

# **Youngone Corporation and Subsidiaries**

**Consolidated Financial Statements**

**December 31, 2024 and 2023**

**Youngone Corporation and Subsidiaries**  
**Index**  
**December 31, 2024 and 2023**

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	<b>Page(s)</b>
<b>Independent Auditor's Report .....</b>	<b>1 – 4</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position.....	5
Consolidated Income Statements.....	6
Consolidated Statements of Comprehensive Income .....	7
Consolidated Statements of Changes in Equity .....	8
Consolidated Statements of Cash Flows .....	9
Notes to the Consolidated Financial Statements.....	10 – 90
Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes	91 – 92
Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes	93



**Independent Auditor's Report**  
(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
Youngone Corporation

**Opinion**

We have audited the consolidated financial statements of Youngone Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years 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 for consolidation purposes as of December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 20, 2025 expressed an unqualified opinion.

**Basis for Opinion**

We conducted our audits 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Impairment assessment of goodwill and brand value with indefinite useful lives**

### **Reason why the matter was determined to be a Key Audit Matter**

The Group determines the recognition of impairment loss on goodwill and brand value with indefinite useful lives in accordance with Korean IFRS 1036 *Impairment of Assets*. We focused on this area due to the significance of size of goodwill and brand value with indefinite useful lives and because the assessment of the 'value in use' of the Group's Cash Generating Units (CGU's) involves management's judgements about the future results of the business and the discount rates applied to future cash flow forecast (Note 17).

In particular, we focused our audit effort on the impairment assessment of intangible assets with indefinite useful lives, including goodwill, arising from the acquisition of SCOTT, in which the size of intangible assets with indefinite useful lives is significant, and the impairment assessment of goodwill and intangible assets with indefinite useful lives held by SCOTT (Note 17).

The Group performed an impairment assessment as at December 31, 2024 and determined that the carrying amount of the CGU of the SCOTT segment exceeded its recoverable amount. Consequently, an impairment loss of ₩ 56,914 million was recognized for goodwill and intangible assets with indefinite useful lives (Note 17).

### **How our audit addressed the key audit matter**

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

- Evaluated the competency and objectivity of an external assessment expert engaged by management
- Used internal experts to evaluate the adequacy of valuation model used by management to estimate the recoverable amount
- Evaluated the reasonableness of key assumptions used to estimate recoverable amount
- Confirmed the consistency of the sales growth rate, operating profit margin and investment forecasts of target company by comparing these with the past performance and market conditions.
- Compared the discount rates used by management with those calculated independently using observable information.
- Evaluated the design and operating effectiveness for review controls of related management.

### **Other Matter**

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 Consolidated Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 20, 2025

This report is effective as of March 20, 2025, 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 consolidated 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.

**Youngone Corporation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2024 and 2023**

<i>(in Korean won)</i>	Notes	2024	2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,7,8	₩ 799,525,139,874	₩ 896,394,078,489
Short-term financial assets	4,7,8	657,114,807,332	478,471,122,573
Trade receivables	4,7,11	545,983,230,999	490,791,336,546
Derivative assets	4,5,7	8,336,183,578	8,039,634,600
Inventories	14	1,225,289,838,766	1,329,162,228,700
Other receivables	4,7,12	61,725,926,990	59,922,902,526
Other current assets	13	115,754,085,575	72,074,319,608
Current tax assets		15,981,782,469	12,074,485,682
		<u>3,429,710,995,583</u>	<u>3,346,930,108,724</u>
<b>Non-current assets</b>			
Long-term financial assets	4,7,8	1,310,902,289	609,606,880
Financial assets at fair value through profit or loss	4,5,7,9	5,562,219,600	4,864,448,520
Financial assets at fair value through other comprehensive income	5,7,10	379,332,898,532	418,809,025,841
Investments in associate and joint ventures	6,19	55,943,282,105	51,012,249,852
Property, plant and equipment	15	906,467,946,030	810,535,582,490
Right-of-use assets	16	122,061,969,106	127,740,946,229
Intangible assets	17	152,660,990,159	194,637,975,570
Investment property	18	279,755,760,988	290,737,441,845
Other receivables	4,7,12	19,011,753,994	23,111,097,493
Other non-current assets	13,24	4,869,073,296	4,066,076,868
Deferred tax assets	25	33,035,115,779	24,069,080,344
		<u>1,960,011,911,878</u>	<u>1,950,193,531,932</u>
<b>Total assets</b>		<u>₩ 5,389,722,907,461</u>	<u>₩ 5,297,123,640,656</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	4,7,20	₩ 425,178,610,589	₩ 455,556,425,886
Short-term borrowings	4,7,23	26,446,534,658	399,176,532,327
Current portion of long-term borrowings	4,7,23	19,412,471,680	70,491,752,580
Derivative liabilities	4,5,7	113,846,600	1,010,074,888
Current tax liabilities		70,608,158,271	57,163,368,034
Provisions for other liabilities and charges	41	23,681,457,420	27,162,328,081
Other payables	4,7,20	133,552,397,444	87,565,879,517
Other current liabilities	21	9,145,217,868	5,489,487,393
Current lease liabilities	16	19,694,012,048	19,675,252,498
		<u>727,832,706,578</u>	<u>1,123,291,101,204</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4,7,23	257,771,492,751	77,487,641,820
Net defined benefit liabilities	24	96,286,080,791	71,462,646,242
Deferred tax liabilities	25	287,146,117,718	315,125,285,332
Other payables	4,7,20	-	8,225,000
Other non-current liabilities	21	5,351,684,818	3,105,027,160
Non-current lease liabilities	16	119,681,734,954	118,673,193,392
		<u>766,237,111,032</u>	<u>585,862,018,946</u>
<b>Total liabilities</b>		<u>1,494,069,817,610</u>	<u>1,709,153,120,150</u>
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	1,26	22,155,734,000	22,155,734,000
Share premium	26	453,267,231,054	453,267,231,054
Retained earnings	28	3,082,550,333,992	2,712,525,857,272
Other components of equity	27	128,719,350,261	58,715,464,524
		<u>3,686,692,649,307</u>	<u>3,246,664,286,850</u>
<b>Non-controlling interest</b>	39	<u>208,960,440,544</u>	<u>341,306,233,656</u>
<b>Total equity</b>		<u>3,895,653,089,851</u>	<u>3,587,970,520,506</u>
<b>Total liabilities and equity</b>		<u>₩ 5,389,722,907,461</u>	<u>₩ 5,297,123,640,656</u>

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

**Youngone Corporation and Subsidiaries**  
**Consolidated Income Statements**  
**Years Ended December 31, 2024 and 2023**

<i>(in Korean won)</i>	<b>Notes</b>	<b>2024</b>		<b>2023</b>	
<b>Revenue</b>	6,40	₩	3,517,837,283,293	₩	3,604,377,025,404
<b>Cost of sales</b>	32,40		<u>2,621,487,734,649</u>		<u>2,449,425,474,646</u>
<b>Gross profit</b>			896,349,548,644		1,154,951,550,758
Selling and administrative expenses	30,32		<u>580,768,965,334</u>		<u>517,805,181,924</u>
<b>Operating profit</b>	6		315,580,583,310		637,146,368,834
Other income	31		324,875,551,688		206,599,840,180
Other expenses	31		241,090,835,794		170,797,215,560
Finance income	7,34		42,093,086,495		37,467,672,307
Finance costs	7,34		31,546,863,292		31,086,770,543
Share of profit (loss) of associates and joint ventures	19		<u>(1,738,124,900)</u>		<u>2,302,649,226</u>
Profit before income tax			408,173,397,507		681,632,544,444
Income tax expense	35		<u>113,637,840,952</u>		<u>148,561,863,188</u>
<b>Profit for the year</b>		₩	<u>294,535,556,555</u>	₩	<u>533,070,681,256</u>
<b>Profit is attributable to:</b>					
Owners of the Parent Company		₩	427,050,356,020	₩	515,959,247,534
Non-controlling interests			(132,514,799,465)		17,111,433,722
<b>Earnings per share attributable to the equity holders of the Parent Company</b>					
Basic earnings per share	36	₩	9,846	₩	11,762

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



**Youngone Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2024 and 2023**

(in Korean won)

	Note	2024	2023
<b>Profit for the year</b>		₩ 294,535,556,555	₩ 533,070,681,256
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of net defined benefit liabilities		(2,367,911,697)	(6,050,740,151)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	10	(30,002,513,511)	17,193,730,524
Share of other comprehensive income of associates and joint ventures	19	(7,126,744)	(20,368,222)
<b>Items that may be subsequently reclassified to profit or loss</b>			
Gain on exchange differences		167,779,183,629	5,083,271,545
Share of other comprehensive income of associates and joint ventures	19	6,609,873,217	726,780,604
Loss on valuation of derivatives		(3,914,474,620)	(9,221,902,200)
<b>Other comprehensive income for the year, net of tax</b>		<u>138,097,030,274</u>	<u>7,710,772,100</u>
<b>Total comprehensive income for the year</b>		<u>₩ 432,632,586,829</u>	<u>₩ 540,781,453,356</u>
<b>Total comprehensive income for the year is attributable to:</b>			
Owners of the Parent Company		₩ 558,486,282,652	₩ 499,255,034,104
Non-controlling interest		(125,853,695,823)	41,526,419,252

