		2022
Assets					
Current assets					
Cash and cash equivalents	4,5,6	₩	42,845,141,332	₩	35,002,850,484
Short-term financial instruments	4,5,6		35,223,500,000		15,000,000,000
Other receivables	4,5,9		7,498,787,874		8,117,863,103
Current tax assets	19		480,227,890		-
Other current assets	10		49,602,549		16,482,317
			<u>86,097,259,645</u>		<u>58,137,195,904</u>
Non-current assets					
Financial assets at fair value through other comprehensive income	4,5,7		128,098,130,876		125,812,221,519
Financial assets at fair value through profit or loss	4,5,8		783,382,772		885,570,752
Investments in subsidiaries	11		420,281,462,874		420,281,462,874
Property, plant and equipment	12		826,026,181		902,943,468
Intangible assets	14		14,612,556,077		2,417,794,000
Right-of-use assets	13		666,524,879		1,799,445,974
Investment property	15		15,951,558,350		16,498,082,969
Other receivables	5,9		1,657,423,595		2,383,640,221
			<u>582,877,065,604</u>		<u>570,981,161,777</u>
Total assets		₩	<u>668,974,325,249</u>	₩	<u>629,118,357,681</u>
Liabilities					
Current liabilities					
Current tax liabilities	19	₩	-	₩	7,759,014
Other payables	4,5,16		7,726,685,241		5,855,047,597
Other current liabilities	17		679,786,390		608,011,100
Current lease liabilities	4,5,13		114,577,565		258,605,971
			<u>8,521,049,196</u>		<u>6,729,423,682</u>
Non-current liabilities					
Net defined benefit liabilities	18		1,644,940,434		66,983,300
Deferred tax liabilities	19		25,770,178,124		25,838,238,346
Non-current lease liabilities	4,5,13		569,680,281		1,608,620,150
			<u>27,984,798,839</u>		<u>27,513,841,796</u>
Total liabilities			<u>36,505,848,035</u>		<u>34,243,265,478</u>
Equity					
Issued capital	1,20		6,817,796,000		6,817,796,000
Share premium	20		113,893,779,001		113,893,779,001
Retained earnings	22		344,455,590,552		306,189,007,980
Other components of equity	21		167,301,311,661		167,974,509,222
Total equity			<u>632,468,477,214</u>		<u>594,875,092,203</u>
Total liabilities and equity		₩	<u>668,974,325,249</u>	₩	<u>629,118,357,681</u>

The above separate statements of financial position should be read in conjunction with the accompanying notes.

Youngone Holdings Co., Ltd
Separate Income Statements
Years Ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023		2022	
Operating revenue	31				
Dividends income		₩	99,504,654,670	₩	55,254,329,623
Others			10,547,517,006		11,173,875,080
			<u>110,052,171,676</u>		<u>66,428,204,703</u>
Operating expenses					
Selling and administrative expenses	24,26		<u>15,557,574,766</u>		<u>11,565,660,602</u>
Operating income			94,494,596,910		54,862,544,101
Other income	5,25		2,468,561,473		2,526,097,287
Other expenses	5,25		5,377,208,925		6,469,692,534
Finance income	5,27		2,037,714,682		1,216,173,787
Finance costs	5,27		404,162,746		95,544,010
Profit before income tax			<u>93,219,501,394</u>		<u>52,039,578,631</u>
Income tax expense (benefit)	19		990,143,122		(1,536,382,200)
Profit		₩	<u>92,229,358,272</u>	₩	<u>53,575,960,831</u>
Earnings per share					
Basic earnings per share	28	₩	7,947	₩	4,617

The above separate income statements should be read in conjunction with the accompanying notes.

Youngone Holdings Co., Ltd
Separate Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

(in Korean won)

	Notes	2023	2022
Profit		<u>₩ 92,229,358,272</u>	<u>₩ 53,575,960,831</u>
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit liabilities	18,21	(2,601,123,756)	(1,339,091,019)
Gain on valuation of financial assets at fair value through other comprehensive income	5,21	<u>1,927,926,195</u>	<u>23,680,362,590</u>
Other comprehensive income (loss), net of tax		<u>(673,197,561)</u>	<u>22,341,271,571</u>
Total comprehensive income		<u>₩ 91,556,160,711</u>	<u>₩ 75,917,232,402</u>

The above separate statements of comprehensive income should be read in conjunction with the accompanying notes.

Youngone Holdings Co., Ltd
Separate Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(in Korean won)

	Notes	Issued capital	Share premium	Retained earnings	Other components of equity	Total equity
Balance at January 1, 2022		₩ 6,817,796,000	₩ 113,893,779,001	₩ 275,822,843,149	₩ 145,633,237,651	₩ 542,167,655,801
Total comprehensive income						
Profit		-	-	53,575,960,831	-	53,575,960,831
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	-	23,680,362,590	23,680,362,590
Remeasurements of net defined benefit liabilities		-	-	-	(1,339,091,019)	(1,339,091,019)
Transactions with owners						
Dividends paid	22,23	-	-	(23,209,796,000)	-	(23,209,796,000)
Balance at December 31, 2022		<u>₩ 6,817,796,000</u>	<u>₩ 113,893,779,001</u>	<u>₩ 306,189,007,980</u>	<u>₩ 167,974,509,222</u>	<u>₩ 594,875,092,203</u>
Balance at January 1, 2023		₩ 6,817,796,000	₩ 113,893,779,001	₩ 306,189,007,980	₩ 167,974,509,222	₩ 594,875,092,203
Total comprehensive income						
Profit		-	-	92,229,358,272	-	92,229,358,272
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	-	1,927,926,195	1,927,926,195
Remeasurements of net defined benefit liabilities		-	-	-	(2,601,123,756)	(2,601,123,756)
Transactions with owners						
Dividends paid	22,23	-	-	(53,962,775,700)	-	(53,962,775,700)
Balance at December 31, 2023		<u>₩ 6,817,796,000</u>	<u>₩ 113,893,779,001</u>	<u>₩ 344,455,590,552</u>	<u>₩ 167,301,311,661</u>	<u>₩ 632,468,477,214</u>

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

Youngone Holdings Co., Ltd
Separate Statements of Cash Flows
Years Ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Cash flows from operating activities			
Net cash flows used in operations	29	₩ (3,985,980,136)	₩ (2,815,313,574)
Interest paid		(71,514,746)	-
Interest received		1,895,893,886	385,624,106
Dividends received		99,504,654,670	55,254,329,623
Income tax paid		<u>(1,114,546,976)</u>	<u>(92,840,359)</u>
Cash flows from operating activities		<u>96,228,506,698</u>	<u>52,731,799,796</u>
Cash flows used in investing activities			
Increase in short-term financial instruments, net		(20,242,000,000)	(5,000,000,000)
Payments for property, plant and equipment	12	(9,270,000)	(152,679,986)
Payments for intangible assets	14	(11,778,102,185)	(5,950,000)
Payments for investment property		(8,995,000)	(140,294,887)
Proceeds from disposal of financial assets at fair value through profit or loss		227,320,782	241,228,976
Acquisition of financial assets at fair value through other comprehensive income		-	(2,500,005,200)
Payment for investments in subsidiaries	11	-	(41,212,700,000)
Proceeds from short-term loans	31	(1,612,810,000)	(1,072,620,000)
Proceeds from long-term loans	31	-	(2,383,600,000)
Decrease in guarantee deposits		138,987,849	99,580,000
Cash flows used in investing activities		<u>(33,284,868,554)</u>	<u>(52,127,041,097)</u>
Cash flows used in financing activities			
Dividends paid		(53,962,775,700)	(23,209,796,000)
Decrease in financial lease liabilities		(175,105,254)	(342,120,000)
Increase in other deposits		251,500,000	70,540,000
Cash flows used in financing activities		<u>(53,886,380,954)</u>	<u>(23,481,376,000)</u>
Changes in cash due to foreign currency translation		<u>(1,214,966,342)</u>	<u>(3,119,628,955)</u>
Increase (decrease) in cash and cash equivalents		<u>7,842,290,848</u>	<u>(25,996,246,256)</u>
Cash and cash equivalents at the beginning of the year		<u>35,002,850,484</u>	<u>60,999,096,740</u>
Cash and cash equivalents at the end of the year		<u>₩ 42,845,141,332</u>	<u>₩ 35,002,850,484</u>

The above separate statements of cash flows should be read in conjunction with the accompanying notes.

Youngone Holdings Co., Ltd

Notes to the Separate Financial Statements

December 31, 2023 and 2022

1. The Company

Youngone Holdings Co., Ltd (the Company) was established on June 5, 1974 and the Company is headquartered in Jung-gu, Seoul. On November 7, 1988, the Company was listed on the Korea Exchange.