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

**Youngone Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2024 and 2023**

(in Korean won)

	Notes	Attributable to owners of the Parent Company					Non-controlling Interest	Total Equity
		Share Capital	Share Premium	Retained Earnings	Other Components of Equity	Total		
<b>Balance at January 1, 2023</b>		₩ 22,155,734,000	₩ 453,267,231,054	₩ 2,263,681,683,068	₩ 75,419,677,953	₩ 2,814,524,326,075	₩ 299,779,814,404	₩ 3,114,304,140,479
<b>Total comprehensive income</b>								
Profit for the year		-	-	515,959,247,534	-	515,959,247,534	17,111,433,722	533,070,681,256
Loss on valuation of derivatives		-	-	-	(4,590,784,623)	(4,590,784,623)	(4,631,117,577)	(9,221,902,200)
Gain on valuation of financial assets at fair value through other comprehensive income	10	-	-	-	17,193,730,524	17,193,730,524	-	17,193,730,524
Exchange differences		-	-	-	(24,412,343,378)	(24,412,343,378)	29,495,614,923	5,083,271,545
Share of other comprehensive income of associates and joint ventures		-	-	-	713,966,207	713,966,207	(7,553,825)	706,412,382
Remeasurements of net defined benefit liabilities		-	-	-	(5,608,782,160)	(5,608,782,160)	(441,957,991)	(6,050,740,151)
<b>Total transactions with owners of the Parent Company, recognized directly in equity</b>								
Dividend paid		-	-	(67,115,073,330)	-	(67,115,073,330)	-	(67,115,073,330)
<b>Balance at December 31, 2023</b>		<u>₩ 22,155,734,000</u>	<u>₩ 453,267,231,054</u>	<u>₩ 2,712,525,857,272</u>	<u>₩ 58,715,464,523</u>	<u>₩ 3,246,664,286,849</u>	<u>₩ 341,306,233,656</u>	<u>₩ 3,587,970,520,505</u>
<b>Balance at January 1, 2024</b>		₩ 22,155,734,000	₩ 453,267,231,054	₩ 2,712,525,857,272	₩ 58,715,464,523	₩ 3,246,664,286,849	₩ 341,306,233,656	₩ 3,587,970,520,505
<b>Total comprehensive income</b>								
Profit (loss) for the year		-	-	427,050,356,020	-	427,050,356,020	(132,514,799,465)	294,535,556,555
Loss on valuation of derivatives		-	-	-	(1,949,107,223)	(1,949,107,223)	(1,965,367,397)	(3,914,474,620)
Loss on valuation of financial assets at fair value through other comprehensive income	10	-	-	-	(30,002,513,511)	(30,002,513,511)	-	(30,002,513,511)
Exchange differences		-	-	-	157,373,975,254	157,373,975,254	10,405,208,375	167,779,183,629
Share of other comprehensive income of associates and joint ventures		-	-	-	6,612,036,719	6,612,036,719	(9,290,246)	6,602,746,473
Remeasurements of net defined benefit liabilities		-	-	-	(598,464,607)	(598,464,607)	(1,769,447,090)	(2,367,911,697)
<b>Total transactions with owners of the Parent Company, recognized directly in equity</b>								
Dividend paid		-	-	(57,025,879,300)	-	(57,025,879,300)	-	(57,025,879,300)
Purchase of treasury shares		-	-	-	(41,067,143,300)	(41,067,143,300)	-	(41,067,143,300)
Changes in ownership interests in subsidiaries		-	-	-	(20,364,897,594)	(20,364,897,594)	(6,492,097,289)	(26,856,994,883)
<b>Balance at December 31, 2024</b>		<u>₩ 22,155,734,000</u>	<u>₩ 453,267,231,054</u>	<u>₩ 3,082,550,333,992</u>	<u>₩ 128,719,350,261</u>	<u>₩ 3,686,692,649,307</u>	<u>₩ 208,960,440,544</u>	<u>₩ 3,895,653,089,851</u>

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

**Youngone Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

<i>(in Korean won)</i>	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Cash generated from operations	37 ₩	742,194,408,627	₩ 703,161,174,194
Interest received		35,836,421,797	32,648,103,896
Interest paid		(31,546,863,292)	(31,082,524,722)
Dividends received		7,047,148,050	5,043,499,811
Income tax paid		(129,802,062,564)	(184,658,980,436)
<b>Net cash inflow from operating activities</b>		<u>623,729,052,618</u>	<u>525,111,272,743</u>
<b>Cash flows from investing activities</b>			
Increase in short-term financial instruments, net		(142,106,780,000)	(168,132,790,000)
Decrease in short-term loans, net		-	1,256,320,000
Increase in long-term loans		(312,910,120)	(12,000,000,000)
Decrease in long-term loans		5,466,438,320	-
Payments for property, plant and equipment		(116,824,849,924)	(171,597,170,562)
Proceeds from sale of property, plant and equipment		8,872,695,470	3,086,032,674
Payments for intangible assets		(7,403,052,817)	(9,819,419,476)
Proceeds from sale of intangible assets		89,340,000	159,262,847
Payments for investment property		(5,002,972,240)	(77,457,680,088)
Increase in guarantee deposits		(2,323,466,932)	(1,476,596,329)
Decrease in guarantee deposits		859,761,920	100,000,000
Payments for financial assets at fair value through profit or loss		(4,647,180)	(7,270,500)
Increase in long-term financial instruments		(701,000,000)	-
Decrease in long-term financial instruments		-	2,000,000
Changes in consolidation scope		-	213,752,700
Payments for investments in associates and joint ventures		-	(949,527,300)
Increase in derivatives		4,768,757,780	(866,500,000)
<b>Net cash outflow from investing activities</b>		<u>(254,622,685,723)</u>	<u>(437,489,586,034)</u>
<b>Cash flows from financing activities</b>			
Proceeds from (repayments of) short-term borrowings, net		(381,833,355,424)	145,842,492,995
Repayments of current portion of long-term borrowings		(71,478,275,580)	(30,716,408,400)
Repayments of current portion of debentures		-	(10,000,000,000)
Increase in other deposits		3,869,205,694	2,902,397,542
Decrease in other deposits		(1,144,748,850)	(581,542,000)
Repayments of current lease liabilities		(21,437,584,462)	(19,097,994,426)
Proceeds from long-term borrowings		184,920,111,083	-
Purchase of treasury shares		(41,067,143,300)	-
Dividends paid		(57,021,232,060)	(67,115,073,330)
Acquisition of non-controlling interest		(26,856,994,883)	-
<b>Net cash inflow (outflow) from financing activities</b>		<u>(412,050,017,782)</u>	<u>21,233,872,381</u>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<u>(53,925,287,728)</u>	<u>51,593,754,911</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>(96,868,938,615)</u>	<u>160,449,314,001</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>896,394,078,489</u>	<u>735,944,764,488</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>₩ 799,525,139,874</u>	<u>₩ 896,394,078,489</u>

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 1. The Company

Youngone Corporation (the “Company”) is a controlling company. The Company and its 69 subsidiaries (collectively referred to as the “Group”), including YOUNGONE (CEPZ) LTD.(“YCL”), are subject to consolidation and five of them, including International Retail Corporation and others, are subject to the equity method of accounting in the preparation of the consolidated financial statements.

##### 1.1 The Company

The Company was established on July 1, 2009, through the spin-off from Youngone Holdings Co., Ltd.’s distribution and garments manufacturing business. On July 30, 2009, the Company was listed on the Korea Exchange. As at December 31, 2024, the Company is headquartered in Jung-gu, Seoul, and the Company has its subsidiaries in Switzerland, Bangladesh and Vietnam, and distribution centers and sales offices in Seoul, Gyeonggi Province and other regions.