The Company was mainly engaged in domestic and overseas import and export business, its agency business, and clothing manufacturing and sales business until June 30, 2009, before the spin-off of its operating segment. On July 1, 2009, which was the spin-off registration date, the Company carried out a spin-off of the operating segment to the newly established company, Youngone Corporation. After the spin-off, the Company changed its name to Youngone Holdings Co., Ltd., and the Company converted into a holding company that mainly engaged in the investment business and office renting business.

The Company's issued capital as at December 31, 2023, is ₩ 6,817,796 thousand and the Company's shareholders and their respective percentage of ownership as at December 31, 2023, are as follows:

	Number of shares	Ownership (%)	Remark
YMSA	3,966,971	29.09	Majority shareholder
Sung, Ki Hak	2,286,445	16.77	
Youngone Holdings Co., Ltd.	2,030,694	14.89	Treasury shares
Others	5,351,482	39.25	
	<u>13,635,592</u>	<u>100.00</u>	

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

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

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value

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

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, financial performance or cash flows, is not presented in the accompanying separate financial statements.

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

2.1.1 Changes in Accounting Policies and Disclosures

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

- Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements). The amendments do not have a significant impact on the financial statements.

- Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the financial statements.

- Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the financial statements.

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- Korean IFRS 1012 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the financial statements.

- New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the financial statements.

- Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The Company applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Company has no current tax expense related to Pillar Two. The impact of the Pillar Two income taxes is described in Note 19.

(b) New standards and interpretations not yet adopted by the Company

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Company.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is

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required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

- Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

- Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

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

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Notes to the Separate Financial Statements

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2.2 Investment in Subsidiaries

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

2.3 Foreign Currency Translation

(a) Functional and presentation currency

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

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.

2.4 Financial Assets

(a) Classification

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

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

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

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

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

(b) Measurement

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

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

A. Debt instruments

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

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

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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 income statement within 'other income or expenses' in the year in which it arises.

B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments 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 income statement as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

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

(d) Recognition and derecognition

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

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

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(e) Offsetting of financial instruments

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

2.5 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 is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Structures	30 years
Facilities	30 years
Vehicles	5 years
Equipment	4 years

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

2.6 Intangible Assets

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

The Company amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Software	5 years
Industrial property	5 years

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2.7 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 Company depreciates investment properties, except for land, using the straight-line method over their useful lives of 40 years.

2.8 Leases

(a) Lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature. The Company did not need to adjust the accounting for assets held as a lessor in accordance with the application of the new lease standard.

(b) Lessee

The Company leases offices. Lease contracts are typically made for fixed periods of 2 to 5 years, but may have extension options as described in (c) below.

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

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

The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

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- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company (the lessee) exercising that option

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

To determine the incremental borrowing rate, the Company:

- The lease period is reflected in the interest rate of the public bond considering the Company's credit rating.

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

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

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

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) Extension and termination options

Extension and termination options are included in property leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the

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respective lessor.

2.9 Impairment of Non-financial Assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Depreciated assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial Liabilities

(a) Classification and measurement

The Company'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. Derivative that are not a designated as hedging instruments and are separated from financial instruments, including embedded derivatives, are also classified as held for trading.

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

(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.

2.11 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of:

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

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Customers

The fair value of a financial guarantee contract is determined based on the market price of similar financial instruments, comparing the interest rates of borrowings with and without financial guarantees, or based on the amount to be paid for financial guarantees.

The related liability is recognized as 'other payables' in the statement of financial position.

2.12 Provisions

Provisions for service warranties, make good obligation, and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

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

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

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

The Company recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is

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probable that the temporary difference will not reverse in the foreseeable future. In addition, The Company recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

2.14 Employment Benefits

(a) Post-employment benefits

The Company operates both defined contribution and defined benefit plans.

For defined contribution plans, the Company pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Company has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

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.

2.15 Revenue Recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below.

(a) Management consulting fees

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Management consulting fees are recognized on an accrual basis depending on the substance of the contract.

(b) Interest income

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

(c) Dividend income

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

2.16 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. 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. The Company disclosed information relating to its operating segments in its consolidated financial statements in accordance with Korean IFRS 1108, and did not disclose them separately in these financial statements.

2.17 Approval of Issuance of the Financial Statements

The separate financial statements 2023 were approved for issue by the Board of Directors on March 13, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

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3. Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Impairment of investments in subsidiaries

The Company conducts impairment reviews on the investment in subsidiaries at the end of each reporting period. Impairment tests are conducted at the end of each year, considering the financial significance of the investments or if there are impairment indicator. During the impairment test, the carrying amount of the cash generating unit or group of cash generating units is compared with the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Impairment losses are immediately recognized as an expense, and are reversed to the extent that the recoverable amount increases subsequently.

3.2 Income taxes

The Company's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 19).

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

3.3 Fair value of financial instruments

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

3.4 Impairment of financial assets

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

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3.5 Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 18).

3.6 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).

For leases of real estate, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

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4. Financial Risk Management

4.1 Financial Risk Factors

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

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions	Cash flow forecasting	Foreign currency forwards and foreign currency options
	Recognized financial assets and liabilities not denominated in functional currency	Sensitivity analysis	
Market risk – interest rate	Long-term 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, derivative financial instruments, debt investments and contract assets	Aging analysis	Diversification of bank deposits, credit limits and letter of credit
		Credit ratings	
			Investment guidelines for debt investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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4.1.1 Market risk

i) Foreign exchange risk

The Company's financial instruments denominated in major foreign currencies except for functional currency as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Cash and cash equivalents				
USD	₩	385,886	₩	3,735,859
EUR		84,823		7,215
HKD		4,193		4,129
SGD		2,198		2,122
CHF		1,536		3,569
JPY		29,348,780		29,357,136
	₩	29,827,416	₩	33,110,030
Short-term financial instruments				
USD	₩	3,223,500	₩	-
	₩	3,223,500	₩	-
Other receivables				
USD	₩	4,200,774	₩	3,693,546
EUR		1,146,978		39,499
	₩	5,347,752	₩	3,733,045

As at December 31, 2023 and 2022, 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>	2023		2022	
	Increase	Decrease	Increase	Decrease
USD	₩ 390,508	₩ (390,508)	₩ 371,470	₩ (371,470)
EUR	61,590	(61,590)	2,336	(2,336)
HKD	210	(210)	206	(206)
SGD	110	(110)	106	(106)
CHF	77	(77)	178	(178)
JPY	<u>1,467,439</u>	<u>(1,467,439)</u>	<u>1,467,857</u>	<u>(1,467,857)</u>
	<u>₩ 1,919,934</u>	<u>₩ (1,919,934)</u>	<u>₩ 1,842,153</u>	<u>₩ (1,842,153)</u>

ii) Price risk

The Company acquires equity securities to manage a liquidity risk and for trading. The Company invests in more than one investment vehicle either directly or indirectly, and the fair value of equity securities (excluding investments in subsidiaries and associates and unlisted equity

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securities) as at December 31, 2023, is ₩ 127,379,121 thousand (2022: ₩ 125,355,609 thousand) (Note 7).

As at December 31, 2023 and 2022, if the price of equity securities fluctuated by 20%, the effects on other comprehensive income would be as follows:

(in thousands of Korean won)	2023		2022	
	Increase	Decrease	Increase	Decrease
Effects on other comprehensive income				
Financial assets at fair value through other comprehensive income	₩ 20,151,377	₩ (20,151,377)	₩ 19,806,186	₩ (19,806,186)

iii) Cash flow and fair value interest rate risk

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

As at December 31, 2023, the Company did not have any floating rate receivables or payables.

4.1.2 Credit Risk

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

(a) *Other financial assets carried at amortized cost*

Other financial assets at amortized cost include non-trade receivables, loans and others.

Movements in loss allowance provision for other financial assets at amortized cost for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023			
	Non-trade receivables		Loans	Total
Beginning balance	₩	-	₩ 1,587,187	₩ 1,587,187
Increase in allowance for credit losses recognized in profit or loss during the year		-	1,972,874	1,972,874
Ending balance	₩	-	₩ 3,560,061	₩ 3,560,061

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(in thousands of Korean won)	2022					
	Non-trade receivables		Loans		Total	
Beginning balance	₩	-	₩	-	₩	-
Increase in allowance for credit losses recognized in profit or loss during the year		-		1,587,187		1,587,187
Ending balance	₩	-	₩	1,587,187	₩	1,587,187

All of the financial assets at amortized costs are considered to have low credit risk, and the loss allowance provision recognized during the period was, therefore, limited to 12 months expected losses. Management considers 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(b) Bad debt expenses

Bad debt expenses recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Trade receivables and contract assets	₩	-	₩	-
Bad debt expenses on financial assets at amortized cost		1,972,874		1,587,187
Net bad debt expenses	₩	1,972,874	₩	1,587,187

Loss allowance provision and unused amounts reversed have been included in the income statement within 'other income and expenses' (Note 25).