The Company’s share capital as at December 31, 2024, is ₩ 22,155,734 thousand (2023: ₩ 22,155,734 thousand), and the Company’s shareholders and their respective percentage of ownership as at December 31, 2024, are as follows:

	Number of shares	Ownership (%)	Remark
Youngone Holdings Co., Ltd.	22,386,320	50.52	Majority shareholder
Treasury shares	1,561,419	3.52	Treasury shares
Others	20,363,729	45.96	Others
	<u>44,311,468</u>	<u>100.00</u>	

##### 1.2 Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2024, are as follows:

Subsidiaries	Main business	Number of investment shares			Percentage of ownership (%) <sup>1</sup>	Closing month	Location
		Parents	Subsidiaries	Total			
YCL <sup>2</sup>	Manufacturing outdoor and sports wear	1,013,058	1,026,737	2,039,795	100.00%	December	Bangladesh
TSL <sup>3</sup>	Manufacturing outdoor and sports wear	1,165,504	-	1,165,504	100.00%	December	Bangladesh
KSL <sup>4</sup>	Manufacturing outdoor and sports wear	41,607	63,457	105,064	100.00%	December	Bangladesh
YHT <sup>5</sup>	Manufacturing outdoor and sports wear	618,505	-	618,505	100.00%	December	Bangladesh
YPL <sup>6</sup>	Manufacturing non-woven and padding	514,684	-	514,684	100.00%	December	Bangladesh
YGA <sup>7</sup>	Manufacturing clothing parts	199,595	-	199,595	100.00%	December	Bangladesh
SEL <sup>8</sup>	Subsidiary	-	346,802	346,802	100.00%	December	Bangladesh

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Subsidiaries	Main business material/adhesives	Number of investment shares			Percentage of ownership (%) <sup>1</sup>	Closing month	Location
		Parents	Subsidiaries	Total			
SDF <sup>9</sup>	Fabric processing/dye Manufacturing	619,760	-	619,760	100.00%	December	Bangladesh
YSF <sup>10</sup>	non-woven and padding	199,892	253,830	453,722	100.00%	December	Bangladesh
STL <sup>11</sup>	Fabric weaving	1,706,255	-	1,706,255	100.00%	December	Bangladesh
YSS <sup>12</sup>	Manufacturing sports shoes	3,737,833	253,830	3,991,663	100.00%	December	Bangladesh
AAL <sup>13</sup>	Aircraft leases/education	-	2,500,000	2,500,000	100.00%	December	Bangladesh
KSI <sup>14</sup>	Manufacturing outdoor sports wear and shoes	-	100,000	100,000	100.00%	December	Bangladesh
SWL <sup>15</sup>	Fabric processing	-	3	3	100.00%	December	Bangladesh
SLS <sup>16</sup>	Manufacturing backpack	771,000	-	771,000	100.00%	December	Bangladesh
APD <sup>17</sup>	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
CPD <sup>18</sup>	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
DPD <sup>19</sup>	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
EPD <sup>20</sup>	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
GPD <sup>21</sup>	Manufacturing clothing and developing center	-	100,000	100,000	100.00%	December	Bangladesh
KPP <sup>22</sup>	Manufacturing knitwear	-	1,000,000	1,000,000	100.00%	December	Bangladesh
TWL <sup>23</sup>	IT related business	-	100,000	100,000	100.00%	December	Bangladesh
TVL <sup>24</sup>	IT related business	-	100,000	100,000	100.00%	December	Bangladesh
ICL <sup>25</sup>	Developing industrial complex	-	100,000	100,000	100.00%	December	Bangladesh
SAL <sup>26</sup>	Manufacturing outdoor and sports wear	-	100,000	100,000	100.00%	December	Bangladesh

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

Subsidiaries	Main business	Number of investment shares			Percentage of ownership (%) <sup>1</sup>	Closing month	Location
		Parents	Subsidiaries	Total			
BHL <sup>27</sup>	Operating industrial complex	-	100,000	100,000	100.00%	December	Bangladesh
KPL <sup>28</sup>	Manufacturing packaging	-	900,000	900,000	100.00%	December	Bangladesh
YSP <sup>29,54</sup>	Manufacturing outdoor wear and backpack	-	-	-	100.00%	December	China
GMC <sup>30,54</sup>	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	China
YNL <sup>31,54</sup>	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Vietnam
YBL <sup>32,54</sup>	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Vietnam
YHL <sup>33,54</sup>	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Vietnam
BSL <sup>34,54</sup>	Manufacturing outdoor wear and backpack	-	-	-	100.00%	December	Vietnam
YLS <sup>35</sup>	Manufacturing outdoor and sports wear	760,000	-	760,000	100.00%	December	El Salvador
ESL <sup>36</sup>	Sourcing subsidiary materials	390,000	-	390,000	100.00%	December	Hong Kong
DTL <sup>37</sup>	Sourcing subsidiary materials	510,000	-	510,000	100.00%	December	Thailand
YOA <sup>38</sup>	Service/trading	-	1,000	1,000	100.00%	December	USA
MSH <sup>39</sup>	OR Holding Company	40,817,178	-	40,817,178	100.00%	December	USA
OR <sup>40</sup>	Distribution of outdoor brands	-	950	950	95.00%	December	USA
OR CANADA <sup>41</sup>	Distribution of outdoor brands	-	1,000	1,000	100.00%	December	USA
YTL <sup>42,54</sup>	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Turkey
AAI <sup>43</sup>	Aircraft lease	26,400,000	39,600,000	66,000,000	100.00%	December	UK(IOM)
SQA <sup>44,54</sup>	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Uzbekistan
BKS <sup>45,54</sup>	Manufacturing outdoor and sports wear	-	-	-	100.00%	December	Uzbekistan
BPL <sup>46,54</sup>	Sourcing subsidiary materials	-	-	-	100.00%	December	Taiwan

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Subsidiaries	Main business	Number of investment shares			Percentage of ownership (%) <sup>1</sup>	Closing month	Location
		Parents	Subsidiaries	Total			
ESP <sup>47</sup>	Manufacturing outdoor and sports wear	5,352,755	-	5,352,755	100.00%	December	Ethiopia
DTI <sup>48</sup>	Merino wool business	102	-	102	100.00%	December	New Zealand
YIA <sup>49</sup>	Trading/service	15,300,000	-	15,300,000	100.00%	December	Singapore
ETL <sup>50</sup>	Manufacturing woven and knitwear	-	72,000,000	72,000,000	100.00%	December	India
YES <sup>51</sup>	YMS Holding Company	200,000	-	200,000	100.00%	December	Portugal
YMS <sup>52</sup>	Properties leases	-	170,000	170,000	100.00%	December	Portugal
ASI <sup>53</sup>	Clothing wholesale	1,076,639	-	1,076,639	100.00%	December	Guatemala
SCOTT CORPORATION SA	SCOTT Holding Company	6,251,250	-	6,251,250	50.01%	September	Switzerland
SCOTT SPORTS SA	Distribution of bicycle/sports brands	-	12,001	12,001	50.01%	September	Switzerland
SCOTT USA INC.	Distribution of bicycle/sports brands	-	1	1	50.01%	September	USA
SSG (EUROPE) DISTRIBUTION CENTER NV	Distribution of bicycle	-	250	250	50.01%	September	Belgium
SCOTT ITALIA S.R.L.	Distribution of bicycle/sports brands	-	100,000	100,000	50.01%	September	Italy
SCOTT SPORTS AB	Distribution of bicycle/sports brands	-	5,000	5,000	50.01%	September	Sweden
SCOTT SPORTS AFRICA (PTY) LTD	Distribution of bicycle/sports brands	-	100	100	50.01%	September	Republic of South Africa
SCOTT SPORTS INDIA (PTY) LTD	Distribution of bicycle/sports brands	-	10,000	10,000	50.01%	September	India
DFG INC.	Manufacturing sports products	-	4,438	4,438	50.01%	September	USA
BERGAMONT FAHRRAD VERTRIEB GMBH <sup>54</sup>	Distribution of bicycle/sports brands	-	-	-	50.01%	September	Germany
DOLOMITE S.R.L.	Design and developing sports shoes/wear	-	10,000	10,000	50.01%	September	Italy

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Subsidiaries	Main business	Number of investment shares			Percentage of ownership (%) <sup>1</sup>	Closing month	Location
		Parents	Subsidiaries	Total			
SHEPPARD CYCLES AUSTRALIA PTY LTD. <sup>55</sup>	Distribution of bicycle/sports brands	-	95,000	95,000	47.51%	September	Australia
SHEPPARD CYCLES NEW ZEALAND LIMITED <sup>55</sup>	Distribution of bicycle/sports brands	-	95,000	95,000	47.51%	September	New Zealand
SPORT NETWORK SOLUTION SA	Distribution of bicycle/sports brands	-	10,000,000	10,000,000	50.01%	September	Switzerland
SCOTT SPORTS DENMARK A/S	Distribution of bicycle/sports brands	-	5,000	5,000	50.01%	September	Denmark
SHEPPARD CYCLES RETAIL SERVICES PTY LTD. <sup>54,55</sup>	Bicycle service	-	-	-	47.51%	September	Australia
BSSH PTY LTD <sup>55</sup>	Distribution of bicycle/sports brands	-	2,280,000	2,280,000	47.51%	September	Australia

<sup>1</sup> Based on effective consolidated shareholding ratio.