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(c) *Maximum exposures to credit risk*

The Company's maximum exposures of financial instruments to credit risk without consideration of collaterals' values as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023		
	Book amount without deduction	Allowance for trade receivables	Book amount (maximum exposure)
Cash and cash equivalents ¹	₩ 42,817,322	₩ -	₩ 42,817,322
Short-term financial instruments	35,223,500	-	35,223,500
Other receivables	12,716,272	(3,560,061)	9,156,211
Guarantee contracts	1,095,192	-	1,095,192
Financial assets at fair value through profit or loss	783,383	-	783,383
Financial assets at fair value through other comprehensive income	128,098,131	-	128,098,131
	₩ 220,733,800	₩ (3,560,061)	₩ 217,173,739

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

(in thousands of Korean won)	2022		
	Book amount without deduction	Allowance for trade receivables	Book amount (maximum exposure)
Cash and cash equivalents ¹	₩ 34,966,591	₩ -	₩ 34,966,591
Short-term financial instruments	15,000,000	-	15,000,000
Other receivables	12,088,690	(1,587,187)	10,501,503
Guarantee contracts	1,906,360	-	1,906,360
Financial assets at fair value through profit or loss	885,571	-	885,571
Financial assets at fair value through other comprehensive income	125,812,222	-	125,812,222
	₩ 190,659,435	₩ (1,587,187)	₩ 189,072,248

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

4.1.3 Liquidity Risk

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

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

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Details of the Company's liquidity risk analysis as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023						Carrying amount
	Less than 3 months	Between 3 months and 1 year	Over 1 year	Over 2 years	Total		
Other payables	₩ 4,403,593	₩ 2,227,900	₩ -	₩ -	₩ 6,631,493	₩	6,631,493
Lease liabilities	39,300	117,900	157,200	497,800	812,200		684,258
Guarantee contracts ¹	1,095,192	-	-	-	1,095,192		1,095,192
	<u>₩ 5,538,085</u>	<u>₩ 2,345,800</u>	<u>₩ 157,200</u>	<u>₩ 497,800</u>	<u>₩ 8,538,885</u>	<u>₩</u>	<u>8,410,943</u>

¹ The financial guarantee contracts are included under the 'On demand' category as payments will be made upon request.

(in thousands of Korean won)	2022						Carrying amount
	Less than 3 months	Between 3 months and 1 year	Over 1 year	Over 2 years	Total		
Other payables	₩ 3,116,104	₩ 1,976,400	₩ -	₩ -	₩ 5,092,504	₩	5,092,504
Lease liabilities	85,530	256,590	342,120	1,484,100	2,168,340		1,867,226
Guarantee contracts ¹	1,906,360	-	-	-	1,906,360		762,544
	<u>₩ 5,107,994</u>	<u>₩ 2,232,990</u>	<u>₩ 342,120</u>	<u>₩ 1,484,100</u>	<u>₩ 9,167,204</u>	<u>₩</u>	<u>7,722,274</u>

¹ The financial guarantee contracts are included under the 'On demand' category as payments will be made upon request.

4.2 Capital Risk Management

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

Debt-to-equity ratios as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023	2022
Total liabilities	₩ 36,505,848	₩ 34,243,265
Total equity	632,468,477	594,875,092
Debt-to-equity ratio	5.77%	5.76%

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4.3 Fair Value Hierarchy

The table below analyzes financial instruments measured at fair value according to the evaluation method. The defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date, which reflects market assumptions about changes in the economic environment such as rising interest rates, inflation, and ESG-related risks (Level 1).
- Inputs other than quoted prices of Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Unobservable inputs to assets or liabilities, such as unlisted equity securities and financial instruments that reflect significant unobservable adjustments due to ESG-related risks (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income	₩ 127,379,121	₩ 719,010	₩ -	₩ 128,098,131
Financial assets at fair value through profit or loss	-	-	783,383	783,383
(in thousands of Korean won)	2022			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income	₩ 125,355,609	₩ 456,613	₩ -	₩ 125,812,222
Financial assets at fair value through profit or loss	-	-	885,571	885,571

As at December 31, 2023, there is no significant difference between the fair values and book amounts of financial instruments held by the Company.

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

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

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

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There were no transfers between levels 1 and 2 for recurring fair value measurements for the years ended December 31, 2023 and 2022.

Changes in level 3 for recurring fair value measurements for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Financial assets at fair value through profit or loss		Financial assets at fair value through profit or loss	
Beginning balance	₩	885,571	₩	1,075,000
Amount recognized in profit or loss		138,974		50,828
Sales		(241,162)		(240,257)
Ending balance	₩	<u>783,383</u>	₩	<u>885,571</u>
Unrealized gains or losses		-		-

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 at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>			2023	
	Fair value	Level	Valuation techniques	Inputs
Financial assets at fair value through other comprehensive income				
Equity	₩ 719,010	2	Market value method	Credit risk adjusted discount rate and others
Financial assets at fair value through profit or loss				
Funds	783,383	3	Asset approach	Fair value of net assets
<i>(in thousands of Korean won)</i>			2022	
	Fair value	Level	Valuation techniques	Inputs
Financial assets at fair value through other comprehensive income				
Equity	₩ 456,613	2	Market value method	Credit risk adjusted discount rate and others
Financial assets at fair value through profit or loss				
Funds	885,571	3	Asset approach	Fair value of net assets

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5. Financial Instruments by Category

5.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023					
	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	Total	
Financial assets						
Cash and cash equivalents	₩ 42,845,141	₩ -	₩ -	₩ -	₩	42,845,141
Short-term financial instruments	35,223,500	-	-	-		35,223,500
Financial assets at fair value through profit or loss	-	783,383	-	-		783,383
Financial assets at fair value through other comprehensive income	-	-	128,098,131	-		128,098,131
Other receivables	9,156,211	-	-	-		9,156,211
	<u>₩ 87,224,853</u>	<u>₩ 783,383</u>	<u>₩ 128,098,131</u>	<u>₩ -</u>	<u>₩</u>	<u>216,106,366</u>
Financial liabilities						
Other payables	₩ -	₩ -	₩ -	₩ 7,726,685	₩	7,726,685
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 7,726,685</u>	<u>₩</u>	<u>7,726,685</u>
(in thousands of Korean won)	2022					
	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	Total	
Financial assets						
Cash and cash equivalents	₩ 35,002,850	₩ -	₩ -	₩ -	₩	35,002,850
Short-term financial instruments	15,000,000	-	-	-		15,000,000
Financial assets at fair value through profit or loss	-	885,571	-	-		885,571
Financial assets at fair value through other comprehensive income	-	-	125,812,222	-		125,812,222
Other receivables	10,501,503	-	-	-		10,501,503
	<u>₩ 60,504,353</u>	<u>₩ 885,571</u>	<u>₩ 125,812,222</u>	<u>₩ -</u>	<u>₩</u>	<u>187,202,146</u>
Financial liabilities						
Other payables	₩ -	₩ -	₩ -	₩ 5,855,048	₩	5,855,048
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 5,855,048</u>	<u>₩</u>	<u>5,855,048</u>

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5.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Financial assets at fair value through profit or loss				
Gain on valuation	₩	138,974	₩	50,828
Gain (loss) on transaction		(13,842)		972
Financial assets at fair value through other comprehensive income				
Gain on valuation (other comprehensive income)		2,285,909		28,823,899
Gain (loss) on transaction		-		-
Dividend income		1,434,786		1,162,847
Financial asset at amortized cost				
Interest income		2,037,715		536,382
Foreign exchange gain		(1,114,144)		(2,371,650)
Other bad debt expenses		1,972,874		1,587,187
Financial liabilities at amortized cost				
Transfer (reversal) of financial guarantee liabilities		332,648		(679,792)

6. Cash and Cash Equivalents and Short-term financial instruments

(a) Cash and cash equivalents as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
	Cash	₩ 27,819	₩	36,259
	Ordinary deposits	976,688		1,657,420
Cash and cash equivalent	Foreign currency ordinary deposit	29,802,346		33,081,074
	Time deposits	12,038,288		228,097
		₩ 42,845,141	₩	35,002,850
Short-term financial instruments	Time deposits	₩ 35,223,500	₩	15,000,000

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7. Financial Assets at Fair Value through Other Comprehensive Income

(a) Financial assets at fair value through other comprehensive income as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Listed securities	₩	127,379,121	₩	125,355,609
Unlisted securities		719,010		456,613
	₩	128,098,131	₩	125,812,222

(b) Changes in financial assets at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	125,812,222	₩	94,488,317
Acquisitions		-		2,500,005
Gain on valuation		2,285,909		28,823,900
Ending balance	₩	128,098,131	₩	125,812,222

(c) The details of listed securities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023			2022	
	Number of Shares	Percentage of ownership(%)	Acquisition cost	Market Value	Book amount	Book amount
GOLDWIN INC. ¹	1,377,100	2.9%	₩ 3,540,098	₩ 127,379,121	₩ 127,379,121	₩ 125,355,609

¹ GOLDWIN INC.'s shares are listed in Tokyo Stock Exchange in Japan.

8. Financial Assets at Fair Value through Profit or Loss

(a) Financial assets at fair value through profit or loss as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023		2022	
	Acquisition cost	Fair value	Book amount	Book amount
스파크랩-신한오퍼튜니티				
제1호투자조합	₩ 607,423	₩ 783,383	₩ 783,383	₩ 885,571

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(b) The changes in financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	885,571	₩	1,075,000
Disposals		(241,162)		(240,257)
Gain on valuation		138,974		50,828
Ending balance	₩	<u>783,383</u>	₩	<u>885,571</u>

9. Other Receivables

(a) Book amount and provision for impairment of other receivables as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			2022		
	Receivables	Provision for impairment	Book amount	Receivables	Provision for impairment	Book amount
Current						
Non-trade receivables	₩ 6,253,236	₩ -	₩ 6,253,236	₩ 7,272,245	₩ -	₩ 7,272,245
Accrued income	339,445	-	339,445	197,624	-	197,624
Short-term loans	<u>2,740,128</u>	<u>(1,834,020)</u>	<u>906,108</u>	<u>1,140,570</u>	<u>(492,575)</u>	<u>647,995</u>
	₩ 9,332,809	₩ (1,834,020)	₩ 7,498,789	₩ 8,610,438	₩ (492,575)	₩ 8,117,863
Non-current						
Rent deposits	₩ 804,664	₩ -	₩ 804,664	₩ 943,652	₩ -	₩ 943,652
Long-term loans	<u>2,578,800</u>	<u>(1,726,041)</u>	<u>852,759</u>	<u>2,534,600</u>	<u>(1,094,612)</u>	<u>1,439,988</u>
	<u>3,383,464</u>	<u>(1,726,041)</u>	<u>1,657,423</u>	<u>3,478,252</u>	<u>(1,094,612)</u>	<u>2,383,640</u>
	₩ 12,716,273	₩ (3,560,061)	₩ 9,156,212	₩ 12,088,690	₩ (1,587,187)	₩ 10,501,503

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

10. Other Current Assets

Other current assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Advances	₩	49	₩	220
Prepaid expenses		49,553		16,262
	₩	<u>49,602</u>	₩	<u>16,482</u>

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11. Investments in Subsidiaries

(a) The Company's investments in subsidiaries as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	Location	Ending month	2023		2022	
			Ownership (%)	Book amount	Ownership (%)	Book amount
Youngone Corporation	Korea	December	50.52%	₩ 210,554,593	50.52%	₩ 210,554,593
Youngone Outdoor	Korea	December	59.30%	160,959,881	59.30%	160,959,881
KEPZ ^{1,2}	Bangladesh	December	100.00%	-	100.00%	-
Qweto GmbH	Switzerland	December	51.42%	498,189	51.42%	498,189
POIVRE BLANC INTERNATIONAL AG ²	Switzerland	December	100.00%	-	100.00%	-
Scott North Asia Ltd ²	Korea	December	60.00%	-	60.00%	-
YOH USA LLC	U.S.A	December	100.00%	7,056,100	100.00%	7,056,100
YOH CVC PTE. LTD.	Singapore	December	100.00%	1,212,700	100.00%	1,212,700
YOH CVC Fund 1 Limited Partnership ³	Singapore	December	47.06%	40,000,000	47.06%	40,000,000
				₩ 420,281,463		₩ 420,281,463

¹ KOREAN EPZ(KEPZ) CORPORATION(BD) LIMITED.

² Recognized full amount of impairment loss before 2022.

³ Although it is less than 50%, the subsidiary of the Company owns 52.94% of shares, it has been classified as an investment in subsidiaries.

(b) Changes in investments in subsidiaries for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023	2022
Beginning balance	₩ 420,281,463	₩ 379,068,763
Acquisitions	-	41,212,700
Impairment loss	-	-
Ending balance	₩ 420,281,463	₩ 420,281,463

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12. Property, Plant and Equipment

(a) Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023				
	Structures	Vehicles	equipment	Facilities	Total
Opening net book amount	₩ 391,714	₩ 160,324	₩ 312,793	₩ 38,111	₩ 902,942
Acquisitions	-	-	9,270	-	9,270
Depreciation	(26,681)	(38,496)	(19,426)	(1,582)	(86,185)
Closing net book amount	<u>365,033</u>	<u>121,828</u>	<u>302,637</u>	<u>36,529</u>	<u>826,027</u>
Acquisition cost	784,760	247,815	921,118	49,305	2,002,998
Accumulated depreciation	(419,727)	(125,987)	(618,481)	(12,776)	(1,176,971)
Net book amount	<u>₩ 365,033</u>	<u>₩ 121,828</u>	<u>₩ 302,637</u>	<u>₩ 36,529</u>	<u>₩ 826,027</u>

(in thousands of Korean won)

	2022				
	Structures	Vehicles	equipment	Facilities	Total
Opening net book amount	₩ 418,396	₩ 56,487	₩ 331,814	₩ 39,694	₩ 846,391
Acquisitions	-	146,250	6,430	-	152,680
Depreciation	(26,682)	(42,412)	(25,451)	(1,583)	(96,128)
Closing net book amount	<u>391,714</u>	<u>160,325</u>	<u>312,793</u>	<u>38,111</u>	<u>902,943</u>
Acquisition cost	784,760	247,815	911,848	49,305	1,993,728
Accumulated depreciation	(393,046)	(87,491)	(599,055)	(11,193)	(1,090,785)
Net book amount	<u>₩ 391,714</u>	<u>₩ 160,324</u>	<u>₩ 312,793</u>	<u>₩ 38,112</u>	<u>₩ 902,943</u>

Depreciation has been fully included in the 'selling and administrative expenses'.

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13. Leases

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

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

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

<i>(in thousands of Korean won)</i>	2023	2022
Right-of-use assets		
Buildings	₩ 666,525	₩ 1,799,446
	<u>₩ 666,525</u>	<u>₩ 1,799,446</u>

<i>(in thousands of Korean won)</i>	2023	2022
Lease liabilities		
Current	₩ 157,200	₩ 342,120
(Present value discounts)	(42,622)	(83,514)
Non-current	655,000	1,826,220
(Present value discounts)	<u>(85,320)</u>	<u>(217,600)</u>
	<u>₩ 684,258</u>	<u>₩ 1,867,226</u>

(b) Amounts recognized in the separate income statements

The separate income statements show the following amounts relating to leases:

<i>(in thousands of Korean won)</i>	2023	2022
Depreciation of right-of-use assets		
Buildings	₩ 203,454	₩ 283,916
	<u>₩ 203,454</u>	<u>₩ 283,916</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 71,515	₩ 95,544

The total cash outflow for leases in 2023 was ₩ 246,620 thousand (2022: ₩ 342,120 thousand).

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14. Intangible Assets

Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			
	Software	Industrial property	Construction in progress	Total
Opening net book amount	₩ 70,694	₩ -	₩ 2,347,100	₩ 2,417,794
Acquisitions	590,729	141,246	11,547,195	12,279,170
Amortization	(72,637)	(11,771)	-	(84,408)
Closing net book amount	<u>588,786</u>	<u>129,475</u>	<u>13,894,295</u>	<u>14,612,556</u>
Acquisition cost	719,687	141,246	13,894,295	14,755,228
Accumulated amortization	<u>(130,901)</u>	<u>(11,771)</u>	<u>-</u>	<u>(142,672)</u>
Net book amount	<u>₩ 588,786</u>	<u>₩ 129,475</u>	<u>₩ 13,894,295</u>	<u>₩ 14,612,556</u>

(in thousands of Korean won)

	2022		
	Software	Construction in progress	Total
Opening net book amount	₩ 89,940	₩ -	₩ 89,940
Acquisitions	5,950	2,347,100	2,353,050
Amortization	<u>(25,196)</u>	<u>-</u>	<u>(25,196)</u>
Closing net book amount	<u>70,694</u>	<u>2,347,100</u>	<u>2,417,794</u>
Acquisition cost	128,958	2,347,100	2,476,058
Accumulated amortization	<u>(58,264)</u>	<u>-</u>	<u>(58,264)</u>
Net book amount	<u>₩ 70,694</u>	<u>₩ 2,347,100</u>	<u>₩ 2,417,794</u>

Amortization is included in the 'selling and administrative expenses' in the income statements.