<sup>2</sup> YOUNGONE (CEPZ) LTD.

<sup>3</sup> TITAS SPORTSWEAR INDUSTRIES LTD.

<sup>4</sup> KARNAPHULI SPORTSWEAR INDUSTRIES LTD.

<sup>5</sup> YOUNGONE HI-TECH SPORTSWEAR INDUSTRIES LTD.

<sup>6</sup> YOUNGONE PADDING (CEPZ) LTD.

<sup>7</sup> YOUNGONE GARMENT ACCESSORIES INDUSTRIES LTD.

<sup>8</sup> SHINHAN EMULSION CO., LTD.

<sup>9</sup> SAVAR DYEING & FINISHING INDUSTRIES LTD.

<sup>10</sup> YOUNGONE SYNTHETIC FIBRE PRODUCTS INDUSTRIES LTD.

<sup>11</sup> SUNGNAM TEXTILES MILLS LTD.

<sup>12</sup> YOUNGONE SPORTS SHOES INDUSTRIES LTD.

<sup>13</sup> ARIRANG AVIATION LTD.

<sup>14</sup> KARNAPHULI SHOES INDUSTRIES LTD.

<sup>15</sup> SURMA GARMENTS WASHING & FINISHING CO., LTD.

<sup>16</sup> SUNGNAM LEATHER AND SPORTS PRODUCT INDUSTRIES LTD.

<sup>17</sup> ALPHA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

<sup>18</sup> CHANG-JO PRODUCT DEVELOPMENT CO.(BD) LIMITED

<sup>19</sup> DAE-GU PRODUCT DEVELOPMENT CO.(BD) LIMITED

<sup>20</sup> EVERTOP PRODUCT DEVELOPMENT CO.(BD) LIMITED

<sup>21</sup> GAYA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

<sup>22</sup> KARNAPHULI POLYESTER PRODUCTS COMPANY LIMITED

<sup>23</sup> TEKWIN (BD) LIMITED

<sup>24</sup> TEKVISION (BD) LIMITED



**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

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<sup>25</sup> INCHEON CONTAINERS (BD) LIMITED

<sup>26</sup> SUNGNAM APPARELS (BD) LIMITED

<sup>27</sup> BUSAN HARBOUR (BD) LIMITED

<sup>28</sup> KARNAPHULI PACKAGING IND LTD.

<sup>29</sup> QINGDAO YOUNGONE SPORTS PRODUCTS CO., LTD.

<sup>30</sup> QINGDAO YOUNGONE SPORTSWEAR CO., LTD.

<sup>31</sup> YOUNGONE NAM DINH CO., LTD.

<sup>32</sup> YOUNGONE BAC GIANG CO., LTD.

<sup>33</sup> YOUNGONE HUNGYEN CO., LTD.

<sup>34</sup> BROADPEAK SOC TRANG CO., LTD.

<sup>35</sup> YOUNGONE (EL SALVADOR) S.A DE C.V.

<sup>36</sup> EVER SUMMIT (HK) LTD.

<sup>37</sup> DONGNAMA TRADING CO., LTD.

<sup>38</sup> YOUNGONE AMERICA INC.

<sup>39</sup> MOUNTAIN SUMMIT HOLDINGS, LTD.

<sup>40</sup> OUTDOOR RESEARCH, LLC.

<sup>41</sup> OUTDOOR RESEARCH-CANADA, INC.

<sup>42</sup> YOUNGONE (ISTANBUL) APPAREL SANAYI VE TICARET LTD. SIRKETI

<sup>43</sup> ARIRANG AVIATION (IOM) LTD.

<sup>44</sup> SAMARKAND APPAREL LLC.

<sup>45</sup> BUKA SPORTSWEAR LLC.

<sup>46</sup> BROAD PEAK INTL LTD.

<sup>47</sup> EVERTOP SPORTSWEAR PLC.

<sup>48</sup> DESIGNER TEXTILES INTERNATIONAL LTD.

<sup>49</sup> YOUNGONE INTERNATIONAL ASIA PTE. LTD.

<sup>50</sup> EVERTOP TEXTILE & APPAREL COMPLEX PRIVATE LIMITED

<sup>51</sup> YOUNGONE CORPORATION EUROPE SGPS, S.A.

<sup>52</sup> YOK MIRAGAIA, S.A.

<sup>53</sup> AMATITLAN SUNGNAM INDUSTRIES, S. A.

<sup>54</sup> This subsidiary either does not issue the share certificates or is not a share corporation. Thus, there is no share.

<sup>55</sup> The Group has more than 50% of ownership interest of SCOTT CORPORATION SA. Thus, it is classified as a subsidiary in the scope of consolidation.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 1.3 Summary of Financial information of Subsidiaries

Summarized financial information for consolidated subsidiaries as at and for the years ended December 31, 2024 and 2023, is as follows:

(in thousands of  
Korean won)

	2024					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
YCL	₩ 476,415,483	₩ 62,527,487	₩ 413,887,996	₩ 339,964,096	₩ 56,396,009	₩ 75,329,568
TSL	321,008,918	38,720,067	282,288,850	205,846,363	39,179,226	51,772,666
KSL	179,907,545	36,161,350	143,746,195	166,499,471	18,442,821	24,976,945
YHT	325,403,201	32,117,505	293,285,696	161,866,178	23,016,220	36,491,301
YPL	31,798,723	1,752,636	30,046,087	7,094,921	2,521,117	3,847,024
YGA	35,906,165	1,501,115	34,405,050	8,327,177	4,797,340	6,272,862
SEL	19,186,219	474,190	18,712,029	5,469,125	2,393,169	3,212,510
SDF	48,849,052	9,156,611	39,692,441	47,414,508	7,491,197	9,215,404
YSF	28,644,957	1,726,634	26,918,323	10,022,598	2,623,976	3,813,862
STL	19,245,950	1,468,782	17,777,167	10,134,425	3,578,350	4,354,470
YSS	43,772,500	1,780,600	41,991,900	12,163,591	(3,074,598)	(1,176,119)
AAL	2,799,113	1,409,486	1,389,627	183,018	(196,962)	(133,492)
KSI	509,644,015	311,888,250	197,755,765	422,557,042	44,905,111	54,008,274
SWL	1,499,274	151,399	1,347,875	481,898	158,153	222,586
SLS	89,735	11,163	78,572	-	(1,978)	1,548
YSP	23,062,515	11,669,486	11,393,028	-	(3,089,128)	(1,833,700)
GMC	11,892,113	1,650,787	10,241,327	-	(472,497)	587,932
YNL	425,414,916	45,949,077	379,465,839	446,638,009	71,641,180	99,941,689
YBL	46,524,043	8,667,135	37,856,908	63,921,921	7,619,667	10,404,031
YHL	61,926,946	5,300,651	56,626,295	83,164,122	12,291,669	16,436,792
YLS	42,670,562	2,358,898	40,311,665	46,744,703	169,352	6,259,057
ESL	19,425,663	9,841,808	9,583,855	68,451,313	(313,195)	931,493
DTL	4,214,501	521,420	3,693,081	4,820,352	(7,812)	454,467
YTL	465,843	-	465,843	-	-	57,232
AAI	122,192,111	29,920,852	92,271,259	14,508,959	2,970,678	14,144,430
MSH <sup>1</sup>	123,314,622	53,012,467	70,302,155	162,874,509	2,503,557	10,928,815
SQA	12,396,112	6,438,952	5,957,160	668,927	(847,683)	139,644
SCOTT <sup>2</sup>	1,304,683,662	902,613,252	402,070,410	953,661,749	(210,621,041)	(198,213,743)
BPL	1,198,864	224,941	973,923	1,712,864	(23,058)	38,722
ESP	2,176,036	419,161	1,756,875	3,053,411	874,402	(668,488)
APD	25,270,540	26,037,318	(766,778)	386,724	(386,007)	(417,684)
CPD	109,481	1,186	108,294	-	(3,170)	1,694
DPD	5,871,664	4,866,509	1,005,155	2,340,705	701,870	747,785

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in thousands of  
Korean won)