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15. Investment Property

Changes in investment property for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		
	Land	Buildings	Total
Opening net book amount	₩ 7,601,678	₩ 8,896,405	₩ 16,498,083
Acquisitions	-	8,995	8,995
Depreciation	-	(555,519)	(555,519)
Closing net book amount	<u>7,601,678</u>	<u>8,349,881</u>	<u>15,951,559</u>
Acquisition cost	7,601,678	16,662,063	24,263,741
Accumulated amortization	-	(8,312,182)	(8,312,182)
Net book amount	<u>₩ 7,601,678</u>	<u>₩ 8,349,881</u>	<u>₩ 15,951,559</u>

(in thousands of Korean won)

	2022		
	Land	Buildings	Total
Opening net book amount	₩ 7,473,465	₩ 9,439,618	₩ 16,913,083
Acquisitions	128,213	12,082	140,295
Depreciation	-	(555,295)	(555,295)
Closing net book amount	<u>7,601,678</u>	<u>8,896,405</u>	<u>16,498,083</u>
Acquisition cost	7,601,678	16,653,068	24,254,746
Accumulated amortization	-	(7,756,663)	(7,756,663)
Net book amount	<u>₩ 7,601,678</u>	<u>₩ 8,896,405</u>	<u>₩ 16,498,083</u>

Fair value of investment property as at December 31, 2023, is ₩ 40,866,527 thousand (2022: ₩ 43,358,491 thousand).

Rent income from investment property during the year ended December 31, 2023, is ₩ 2,210,560 thousand (2022: ₩ 2,176,160 thousand).

Depreciation has been fully included in the 'selling and administrative expenses'.

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16. Other Payables

Other payables as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Current				
Non-trade payables	₩	3,698,170	₩	2,647,164
Accrued expenses		705,424		468,940
Rent deposits		2,227,900		1,976,400
Financial guarantee liabilities		1,095,192		762,544
	₩	<u>7,726,686</u>	₩	<u>5,855,048</u>

17. Other Current Liabilities

Details of other current liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Withholdings	₩	679,786	₩	608,011

18. Net Defined Benefit Liabilities

(a) Details of net defined benefit liabilities at the end of the reporting period of 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Present value of defined benefit obligations	₩	9,599,705	₩	6,274,468
Fair value of plan assets		(7,954,765)		(6,207,485)
Net defined benefit liabilities		1,644,940		66,983

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(b) Movements in the defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Beginning balance	₩	6,274,468	₩	5,930,317
Current service cost		634,206		535,247
Interest expense		345,983		176,656
Remeasurements:				
Actuarial loss (gain) from change in financial assumptions		2,130,944		383,027
Actuarial loss from experience adjustments		1,031,029		1,252,445
Payments from plans:				
Benefit payments		(542,181)		(2,143,410)
Effect of transfer to associates		(282,751)		(18,158)
Effect of transfer from associates		8,007		158,344
Ending balance	₩	<u>9,599,705</u>	₩	<u>6,274,468</u>

(c) Movements in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Beginning balance	₩	6,207,485	₩	6,509,642
Interest income		327,811		180,950
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(126,426)		(81,314)
Contributions:				
Employers		1,918,007		1,601,003
Payments from plans:				
Benefit payments		(89,361)		(2,094,989)
Effect of transfer to associates		(290,758)		(66,151)
Effect of transfer from associates		8,007		158,344
Ending balance	₩	<u>7,954,765</u>	₩	<u>6,207,485</u>

(d) The significant actuarial assumptions as at December 31, 2023 and 2022, are as follows:

	2023	2022
Discount rate	5.16%	5.86%
Salary growth rate	8.70%	6.34%

Youngone Holdings Co., Ltd
Notes to the Separate Financial Statements
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(e) Plan assets as at December 31, 2023 and 2022, consist of the following:

<i>(in thousands of Korean won)</i>		2023		2022
Cash and Cash Equivalents	₩	7,954,765	₩	6,207,485

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

<i>(in thousands of Korean won)</i>	Effect on defined benefit obligation					
	Changes in assumption		Increase in assumption		Decrease in assumption	
Discount rate	1%p	₩	(885,772)	₩	1,029,139	
Salary growth rate	1%p	₩	980,875	₩	(864,570)	

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

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

The expected maturity analysis of undiscounted pension benefits as at December 31, 2023, is as follows:

<i>(in thousands of Korean won)</i>		Less than 1 year		Between 1-2 years		Between 2-5 years		Over 5 years
Pension benefits	₩	424,462	₩	753,079	₩	1,830,794	₩	5,300,248

The weighted average duration of the defined benefit obligation is 9.97 years.

(h) There are no expenses recognized as defined contribution plan and others.

(i) Expected contributions to post-employment benefit plans for the year ending December 31, 2024, are ₩1,194 million.

Youngone Holdings Co., Ltd
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19. Tax Expense and Deferred Tax

(a) Income tax expense for the years ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>	2023		2022	
Current tax:				
Current tax on profit	₩	215,218	₩	168,611
Adjustments in respect of prior years		513,693		(97,665)
Deferred tax:				
Changes in deferred tax due to temporary differences		261,232		(1,607,328)
Income tax expense (benefit)	₩	<u>990,143</u>	₩	<u>(1,536,382)</u>

(b) Income tax expense on the Company's profit before tax differs from the theoretical amount that would arise using the average tax rate applicable are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Profit before income tax expense	₩	93,219,501	₩	52,039,579
Tax at domestic tax rates applicable to profits in the respective countries		21,071,705		12,131,578
Tax effects of:				
Income not subject to tax		(20,496,603)		(11,202,613)
Expenses not deductible for tax purposes		23,636		51,314
Additional payment of income taxes		513,693		(97,665)
Others		(122,288)		(2,418,996)
Income tax expense (benefit)	₩	<u>990,143</u>	₩	<u>(1,536,382)</u>

(c) The tax effect relating to components of other comprehensive income (expenses) for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023			2022		
	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	₩ 2,285,909	₩ (357,983)	₩ 1,927,926	₩ 28,823,899	₩ (5,143,536)	₩ 23,680,363
Remeasurements of net defined benefit liabilities	<u>(3,288,399)</u>	<u>687,275</u>	<u>(2,601,124)</u>	<u>(1,716,783)</u>	<u>377,692</u>	<u>(1,339,091)</u>
	<u>₩ (1,002,490)</u>	<u>₩ 329,292</u>	<u>₩ (673,198)</u>	<u>₩ 27,107,116</u>	<u>₩ (4,765,844)</u>	<u>₩ 22,341,272</u>

Youngone Holdings Co., Ltd
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(d) Deferred tax assets and deferred tax liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 20,239	₩ 22,821
Deferred tax asset to be recovered after more than 12 months	2,049,284	1,283,331
	<u>2,069,523</u>	<u>1,306,152</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(65,386)	(41,501)
Deferred tax liability to be recovered after more than 12 months	(27,774,316)	(27,102,889)
	<u>(27,839,702)</u>	<u>(27,144,390)</u>
Deferred tax liabilities, net	<u>₩ (25,770,179)</u>	<u>₩ (25,838,238)</u>

(e) 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:

<i>(in thousands of Korean won)</i>	January 1, 2023	Profit (loss)	Other comprehensive income (loss)	December 31, 2023
Deferred tax assets				
Allowance for doubtful account	₩ 333,309	₩ (333,309)	₩ -	₩ -
Provisions for payment guarantees	160,134	(160,134)	-	-
Post-employment benefit obligation	735,893	121,911	660,852	1,518,656
Provision for annual leaves	22,820	(2,581)	-	20,239
Service fees	26,591	(26,591)	-	-
Payment of guaranteed fees	9,110	(43)	-	9,067
Depreciation	4,060	6,248	-	10,308
Land	-	507,547	-	507,547
Lease	392,118	(249,108)	-	143,010
	<u>₩ 1,684,035</u>	<u>₩ (136,060)</u>	<u>₩ 660,852</u>	<u>₩ 2,208,827</u>
Deferred tax liabilities				
Investments in subsidiaries	₩ (104,722)	₩ 79,788	₩ -	₩ (24,934)
Land advanced depreciation provision	(1,066,991)	5,081	-	(1,061,910)
Retirement pension plan assets	(704,098)	(398,940)	26,423	(1,076,615)
In-kind contribution assets	(64,259)	306	-	(63,953)
Financial assets at fair value through	(10,674)	(26,102)	-	(36,776)

Youngone Holdings Co., Ltd
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profit or loss

Financial assets at fair value through

other comprehensive income	(25,152,145)	-	(357,983)	(25,510,128)
Right-of-use asset	(377,884)	238,580	-	(139,304)
Accrued income	(41,501)	(23,885)	-	(65,386)
	<u>₩ (27,522,274)</u>	<u>₩ (125,172)</u>	<u>₩ (331,560)</u>	<u>₩ (27,979,006)</u>