2024

	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
EPD	20,581,364	24,968,995	(4,387,631)	1,909,048	(1,147,345)	(1,335,781)
GPD	19,483,824	21,209,264	(1,725,441)	596,125	(1,044,078)	(1,114,171)
KPP	140,931,702	164,259,425	(23,327,723)	37,424,846	(1,453,435)	(2,462,072)
BKS	6,509,629	13,199	6,496,430	-	-	590,585
DTI	8,362,446	638,217	7,724,230	4,792,986	1,725,780	1,818,476
BSL	157,067,458	25,041,461	132,025,997	133,153,512	28,825,377	38,486,178
TWL	113,039	1,088	111,951	-	(3,102)	1,925
TVL	7,739,822	10,576,358	(2,836,536)	-	(718,901)	(840,876)
ICL	112,335	1,079	111,257	-	(3,102)	1,894
SAL	51,533,677	69,356,560	(17,822,883)	1,196,712	(6,029,705)	(6,785,887)
BHL	113,285	1,101	112,185	-	(1,122)	3,902
KPL	15,810,313	13,201,743	2,608,570	5,127,188	1,450,868	1,557,700
YIA	22,272,772	4,891,548	17,381,225	11,494,524	(887,960)	825,500
ETL	21,277,631	10,414,108	10,863,523	475,142	(918,068)	195,016
YES	2,859,502	9,056	2,850,446	-	(102,415)	91,398
YMS	2,821,274	163,030	2,658,245	-	(68,918)	396,071
ASI	10,547,218	-	10,547,218	-	-	961,088

(in thousands of  
Korean won)

2023

	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
YCL	₩ 379,368,223	₩ 40,809,795	₩ 338,558,428	₩ 326,348,539	₩ 67,460,302	₩ 52,828,286
TSL	254,474,097	23,957,913	230,516,184	187,092,431	40,362,562	30,271,508
KSL	147,069,154	28,299,904	118,769,250	141,554,101	20,691,900	15,841,643
YHT	288,495,614	31,701,219	256,794,395	152,012,196	28,859,356	11,498,342
YPL	27,501,026	1,301,964	26,199,062	7,199,920	2,410,406	1,239,319
YGA	29,306,222	1,174,034	28,132,188	7,475,108	3,287,227	2,005,488
SEL	15,882,845	383,325	15,499,520	6,258,867	3,113,021	2,453,976
SDF	38,127,355	7,650,318	30,477,037	45,109,822	8,405,037	7,181,523
YSF	24,461,887	1,357,427	23,104,460	12,144,841	2,513,476	1,460,422
STL	14,488,474	1,065,776	13,422,698	8,258,092	2,522,126	1,928,847
YSS	48,979,797	5,811,778	43,168,019	32,103,727	(2,293,301)	(4,365,760)
AAL	1,727,410	204,291	1,523,119	380,884	(163,528)	(236,369)
KSI	385,951,523	242,204,032	143,747,491	356,923,673	50,984,623	45,264,678
SWL	1,269,167	143,878	1,125,289	268,385	(75,278)	(128,302)

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

(in thousands of  
Korean won)

**2023**

	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Sales</b>	<b>Profit (loss) for the year</b>	<b>Total comprehensive income (loss)</b>
SLS	87,186	10,162	77,024	-	(6,900)	(10,560)
YSP	23,171,992	10,307,688	12,864,304	-	(851,950)	(881,775)
GMC	11,146,995	1,493,600	9,653,395	195,685	(278,832)	(306,653)
YNL	386,940,383	39,656,234	347,284,149	393,152,398	62,671,348	57,999,798
YBL	32,912,279	5,459,402	27,452,877	57,914,055	7,636,789	7,225,480
YHL	44,965,883	4,776,379	40,189,504	59,765,504	6,078,808	5,579,068
YLS	47,585,253	2,071,057	45,514,196	48,181,972	4,835,576	5,474,508
ESL	15,041,539	6,389,177	8,652,362	52,607,172	(4,567,773)	(4,321,149)
DTL	3,801,192	562,578	3,238,614	4,027,296	(363,068)	(321,439)
YTL	408,611	-	408,611	-	-	7,003
AAI	106,294,435	28,167,606	78,126,829	6,131,747	(4,291,043)	(2,826,696)
MSH <sup>1</sup>	151,730,953	66,644,999	85,085,954	156,536,958	3,492,896	4,087,077
SQA	10,169,891	4,352,375	5,817,516	244,414	(627,729)	(1,209,480)
SCOTT <sup>2</sup>	1,608,799,546	1,008,032,520	600,767,026	1,242,422,301	35,514,938	77,747,488
BPL	1,648,985	713,784	935,201	3,159,146	118,954	132,927
ESP	3,609,631	1,172,925	2,436,706	3,214,728	(411,414)	(502,137)
APD	20,757,439	21,106,533	(349,094)	-	(335,806)	(325,600)
CPD	107,188	587	106,601	-	(8,426)	(13,472)
DPD	5,243,253	4,985,883	257,370	1,838,670	58,381	46,438
EPD	5,922,040	8,973,890	(3,051,850)	1,184,792	(1,122,787)	(1,002,051)
GPD	13,668,318	14,279,587	(611,269)	15,861	(478,739)	(458,969)
KPP	121,312,036	142,177,686	(20,865,650)	29,462,121	(2,638,844)	(1,723,364)
BKS	5,917,845	11,999	5,905,846	-	-	(590,585)
DTI	6,493,942	588,189	5,905,753	4,577,683	419,894	509,685
BSL	102,725,282	9,185,463	93,539,819	145,304,131	35,533,229	33,940,838
TWL	110,614	587	110,027	-	(4,100)	(9,228)
TVL	7,526,117	9,521,777	(1,995,660)	-	(1,547,590)	(1,482,778)
ICL	109,951	588	109,363	-	(4,743)	(9,851)
SAL	47,030,847	58,067,843	(11,036,996)	592,417	(3,574,168)	(3,129,070)
BHL	114,351	6,069	108,282	-	(5,629)	(10,704)
KPL	13,175,846	12,124,976	1,050,870	3,029,656	62,496	15,287
YIA	19,299,781	2,744,057	16,555,724	8,719,827	1,595,827	1,612,593
ETL	10,792,914	124,407	10,668,507	-	(113,841)	(155,466)
YES	2,782,925	23,877	2,759,048	-	(93,193)	56,648
YMS	2,457,112	195,138	2,261,974	-	120,871	209,209
ASI	331	-	331	-	-	-

# **Youngone Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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<sup>1</sup> Consolidated financial information includes MSH and its subsidiaries of OR and YOA.

<sup>2</sup> Consolidated financial information of SCOTT CORPORATION SA and its subsidiaries.

#### **1.4 Changes in scope of consolidation**

(a) There are no subsidiaries newly included in the consolidation for the year ended December 31, 2024.

(b) There are no subsidiaries excluded from the consolidation for the year ended December 31, 2024.

## **2. Material Accounting Policies**

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

### **2.1 Basis of Preparation**

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

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

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

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- Assets held for sale – measured at fair value less costs to sell, and
- Defined benefit pension plans – plan assets measured at fair value.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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

## 2.2 Changes in Accounting Policies and Disclosures

### 2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2024.

#### *(a) 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 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 do not have a significant impact on the financial statements.

#### *(b) 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 do not have a significant impact on the financial statements.

#### *(c) 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 do not have a significant impact on the financial statements.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### *(d) 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 do not have a significant impact on the financial statements.

#### *2.2.2 New standards and interpretations not yet adopted by the Company*

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group.

#### *(a) 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.

#### *(b) Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures*

Korean IFRS 1109 *Financial Instruments* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### *(c) Annual Improvements to Korean IFRS -Volume 11*

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group does not expect the amendments to have a significant impact on the financial statements.

- Korean IFRS 1101 *First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- Korean IFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance*
- Korean IFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- Korean IFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Korean IFRS 1007 *Statement of Cash Flows: Cost method*

#### **2.3 Consolidation**

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

##### *(a) Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recoded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.



# **Youngone Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

#### *(b) Associates*

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

#### *(c) Joint Arrangements*

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

#### *(d) Business combination of entities under a common control*

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### 2.4 Segment Reporting

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

#### 2.5 Foreign Currency Translation

##### *(a) Functional and presentation currency*

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

##### *(b) Transactions and balances*

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

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

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

#### 2.6 Financial Assets

##### *(a) Classification*

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

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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- those to be measured at amortized cost.

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

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

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

#### *(b) Measurement*

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

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

#### *A. Debt instruments*

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

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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interest rate method. Foreign exchange gains and losses are presented in 'other income or expenses' and impairment losses are presented in 'other expenses'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'other income or expenses' in the year in which it arises.

#### *B. Equity instruments*

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

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

#### *(c) Impairment*

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

#### *(d) Recognition and Derecognition*

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

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

# **Youngone Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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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 Group or the counterparty.

#### **2.7 Derivatives**

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

#### **2.8 Trade Receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 11 for further information about the Group's accounting for trade receivables and Note 4.1.2 for a description of the Group's accounting policy for impairment.

#### **2.9 Inventories**

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

#### **2.10 Non-current Assets (or Disposal Group) Held for sale**

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

#### **2.11 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.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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

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

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

#### 2.12 Borrowing Costs

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

#### 2.13 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

#### 2.14 Intangible Assets

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

Software development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights and brand value that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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

<sup>1</sup> Particular brand value that have a definite useful life.

#### 2.15 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 25~40 years.

#### 2.16 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

#### 2.17 Financial Liabilities

##### *(a) Classification and measurement*

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

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

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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financial liabilities.

#### *(b) Derecognition*

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

### **2.18 Trade and Other Payables**

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

### **2.19 Financial Guarantee Contracts**

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

- the amount determined in accordance with the expected credit loss model under 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 Customers*

### **2.20 Provisions**

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group 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.

### **2.21 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.



# **Youngone Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

#### **2.22 Net defined benefit liabilities**

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

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group 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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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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.

#### **2.23 Revenue Recognition**

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

##### *(a) Sales of goods – Export*

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

##### *(b) Sales of goods - Domestic*

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

##### *(c) Rental income*

Rental income from investment properties is recognized as revenue during the period in which the rental service is provided.

##### *(d) Interest income*

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

##### *(e) Dividend income*

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

##### *(f) Customer loyalty program*

The Group operates a customer loyalty program in which customers are granted rewards to receive discounts on future purchases when purchasing products. The fair value of consideration to give or

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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given for the initial sale is allocated to the reward points and remaining of initial sale, and the consideration allocated to the reward points is measured based on the fair value of reward in exchange of reward points, which is the fair value of reward points considered the proportion of reward points that are not expected to be redeemed. Revenue from the award credits is recognized when the points are redeemed.

#### **2.24 Lease**

##### *(a) Lessor*

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

##### *(b) Lessee*

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

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

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

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

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to

# **Youngone Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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exercise that option, and

- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

Right-of-use assets are measured at 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group elected not to apply that revaluation model to buildings held by the Group that are presented in the right-of-use assets.

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 options*

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

# **Youngone Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **2.25 Approval of Issuance of the Financial Statements**

The consolidated financial statements 2024 were approved for issue by the Board of Directors on March 11, 2025 and are subject to change with the approval of shareholders at their Annual General Meeting.

### **3. Critical Accounting Estimates and Assumptions**

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

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

#### **3.1 Impairment loss on goodwill and intangible assets with indefinite useful lives**

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

#### **3.2 Income taxes**

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 25).

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

#### **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 Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

# **Youngone Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

---

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

#### **3.5 Net defined benefit liability (Asset)**

The present value of net defined benefit liability (asset) depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 24).

#### **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).

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

#### **3.7 Net realizable value of inventories**

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### 4. Financial Risk Management

##### 4.1 Financial Risk Factors

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

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

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

##### 4.1.1 Market risk

###### *(a) Foreign exchange risk*

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

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

The Group's financial instruments denominated in major foreign currencies except for functional currency as at December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

	<b>2024</b>		<b>2023</b>	
<b>Cash and cash equivalents</b>				
USD	₩	293,878,854	₩	349,284,681
EUR		13,428,436		10,312,345
JPY		14,652,027		21,850,524
CHF		4,209,170		32,269
GBP		6,554		4,958
NZD		414		-
SGD		-		2,022
	₩	<u>326,175,455</u>	₩	<u>381,486,799</u>
<b>Short-term financial instruments</b>				
USD	₩	<u>433,650,000</u>	₩	<u>301,461,720</u>
	₩	<u>433,650,000</u>	₩	<u>301,461,720</u>
<b>Trade and other receivables</b>				
USD	₩	392,700,166	₩	200,007,963
EUR		<u>78,829,151</u>		<u>117,524,310</u>
	₩	<u>471,529,317</u>	₩	<u>317,532,273</u>
<b>Trade and other payables</b>				
USD	₩	128,290,014	₩	168,662,582
EUR		169,148,909		161,296,238
SGD		<u>246,969</u>		<u>-</u>
	₩	<u>297,685,892</u>	₩	<u>329,958,820</u>
<b>Borrowings</b>				
USD	₩	19,306,798	₩	-
EUR		<u>240,710,559</u>		<u>238,903,472</u>
	₩	<u>260,017,357</u>	₩	<u>238,903,472</u>



**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

As at December 31, 2024 and 2023, if the foreign exchange rate fluctuated by 5% while other variables are fixed, the effects on income before tax would be as follows:

(in thousands of Korean won)

	2024		2023	
	Increase	Decrease	Increase	Decrease
USD	₩ 48,631,610	₩ (48,631,610)	₩ 34,104,589	₩ (34,104,589)
EUR	(15,880,094)	15,880,094	(13,618,153)	13,618,153
JPY	732,601	(732,601)	1,092,526	(1,092,526)
CHF	210,459	(210,459)	1,613	(1,613)
GBP	328	(328)	248	(248)
NZD	21	(21)	-	-
SGD	(12,348)	12,348	101	(101)
	<u>₩ 33,682,576</u>	<u>₩ (33,682,576)</u>	<u>₩ 21,580,924</u>	<u>₩ (21,580,924)</u>

*(b) Price risk*

The Group acquires equity securities (including both listed and unlisted) to manage a liquidity risk and for trading. The Group invests in more than one investment vehicle either directly or indirectly, and the fair value of equity securities (excluding investments in associate and joint ventures and unlisted securities) as at December 31, 2024, is ₩ 379,308,071 thousand (2023: ₩ 418,784,199 thousand) (Note 10).

As at December 31, 2024 and 2023, if the price of equity securities fluctuated by 20%, the effects on other comprehensive income, net of tax would be as follows:

(in thousands of Korean won)

	2024		2023	
	Increase	Decrease	Increase	Decrease
Effects on other comprehensive income, net of tax				
Financial assets at fair value through other comprehensive income	₩ 58,337,581	₩ (58,337,581)	₩ 64,409,010	₩ (64,409,010)

*(c) Cash flow and fair value interest rate risk*

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

As at December 31, 2024 and 2023, if the interest rate fluctuated by 0.1% while other variables are fixed, the effects on profit before income tax would be as follows:

(in thousands of Korean won)	2024		2023	
	Increase	Decrease	Increase	Decrease
Borrowings	₩ (196,329)	₩ 196,329	₩ (216,878)	₩ 216,878

#### 4.1.2 Credit Risk

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

##### (a) Trade receivables and other receivables

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

Details of the allowance for credit losses on trade receivables as at December 31, 2024 and 2023, are as follows:

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

(in thousands of Korean won)	2023				
	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Trade receivables	₩ 416,338,680	₩ 61,440,884	₩ 14,202,172	₩ 11,387,531	₩ 503,369,267
Allowance for credit losses	603,509	2,172,665	54,625	9,747,132	12,577,931

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Movements in the allowance for credit losses for trade receivables for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Beginning balance	₩	12,577,931	₩	4,289,348
Bad debt expenses		5,912,087		7,954,475
Write-off		(4,188,121)		(31,644)
Foreign currency translation		442,254		365,752
Ending balance	₩	<u>14,744,151</u>	₩	<u>12,577,931</u>

<sup>1</sup> Provision for allowance for credit losses and unused amounts reversed have been included in the income statements within 'selling and administrative expenses' (Note 30).

*(b) Other financial assets at amortized cost*

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

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

Movements in allowance for credit losses for other financial assets at amortized cost for the years ended December 31, 2024 and 2023, are as follows:

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

  

<i>(in thousands of Korean won)</i>	<b>2023</b>					
	<b>Loans</b>		<b>Non-trade receivables</b>		<b>Total</b>	
Beginning balance	₩	11,783,124	₩	722,664	₩	12,505,788
Provision for allowance for doubtful accounts		223,931		575,683		799,614
Reversal of allowance for doubtful accounts		-		(550,721)		(550,721)
Foreign currency translation		1,321,313		(5,226)		1,316,087
Ending balance	₩	<u>13,328,368</u>	₩	<u>742,400</u>	₩	<u>14,070,768</u>

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### (c) Maximum exposures to credit risk

The Group's maximum exposures of financial assets to credit risk without consideration of collaterals' values as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		2024			2023		
		Book amount without deduction	Allowance for doubtful account	Book amount (maximum exposure)	Book amount without deduction	Allowance for doubtful account	Book amount (maximum exposure)
Cash and cash equivalents <sup>1</sup>	₩	777,887,891	₩ -	₩ 777,887,891	₩ 855,722,355	₩ -	₩ 855,722,355
Short-term financial instruments		657,114,807	-	657,114,807	478,471,123	-	478,471,123
Financial instruments at fair value through profit or loss		5,562,220	-	5,562,220	4,864,449	-	4,864,449
Derivative assets		8,336,184	-	8,336,184	8,039,635	-	8,039,635
Trade receivables		560,727,381	(14,744,150)	545,983,231	503,369,267	(12,577,931)	490,791,336
Other receivables <sup>2</sup>		96,904,470	(16,166,789)	80,737,681	97,104,768	(14,070,768)	83,034,000
Long-term financial instruments		1,310,902	-	1,310,902	609,607	-	609,607
	₩	2,107,843,855	₩ (30,910,939)	₩ 2,076,932,916	₩ 1,948,181,204	₩ (26,648,699)	₩ 1,921,532,505

<sup>1</sup> Cash on hand is not included in cash and cash equivalents.