(in thousands of Korean won)

	January 1, 2022	Profit (loss)	Other comprehensive income (loss)	December 31, 2022
Deferred tax assets				
Allowance for doubtful account	₩ -	₩ 333,309	₩ -	₩ 333,309
Provisions for guarantees	317,314	(157,180)	-	160,134
Post-employment benefit obligation	870,088	(493,999)	359,804	735,893
Provision for annual leaves	22,915	(95)	-	22,820
Service fees	27,857	(1,266)	-	26,591
Payment of guaranteed fees	9,544	(434)	-	9,110
Depreciation	3,148	912	-	4,060
Lease	18,926	(4,692)	-	14,234
	<u>₩ 1,269,792</u>	<u>₩ (323,445)</u>	<u>₩ 359,804</u>	<u>₩ 1,306,151</u>
Deferred tax liabilities				
Investments in subsidiaries	₩ (1,875,385)	₩ 1,770,663	₩ -	₩ (104,722)
Land advanced depreciation provision	(1,117,800)	50,809	-	(1,066,991)
Retirement pension plan assets	(870,088)	148,101	17,888	(704,099)
In-kind contribution assets	(67,319)	3,060	-	(64,259)
Available-for-sale financial assets	(20,008,608)	(10,674)	(5,143,537)	(25,162,819)
Accrued income	(10,314)	(31,187)	-	(41,501)
	<u>₩ (23,949,514)</u>	<u>₩ 1,930,772</u>	<u>₩ (5,125,649)</u>	<u>₩ (27,144,391)</u>

(f) Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023	2022	Reason
Investments in subsidiaries	₩ (129,064,109)	₩ (129,064,109)	No plan to disposal
Payment of guaranteed fees, bad debt expenses and others	4,716,198	-	No tax effect
Tax loss ¹	4,062,649	-	Uncertainty of future taxable profit

Youngone Holdings Co., Ltd

Notes to the Separate Financial Statements

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¹ The maturity of unused losses is as follows:

<i>(in thousands of Korean won)</i>		2023		2022
December 31, 2038	₩	4,062,649	₩	-

(g) Impact of Pillar Two income taxes

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate which is applicable from 2024. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation, the impact of the legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist them with applying the legislation. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

20. Issued Capital and Share Premium

(a) Changes in issued capital and share premium as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		No. of shares (unit: shares)	Ordinary shares	Share premium	Total
January 1, 2022	Beginning balance	13,635,592	₩ 6,817,796	₩ 113,893,779	₩ 120,711,575
December 31, 2022	Ending balance	13,635,592	6,817,796	113,893,779	120,711,575
January 1, 2023	Beginning balance	13,635,592	6,817,796	113,893,779	120,711,575
December 31, 2023	Ending balance	13,635,592	₩ 6,817,796	₩ 113,893,779	₩ 120,711,575

(b) The details of issued capital and share premium as at December 31, 2023 and 2022, are as follows:

<i>(in Korean won, except for number of shares)</i>		2023		2022
Number of shares authorized to issue		100,000,000		100,000,000
Par value per share	₩	500	₩	500
Number of shares outstanding		13,635,592		13,635,592
Issued capital	₩	6,817,796,000	₩	6,817,796,000
Share premium	₩	113,893,779,001	₩	113,893,779,001

¹ As at December 31, 2023, Number of shares issued by Company, whose voting power is limited under the Commercial Law, is 2,030,694 shares (2022: 2,030,694 shares) (Note 21).

Youngone Holdings Co., Ltd
Notes to the Separate Financial Statements
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21. Other Components of Equity

(a) The details of other components of equity as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Reserve in equity				
Revaluation reserve	₩	20,674,485	₩	20,674,485
Gains on sales of treasury shares		6,332,674		6,332,674
Others		58,005,153		58,005,153
Accumulated other comprehensive income				
Gain on valuation of financial assets at fair value through other comprehensive income		96,547,900		94,619,974
Remeasurements of net defined benefit liabilities		(9,227,349)		(6,626,225)
Capital adjustments				
Treasury shares ¹		(5,031,552)		(5,031,552)
	₩	<u>167,301,311</u>	₩	<u>167,974,509</u>

¹ Details of treasury shares whose voting power is limited by regulations as at December 31, 2023 and 2022, are as follows:

Owner	Number of shares	Ownership	Reason for restriction
Treasury shares	2,030,694	14.89%	Commercial Law Article 369, Part II

(b) Changes in accumulated other comprehensive income for the year ended December 31, 2023, is as follows:

<i>(in thousands of Korean won)</i>		Beginning balance		Increase (Decrease)		Ending balance
Gain on valuation of financial assets at fair value through other comprehensive income	₩	94,619,974	₩	1,927,926	₩	96,547,900
Remeasurements of net defined benefit liabilities		(6,626,225)		(2,601,124)		(9,227,349)

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

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22. Retained Earnings

(a) Retained earnings as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023	2022
Legal reserves ¹	₩ 6,424,200	₩ 6,424,200
Discretionary reserves ²	262,926,013	244,926,013
Unappropriated retained earnings	75,105,378	54,838,795
	<u>₩ 344,455,591</u>	<u>₩ 306,189,008</u>

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

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

(b) Retained earnings for the year ended December 31, 2023, is expected at the shareholders' meeting on March 29, 2024. The appropriation date for the year ended December 31, 2022, was March 29, 2023.

<i>(in Korean won)</i>	2023	2022
Unappropriated retained earnings carried over from prior year	₩ 1,443,856,495	₩ 1,262,834,564
Profit	92,229,358,272	53,575,960,831
Interim dividends (Cash dividend (%): ₩ 1,600 (320%) in 2023 ₩ - (-%) in 2022)	(18,567,836,800)	-
Retained earnings available for appropriation	<u>75,105,377,967</u>	<u>54,838,795,395</u>
Discretionary reserves	(46,000,000,000)	(18,000,000,000)
Dividends (Cash dividend (%): ₩ 2,370 (464%) in 2023 ₩ 3,050 (610%) in 2022)	(27,503,608,260)	(35,394,938,900)
Appropriation of retained earnings	<u>(73,503,608,260)</u>	<u>(53,394,938,900)</u>
Unappropriated retained earnings to be carried forward	<u>₩ 1,601,769,707</u>	<u>₩ 1,443,856,495</u>

Youngone Holdings Co., Ltd
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23. Dividends

Dividends paid amount to ₩ 53,962,776 thousand (₩ 4,650 per share) and ₩ 23,209,796 thousand (₩ 2,000 per share) in 2023 and 2022, respectively. Dividends per share and total dividends in respect of the year ended December 31, 2023, are ₩ 2,370 and ₩ 27,503,608 thousand, respectively, and are expected to be proposed to shareholders at the annual general meeting on March 29, 2024. These consolidated financial statements do not reflect this dividend payable.

24. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Salaries	₩ 8,679,960	₩ 6,149,108
Post-employment benefits	652,377	530,953
Employee benefits	520,831	957,254
Travel expense	6,157	11,490
Communications	23,802	22,079
Utilities	38,193	45,675
Tax and duties	281,300	324,414
Rent expenses	62,843	87,336
Depreciation	641,707	651,423
Depreciation of right-of-use asset	203,454	283,916
Vehicle maintenance	24,361	22,217
Entertainment	117,960	179,177
Supplies	13,502	11,431
Repair and maintenance	20,418	21,211
Insurance	12,269	12,223
Publications	11,865	9,188
Training	37,807	40,696
Service fees	3,570,560	1,829,426
Amortization	84,408	25,197
Overseas trips	546,135	350,079
Advertising costs	6,000	-
Transportation	1,666	1,168
	<u>₩ 15,557,575</u>	<u>₩ 11,565,661</u>

Youngone Holdings Co., Ltd
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25. Other Income and Expenses

(a) Details of other income and expenses for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		2022	
Other income				
Import commission	₩	5,108	₩	9,386
Gain on foreign currency translation		1,868,117		1,832,916
Gain on foreign currency transaction		377,947		576,289
Gain on disposal of financial asset at fair value through profit or loss		-		972
Gain on valuation of financial asset at fair value through profit or loss		138,974		50,827
Gain on disposal of right-of-use assets		78,396		55,587
Miscellaneous income		20		120
	₩	<u>2,468,561</u>	₩	<u>2,526,097</u>
Other Expenses				
Loss on foreign currency translation	₩	3,070,635	₩	4,733,611
Loss on foreign currency transaction		289,573		47,244
Loss on valuation of financial asset at fair value through profit or loss		13,841		-
Other bad debt expenses		1,972,874		1,587,187
Donations		30,225		101,651
Miscellaneous expenses		60		-
	₩	<u>5,377,208</u>	₩	<u>6,469,693</u>

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28. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year excluding treasury shares. The Company did not issue any potential ordinary shares. Therefore, basic earnings per share is identical to diluted earnings per share.