<sup>2</sup> Current and non-current amounts are included.

#### 4.1.3 Liquidity Risk

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

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

Details of the Group's liquidity risk analysis as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		2024				
		Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Over 2 years	Total
Borrowings <sup>1</sup>	₩	42,866,038	₩ 18,778,826	₩ 248,669,603	₩ 9,320,424	₩ 319,634,891
Trade payables		375,941,370	49,237,241	-	-	425,178,611
Other payables		56,049,132	77,503,266	-	-	133,552,398
Lease liabilities		6,733,593	19,651,062	21,522,378	161,366,560	209,273,593
Derivatives held for trading						
Outflow	₩	189,940,000	₩ 80,910,000	₩ -	₩ -	₩ 270,850,000

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in thousands of Korean won)

	2024				
	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Over 2 years	Total
(Inflow)	(188,138,712)	(74,376,731)	-	-	(262,515,443)
	₩ 1,801,288	₩ 6,533,269	₩ -	₩ -	₩ 8,334,557
Derivatives held for hedging					
Outflow	₩ 3,969,180	₩ 3,969,180	₩ -	₩ -	₩ 7,938,361
(Inflow)	(3,913,070)	(3,913,070)	-	-	(7,826,141)
	₩ 56,110	₩ 56,110	₩ -	₩ -	₩ 112,220

<sup>1</sup> Current portion of borrowings and debentures are included.

(in thousands of Korean won)

	2023				
	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Over 2 years	Total
Borrowings <sup>1</sup>	₩ 44,975,425	₩ 428,789,318	₩ 70,720,776	₩ 6,910,387	₩ 551,395,906
Trade payables	329,389,904	126,166,522	-	-	455,556,426
Other payables	66,248,375	21,317,504	8,225	-	87,574,104
Lease liabilities	5,855,485	17,566,454	23,285,060	151,872,787	198,579,786
Derivatives held for trading					
Outflow	₩ 107,545,781	₩ 25,349,000	₩ -	₩ -	₩ 132,894,781
(Inflow)	(109,998,035)	(25,480,206)	-	-	(135,478,241)
	₩ (2,452,254)	₩ (131,206)	₩ -	₩ -	₩ (2,583,460)
Derivatives held for hedging					
Outflow	₩ 115,313,081	₩ 43,277,713	₩ -	₩ -	₩ 158,590,794
(Inflow)	(120,008,052)	(43,028,841)	-	-	(163,036,893)
	₩ (4,694,971)	₩ 248,872	₩ -	₩ -	₩ (4,446,099)

<sup>1</sup> Current portion of borrowings and debentures are included.

## 4.2 Capital Risk Management

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

Debt-to-equity ratios as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)	2024	2023
Total liabilities	₩ 1,494,069,818	₩ 1,709,153,120
Total equity	3,895,653,090	3,587,970,521
Debt-to-equity ratio	38.35%	47.64%

# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

## **5. Fair Value**

### **5.1 Fair Value Hierarchy**

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets				
Financial assets at fair value through other comprehensive income	₩ 379,308,072	₩ -	₩ 24,826	₩ 379,332,898
Financial assets at fair value through profit or loss	-	-	5,562,220	5,562,220
Derivative assets	-	8,336,184	-	8,336,184
Financial liabilities				
Derivative liabilities	-	113,847	-	113,847
<i>(in thousands of Korean won)</i>	<b>2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets				
Financial assets at fair value through other comprehensive income	₩ 418,784,200	₩ -	₩ 24,826	₩ 418,809,026
Financial assets at fair value through profit or loss	-	-	4,864,449	4,864,449
Derivative assets	-	8,039,635	-	8,039,635
Financial liabilities				
Derivative liabilities	-	1,010,075	-	1,010,075

As at December 31, 2024, there is no significant difference between the fair values and book amounts of financial instruments held by the Group.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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

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

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

There were no transfers between levels 1 and 2 for recurring fair value measurements for the years ended December 31, 2024 and 2023.

Changes in level 3 for recurring fair value measurements for the years ended December 31, 2024 and 2023, are as follows:

	2024				2023			
	Financial assets				Financial assets			
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	
Beginning balance	₩	24,826	₩	4,864,449	₩	24,826	₩	4,192,745
Amount recognized in profit or loss		-		357,833		-		184,671
Acquisition		-		4,647		-		7,271
Effect of foreign currency translation		-		335,291		-		479,762
Ending balance	₩	24,826	₩	5,562,220	₩	24,826	₩	4,864,449

#### 5.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy as at December 31, 2024, are as follows:

(in thousands of Korean won)					2024	
	Fair value	Level	Valuation techniques	Inputs	Range of inputs	
Derivatives						
Derivative assets (liabilities)	₩ 8,222,337	2	Market approach	Foreign currency forwards exchange rate, discount rate and others	N/A	

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 6. Operating Segment Information

(a) The Group's reportable segments are organized into OEM, SCOTT segment and other business segments.

(b) Profit or loss by each segment for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

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

(in thousands of Korean won)

	2023				
	OEM	SCOTT segment	Others	Consolidation adjustment	Total
Sales	₩ 4,016,704,307	₩ 1,242,422,301	₩ 184,477,229	₩ (1,839,226,812)	₩ 3,604,377,025
Operating income <sup>1</sup>	559,785,677	58,726,737	18,682,773	(48,818)	637,146,369
Depreciation and amortization <sup>2</sup>	45,595,507	18,584,852	12,592,386	-	76,772,745
Depreciation of right-of-use assets <sup>2</sup>	₩ 4,997,685	₩ 13,293,382	₩ 3,205,651	₩ -	₩ 21,496,718

<sup>1</sup> Management of the Group evaluates the performance of business segments based on operating income of each segment.

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

(c) Assets and liabilities by business segment as at December 31, 2024 and 2023, are as follows:

(in thousands of  
Korean won)

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



# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in thousands of  
Korean won)

	2023					
	OEM	SCOTT segment	Others	Adjustment <sup>3,4</sup>	Consolidation adjustment	Total
Assets <sup>1</sup>	₩ 3,822,197,888	₩ 1,608,799,546	₩ 367,803,728	₩ 1,106,450,649	₩ (1,608,128,171)	₩ 5,297,123,640
Investment in associates and joint ventures	-	3,603,295	45,000,000	-	2,408,955	51,012,250
Purchase of non-current assets <sup>2</sup>	152,654,599	20,517,351	86,709,447	-	(1,007,127)	258,874,270
Liabilities <sup>1</sup>	1,188,347,752	1,008,032,520	140,082,742	143,051,120	(770,361,015)	1,709,153,119

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

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

<sup>3</sup> Assets that are not distributed to the reporting segment such as financial assets at fair value through other comprehensive income.

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

(d) Sales and non-current assets as at and for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)	Sales		Non-current assets <sup>1</sup>	
	2024	2023	2024	2023
Korea	₩ 2,113,886,201	₩ 1,938,194,719	₩ 375,936,317	₩ 376,453,470
Bangladesh	1,447,005,759	1,319,254,102	446,061,168	391,313,243
Vietnam	726,877,563	656,136,087	105,560,735	97,254,375
China	-	195,685	18,904,665	17,365,099
Switzerland	953,661,749	1,242,422,301	313,754,724	311,370,510
Others	319,597,692	287,400,943	185,740,056	159,155,134
Consolidation adjustment	(2,043,191,682)	(1,839,226,812)	14,989,001	70,740,115
	<u>₩ 3,517,837,282</u>	<u>₩ 3,604,377,025</u>	<u>₩ 1,460,946,666</u>	<u>₩ 1,423,651,946</u>

<sup>1</sup> Financial instrument and others were excluded from non-current asset.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(e) Details of external customers, who contribute more than 10% of the Group's OEM revenue for the years ended December 31, 2024 and 2023, are as follows:

<i>(in billions of Korean won)</i>	<b>2024</b>		<b>2023</b>		<b>Segments</b>
Customer 1	₩	537.6	₩	452.3	OEM
Customer 2		365.9		328.0	OEM
Customer 3		251.3		252.9	OEM

## 7. Financial Instruments by Category

### 7.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		2024												
		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Financial liabilities at amortized cost		Financial liabilities at fair value through profit or loss		Other financial assets and liabilities		Total		
Financial assets at amortized cost														
Financial assets														
Cash and cash equivalents	₩	799,525,140	₩	-	₩	-	₩	-	₩	-	₩	-	₩	799,525,140
Long-term and short-term financial instruments		658,425,710		-		-		-		-		-		658,425,710
Financial assets at fair value through profit or loss		-		-		5,562,220		-		-		-		5,562,220
Derivative assets		-		-		8,336,184		-		-		-		8,336,184
Financial assets at fair value through other comprehensive income		-		379,332,899		-		-		-		-		379,332,899
Trade receivables		545,983,231		-		-		-		-		-		545,983,231
Other receivables		80,737,681		-		-		-		-		-		80,737,681
	₩	2,084,671,762	₩	379,332,899	₩	13,898,404	₩	-	₩	-	₩	-	₩	2,477,903,065
Financial liabilities														
Trade payables	₩	-	₩	-	₩	-	₩	425,178,611	₩	-	₩	-	₩	425,178,611
Shor-term borrowings <sup>1</sup>		-		-		-		45,859,006		-		-		45,859,006
Derivative liabilities		-		-		-		-		113,847		-		113,847
Other payables		-		-		-		133,552,397		-		-		133,552,397
Long-term borrowings		-		-		-		257,771,493		-		-		257,771,493
Lease liabilities		-		-		-		-		-		139,375,747		139,375,747
	₩	-	₩	-	₩	-	₩	862,361,507	₩	113,847	₩	139,375,747	₩	1,001,851,101

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

<sup>1</sup> Current portion of long-term borrowings are included.