Basic earnings per share for the years ended December 31, 2023 and 2022, is as follows:

<i>(in Korean won)</i>	2023	2022
Profit attributable to ordinary shares	₩ 92,229,358,272	₩ 53,575,960,831
Weighted average number of ordinary shares outstanding ¹ (in shares)	11,604,898	11,604,898
Basic earnings per share	₩ 7,947	₩ 4,617

¹ Weighted average number of ordinary shares outstanding:

<i>(in number of shares)</i>	2023	2022
Number of ordinary shares outstanding	₩ 13,635,592	₩ 13,635,592
Weighted average number of treasury shares	(2,030,694)	(2,030,694)
Weighted average number of ordinary shares outstanding	₩ 11,604,898	₩ 11,604,898

29. Cash Flows

(a) Cash generated from operations for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Profit	₩ 92,229,358	₩ 53,575,961
Adjustments for		
Tax expense (benefits)	₩ 990,143	₩ (1,536,382)
Interest income	(2,037,715)	(536,382)
Dividend income	(99,504,655)	(55,254,330)
Interest expense	71,515	95,544
Depreciation	641,707	651,423
Depreciation of right-of-use asset	203,454	283,916
Amortization	84,408	25,197
Post-employment benefits	652,377	530,953
Other bad debt expense	1,972,874	1,587,187

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Gain on foreign currency translation	(1,868,117)	(1,832,916)
Loss on foreign currency translation	3,070,635	4,733,611
Loss (gain) on disposal of financial assets at fair value through profit or loss	13,842	(972)
Loss (gain) on valuation of financial assets at fair value through profit or loss	(138,974)	(50,827)
Gain on disposal of right-of-use assets	(78,396)	(55,587)
Reversal of financial guarantee liabilities	332,648	(679,792)
	<u>₩ (95,594,254)</u>	<u>₩ (52,039,357)</u>
Changes in operating assets and liabilities		
Decrease (increase) in other receivables	₩ 916,658	₩ (3,288,071)
Decrease (increase) in other current assets	(33,120)	47,358
Increase in other payables	285,182	490,224
Increase in other current liabilities	71,775	-
Decrease in net defined benefit obligations	(1,861,579)	(1,601,428)
	<u>(621,084)</u>	<u>(4,351,917)</u>
Net cash flows used in operations	<u>₩ (3,985,980)</u>	<u>₩ (2,815,314)</u>

(b) Significant non-cash transactions for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 2,285,909	₩ 28,823,900
Change in non-trade payables of intangible asset	501,067	2,347,100
Decrease in right-of-use assets	(1,007,863)	(766,887)

Youngone Holdings Co., Ltd
Notes to the Separate Financial Statements
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(c) Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		
	Lease liabilities	Leasehold deposits	Total
At January 1, 2023	₩ 1,867,226	₩ 1,976,400	₩ 3,843,626
Cash flows	(175,105)	251,500	76,395
Other non-financial changes	(1,007,863)	-	(1,007,863)
At December 31, 2023	₩ 684,258	₩ 2,227,900	₩ 2,912,158

(in thousands of Korean won)

	2022		
	Lease liabilities	Leasehold deposits	Total
At January 1, 2022	₩ 2,880,689	₩ 1,905,860	₩ 4,786,549
Cash flows	(342,120)	70,540	(271,580)
Other non-financial changes	(671,343)	-	(671,343)
At December 31, 2022	₩ 1,867,226	₩ 1,976,400	₩ 3,843,626

30. Contingencies and Commitment

(a) As at December 31, 2023, the Company has entered into a management advisory contract with the subsidiaries and recognized management consulting fees as operating profit.

(b) The Company provides payment guarantees for borrowings of subsidiaries and others (Note 31).

(c) As at December 31, 2023, the Company has entered into guarantee insurance, amounting to ₩ 11 million to Seoul Guarantee Insurance Corp.

(d) Limitation on disposal of subsidiaries

Youngone Holdings Co., Ltd. may sell equity shares of Youngone Outdoor Corporation after obtaining approval from Board of Directors of Youngone Outdoor Corporation. The equity share can be sold only to the existing shareholders, and if there is no the existing shareholders who purchase, it can be sold to a third party through approval of the Board of Directors.

Youngone Holdings Co., Ltd

Notes to the Separate Financial Statements

December 31, 2023 and 2022

31. Related Party Transactions

(a) Related parties of the Company as at December 31, 2023 and 2022, are as follows:

Entity with significant influence over the Company	Name
	YMSA
Subsidiaries	Youngone Corporation, Youngone Outdoor, KOREAN EPZ(KEPZ) CORPORATION(BD) LIMITED., POIVRE BLANC INTERNATIONAL AG, Qweto GmbH, Scott North Asia Co.,Ltd, YOH, LLC. , YOH CVC PTE. LTD. YOH CVC Fund 1 Limited Partnership YOUNGONE (CEPZ) LTD. TITAS SPORTSWEAR INDUSTRIES LTD. KARNAPHULI SPORTSWEAR INDUSTRIES LTD. YOUNGONE HI-TECH SPORTSWEAR INDUSTRIES LTD. YOUNGONE PADDING(CEPZ) LTD. YOUNGONE GARMENT ACCESSORIES INDUSTRIES LTD. SHINHAN EMULSION CO.,LTD. SAVAR DYEING & FINISHING INDUSTRIES LTD. YOUNGONE SYNTHETIC FIBRE PRODUCTS INDUSTRIES LTD. SUNGNAM TEXTILES MILLS LTD. YOUNGONE SPORTS SHOES INDUSTRIES LTD. ARIRANG AVIATION (IOM) LTD. KARNAPHULI SHOES INDUSTRIES LTD. SURMA GARMENTS WASHING & FINISHING CO., LTD. SUNGNAM LEATHER AND SPORTS PRODUCT INDUSTRIES LTD. ALPHA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED CHANG-JO PRODUCT DEVELOPMENT CO.(BD) LIMITED DAE-GU PRODUCT DEVELOPMENT CO.(BD) LIMITED EVERTOP PRODUCT DEVELOPMENT CO.(BD) LIMITED GAYA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED KARNAPHULI POLYESTER PRODUCTS COMPANY LIMITED TEKWIN (BD) LIMITED TEKVISION (BD) LIMITED INCHEON CONTAINERS (BD) LIMITED SUNGNAM APPARELS (BD) LIMITED BUSAN HARBOUR (BD) LIMITED KARNAPHULI PACKAGING IND LTD QINGDAO YOUNGONE SPORTS PRODUCTS CO., LTD. QINGDAO YOUNGONE SPORTSWEAR CO.,LTD.
Subsidiaries of Youngone Corporation	

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**Subsidiaries of SCOTT
CORPORATION SA**

YOUNGONE NAM DINH CO., LTD.
YOUNGONE BACGIANG CO.,LTD.
YOUNGONE HUNGYEN CO.,LTD.
BROADPEAK SOC TRANG CO., LTD
YOUNGONE (EL SALVADOR) S.A DE C.V.
EVER SUMMIT (HK) LTD.
DONGNAMA TRADING CO.,LTD.
YOUNGONE AMERICA INC.
MOUNTAIN SUMMIT HOLDINGS,LTD.
OUTDOOR RESEARCH LLC.
OUTDOOR RESEARCH-CANADA INC.
YOUNGONE (ISTANBUL) APPAREL SANAYI VE TICARET LTD. SIRKETI
ARIRANG AVIATION LTD.
SAMARKAND APPAREL LLC.
BUKA SPORTSWEAR LLC.
BROAD PEAK INTERNATIONAL LTD.
EVERTOP SPORTSWEAR PLC.
DESIGNER TEXTILES INTERNATIONAL LTD.
YOUNGONE INTERNATIONAL ASIA PTE LTD
EVERTOP TEXTILE & APPAREL COMPLEX PRIVATE LIMITED
YOUNGONE CORPORATION EUROPE SGPS S.A.
AMATITLAN SUNGNAM INDUSTRIES, S. A.
YOK MIRAGAIA, S.A.
SCOTT CORPORATION SA
SCOTT SPORTS SA
SCOTT USA INC.
SSG (EUROPE) DISTRIBUTION CENTER NV
SCOTT ITALIA S.R.L.
SCOTT SPORTS AB
SCOTT SPORTS AFRICA (PTY) LTD.
SCOTT SPORTS INDIA (PTY) LTD.
DFG INC.
BERGAMONT FAHRRAD VERTRIEB GMBH
DOLOMITE S.R.L.
SHEPPARD CYCLES AUSTRALIA PTY LTD.
SHEPPARD CYCLES NEW ZEALAND LIMITED
SPORT NETWORK SOLUTION SA
SCOTT SPORTS DENMARK A/S
SHEPPARD CYCLES RETAIL SERVICES PTY LTD.

Youngone Holdings Co., Ltd
Notes to the Separate Financial Statements
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	BSSH PTY LTD.
	INTERNATIONAL RETAIL CORPORATION SA.
Joint ventures of SCOTT CORPORATION SA	SCOTT NETWORK SOLUTIONS INDIA PVT LTD.
	BIKE SPORT TRAVEL AG
Subsidiaries of POIVRE BLANC INTERNATIONAL AG.	POIVRE BLANC S-13
	POIVRE BLANC LOGISTICS
Subsidiary of Scott North Asia Co.,Ltd	SCOTT JAPAN INC.
Others	RAY&CO, GOLDWIN INC., YMSA USA LLC, YOUNGONE SOURCING COMPANY(BANGLADESH) LTD., EL MEROSI SAMARKAND LLC., TRANSA Backpacking SA, Ski-service SA, Trophy Schweiz SA, Ski+Velo-Center SVC AG.

(b) Significant transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			
	Dividend income	Other sales and others	Dividend paid	Other purchases
Entity with significant influence over the Company				
YMSA	₩ -	₩ -	₩ 18,446,415	₩ -
Subsidiaries				
Youngone Corporation,	34,251,070	5,568,551	-	1,372,848
Youngone Outdoor	63,818,799	4,918,850	-	19,154
Scott North Asia Co.,Ltd	-	970	-	-
SCOTT JAPAN INC.	-	4,138	-	-
POIVRE BLANC INTERNATIONAL AG	-	146,415	-	-
YOUNGONE INTERNATIONAL ASIA PTE LTD	-	-	-	84,184
Others				
RAY&CO.	-	-	-	135,674
GOLDWIN INC	1,434,786	-	-	-
	<u>₩ 99,504,655</u>	<u>₩ 10,638,924</u>	<u>₩ 18,446,415</u>	<u>₩ 1,611,860</u>

In addition to the above, the Company recognized the repayment of lease liabilities of ₩ 246,620 thousand and interest expense of ₩ 64,093 thousand with related parties.

Youngone Holdings Co., Ltd
Notes to the Separate Financial Statements
December 31, 2023 and 2022

(in thousands of Korean won)

	2022			
	Dividend income	Other sales and others	Dividend paid	Other purchases
Entity with significant influence over the Company				
YMSA	₩ -	₩ -	₩ 7,933,942	₩ -
Subsidiaries				
Youngone Corporation,	22,386,320	5,160,854	-	440,551
Youngone Outdoor	31,705,162	5,917,737	-	87,373
Scott North Asia Co.,Ltd	-	980	-	-
SCOTT JAPAN INC.	-	8,406	-	-
POIVRE BLANC INTERNATIONAL AG	-	156,650	-	27,386
YOUNGONE INTERNATIONAL ASIA PTE LTD	-	-	-	-
Others				
RAY&CO.	-	-	-	94,000
GOLDWIN INC	1,162,847	-	-	-
	<u>₩ 55,254,329</u>	<u>₩ 11,244,627</u>	<u>₩ 7,933,942</u>	<u>₩ 649,310</u>

In addition to the above, the Company recognized the repayment of lease liabilities of ₩ 342,120 thousand and interest expense of ₩ 95,544 thousand with related parties.

(c) The balances of significant transactions as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023								
	Non-trade receivables	Accrued income	Short-term loans ¹	Long-term loans ¹	Accrued expenses	Leasehold deposits	Rent deposits	Lease liabilities	Right-of-use assets
Subsidiaries									
Youngone Corporation,	₩ 682,895	₩ -	₩ -	₩ -	₩ 169,031	₩ 1,610,400	₩ 788,600	₩ 812,200	₩ 666,525
Youngone Outdoor	5,152,351	-	-	-	7,685	171,000	-	-	-
Scott North Asia Co.,Ltd	-	-	-	-	-	-	-	-	-
SCOTT JAPAN INC.	-	-	-	-	-	-	-	-	-
POIVRE BLANC INTERNATIONAL AG	-	26,595	906,108	852,759	-	-	-	-	-
YOUNGONE INTERNATIONAL ASIA PTE LTD	-	-	-	-	84,184	-	-	-	-
Other									
RAY&CO.	-	-	-	-	38,174	436,500	-	-	-
	<u>₩ 5,835,246</u>	<u>₩ 26,595</u>	<u>₩ 906,108</u>	<u>₩ 852,759</u>	<u>₩ 299,074</u>	<u>₩ 2,217,900</u>	<u>₩ 788,600</u>	<u>₩ 812,200</u>	<u>₩ 666,525</u>

¹ The amount reflecting the provision for impairment.

Youngone Holdings Co., Ltd

Notes to the Separate Financial Statements

December 31, 2023 and 2022

(in thousands of
Korean won)

	2022							
	Non-trade receivables	Short-term loans ¹	Long-term loans ¹	Accrued expenses	Leasehold deposits	Rent deposits	Lease liabilities	Right-of-use assets
Subsidiaries								
Youngone Corporation,	₩ 767,008	₩ -	₩ -	₩ 53,235	₩ 1,610,400	₩ 943,142	₩ 2,168,340	₩ 1,799,446
Youngone Outdoor	6,332,103	-	-	11,483	171,000	-	-	-
Scott North Asia Co.,Ltd	1,468	-	-	-	-	-	-	-
SCOTT JAPAN INC.	1,563	-	-	-	-	-	-	-
POIVRE BLANC INTERNATIONAL AG	39,499	647,995	1,439,988	-	-	-	-	-
YOUNGONE INTERNATIONAL ASIA PTE LTD	-	-	-	-	-	-	-	-
Other								
RAY&CO.	-	-	-	-	185,000	-	-	-
	₩ 7,141,641	₩ 647,995	₩ 1,439,988	₩ 64,718	₩ 1,966,400	₩ 943,142	₩ 2,168,340	₩ 1,799,446

¹ The amount reflecting the provision for impairment.

(d) Loans to related parties as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)		2023	2022
Subsidiary	POIVRE BLANC INTERNATIONAL AG	₩ 1,758,867	₩ 2,087,983

Provisions for loans to related parties is ₩ 3,560,061 thousand (2022: ₩ 1,587,187 thousand), and the interest income generated is ₩ 106,499 thousand (2022: ₩ 89,765 thousand).

(e) The fund transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)		2023			2022		
Subsidiaries		Loans	Collections	Equity contributions in cash	Loans	Collections	Equity contributions in cash
	POIVRE BLANC INTERNATIONAL AG	₩ 1,592,920	₩ -	₩ -	₩ 3,675,170	₩ -	₩ -
	YOH CVC PTE. LTD.	-	-	-	-	-	1,212,700
	YOH CVC Fund 1 Limited Partnership	-	-	-	-	-	40,000,000

Youngone Holdings Co., Ltd
Notes to the Separate Financial Statements
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(f) Details of payment guarantees provided by the Company to the related parties as at December 31, 2023 and 2022, are as follows:

Type	Name of entity	Guaranteed amount				Remark
		2023		2022		
Subsidiary	SCOTT JAPAN INC.	JPY	120,000,000	JPY	200,000,000	Payment guarantees of letter of credit

(g) Key management compensation for the years ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>	2023		2022	
Short-term salaries	₩	5,065,903	₩	2,674,647
Post-employment benefits		1,373,343		1,509,434
	₩	<u>6,439,246</u>	₩	<u>4,184,081</u>

Independent Auditor's Report on Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Youngone Holdings Co., Ltd.

Opinion on Internal Control over Financial Reporting

We have audited Youngone Holdings Co., Ltd. (the "Company") Internal Control over Financial Reporting as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the separate financial statements of the Company, which comprise the separate statement of financial position as at December 31, 2023, and the separate income statement, statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and notes to the separate financial statements including material accounting policy information, and our report dated March 28, 2024 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of internal control over financial reporting and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing internal control over financial reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about 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 includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's internal control over financial reporting 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 entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls 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 Seung-hwan, Hong, Certified Public Accountant.

Seoul, Korea
March 28, 2024

This report is effective as at March 28, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Company's internal control over financial reporting thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Auditor of
Youngone Holdings Co., Ltd.

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting Officer of Youngone Holdings Co., Ltd. (the "Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for the year ended December 31, 2023.

The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR based on *Best Practice Guidance for Evaluating and Reporting Internal Control over Financial Reporting* established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating 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.

March 13, 2024

Sung, Rae Eun
Chief Executive Officer

Shin, Suk Been
Internal Control over Financial Reporting Officer