(in thousands of

2023

Korean won)

	Financial assets at fair value		Financial assets at fair value through		Financial liabilities at fair value through		Other financial assets and liabilities		Total
	Financial assets at amortized cost	through other comprehensive income	fair value through profit or loss	Financial liabilities at amortized cost	liabilities at fair value through profit or loss				
<b>Financial assets</b>									
Cash and cash equivalents	₩ 896,394,078	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 896,394,078
Long-term and short-term financial instruments	479,080,729	-	-	-	-	-	-	-	479,080,729
Financial assets at fair value through profit or loss	-	-	4,864,449	-	-	-	-	-	4,864,449
Derivative assets	-	-	8,039,635	-	-	-	-	-	8,039,635
Financial assets at fair value through other comprehensive income	-	418,809,026	-	-	-	-	-	-	418,809,026
Trade receivables	490,791,337	-	-	-	-	-	-	-	490,791,337
Other receivables	83,034,000	-	-	-	-	-	-	-	83,034,000
	₩ 1,949,300,144	₩ 418,809,026	₩ 12,904,084	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 2,381,013,254
<b>Financial liabilities</b>									
Trade payables	₩ -	₩ -	₩ -	₩ 455,556,426	₩ -	₩ -	₩ -	₩ -	₩ 455,556,426
Shor-term borrowings <sup>1</sup>	-	-	-	469,668,285	-	-	-	-	469,668,285
Derivative liabilities	-	-	-	-	1,010,075	-	-	-	1,010,075
Other payables	-	-	-	87,574,105	-	-	-	-	87,574,105
Long-term borrowings	-	-	-	77,487,642	-	-	-	-	77,487,642
Lease liabilities	-	-	-	-	-	-	138,348,446	-	138,348,446
	₩ -	₩ -	₩ -	₩ 1,090,286,458	₩ 1,010,075	₩ 138,348,446	₩ -	₩ -	₩ 1,229,644,979

<sup>1</sup> Current portion of long-term borrowings are included.

## 7.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

2024

2023

Financial assets at fair value through profit or loss		
Gain on valuation	₩ 357,833	₩ 184,671
Financial assets at fair value through other comprehensive income		
Gain (loss) on valuation (other comprehensive income)	(39,476,127)	22,358,557

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Dividend income	7,047,148	5,043,500
Derivative assets and liabilities		
Gain on valuation	9,668,055	77,948
Loss on valuation (other comprehensive income)	(5,000,366)	(11,462,670)
Gain on transaction	4,665,454	1,207,326
Financial asset at amortized cost		
Interest income	35,045,938	32,424,172
Gain on foreign currency transaction	158,589,751	19,697,131
Foreign exchange loss	(7,034,358)	(8,203,369)
Financial liabilities at amortized cost		
Interest expense	(19,455,548)	(19,589,399)
Gain (loss) on foreign currency transaction	(40,286,042)	16,243,983
Other financial liabilities		
Interest expense	(12,091,315)	(11,497,371)
Loss on foreign currency transaction	-	(20,387)

**8. Cash and Cash Equivalents**

(a) Cash and cash equivalents as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Cash on hand	₩ 21,637,249	₩ 40,671,723
Short-term financial institution deposits	777,887,891	855,722,355
	<u>₩ 799,525,140</u>	<u>₩ 896,394,078</u>

(b) Restricted financial instruments as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>Financial institution</b>	<b>2024</b>	<b>2023</b>	<b>Reason of restriction</b>
Long-term financial instruments and others	Shinhan Bank and others	₩ 7,500	₩ 7,500	Guarantee deposit
		600,000	600,000	Pledged
		701,000	2,748	Pledged
		1,105,938	1,029,077	Lease contracts
		<u>₩ 2,414,438</u>	<u>₩ 1,639,325</u>	

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**9. Financial Assets at Fair Value through Profit or Loss**

(a) Financial assets at fair value through profit or loss as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Unlisted securities	₩ 5,562,220	₩ 4,864,449
	<u>₩ 5,562,220</u>	<u>₩ 4,864,449</u>

(b) Changes in financial assets at fair value through profit or loss for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Beginning balance	₩ 4,864,449	₩ 4,192,745
Acquisition	4,647	7,271
Valuation	357,833	184,671
Foreign currency translation	335,291	479,762
Ending balance	<u>₩ 5,562,220</u>	<u>₩ 4,864,449</u>

**10. Financial Assets at Fair Value through Other Comprehensive Income**

(a) Financial assets at fair value through other comprehensive income as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Listed securities	₩ 379,308,071	₩ 418,784,199
Unlisted securities	24,827	24,827
	<u>₩ 379,332,898</u>	<u>₩ 418,809,026</u>

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

# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

(b) Changes in financial assets at fair value through other comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Beginning balance	₩	418,809,026	₩	396,450,469
Acquisition		-		-
Valuation		(39,476,128)		22,358,557
Ending balance	₩	<u>379,332,898</u>	₩	<u>418,809,026</u>

(c) The details of listed securities as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>					<b>2023</b>	
	<b>Number of Shares</b>	<b>Percentage of ownership (%)</b>	<b>Acquisition cost</b>	<b>Fair Value</b>	<b>Book amount</b>	<b>Book amount</b>	
GOLDWIN INC. <sup>1</sup>	4,109,400	8.66	₩ 26,385,268	₩ 340,388,407	₩ 340,388,407	₩	380,111,655
HUVIS CORPORATION	485,708	1.41	5,267,403	1,253,127	1,253,127		2,001,117
ILSHIN SPINNING CO., LTD.	194,530	0.84	2,017,250	1,474,537	1,474,537		1,727,427
HANJINKAL	480,000	0.72	30,015,000	36,192,000	36,192,000		34,944,000
			₩ 63,684,921	₩ 379,308,071	₩ 379,308,071	₩	<u>418,784,199</u>

<sup>1</sup> GOLDWIN INC.'s shares are listed in Japan.

## **11. Trade receivables**

(a) Trade receivables and its allowance for credit losses as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Trade receivables	₩	560,727,381	₩	503,369,267
Allowance for credit losses		(14,744,150)		(12,577,930)
Trade receivable, net	₩	<u>545,983,231</u>	₩	<u>490,791,337</u>

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

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**12. Other Receivables**

(a) Other receivables as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Short-term loans	₩ 28,629,921	₩ 27,354,192
Allowance for doubtful accounts	(100,000)	(100,000)
Accrued income	11,709,454	11,818,997
Non-trade receivables	17,139,111	18,285,631
Allowance for doubtful accounts	(1,726,997)	(742,400)
Guarantee deposits	1,105,938	-
Deposits received for margin accounts	4,968,500	3,306,482
	<u>61,725,927</u>	<u>59,922,902</u>
<b>Non-current</b>		
Long-term loans	21,874,916	26,106,290
Allowance for doubtful accounts	(14,339,792)	(13,228,368)
Long-term accrued income	431,725	-
Guarantee deposits	2,902,966	3,634,437
Other deposits	8,141,939	6,598,739
	<u>19,011,754</u>	<u>23,111,098</u>
	<u>₩ 80,737,681</u>	<u>₩ 83,034,000</u>

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

**13. Other Assets**

Other assets as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Advances	₩ 93,759,536	₩ 51,512,621
Allowance for doubtful accounts	(500,000)	(500,000)
Prepaid expenses	4,600,296	3,358,335
Prepaid VAT	15,798,424	13,975,018
Others	2,095,830	3,728,346
	<u>115,754,086</u>	<u>72,074,320</u>
<b>Non-current</b>		
Prepaid expenses	4,869,073	3,947,973
Others	-	118,104
	<u>4,869,073</u>	<u>4,066,077</u>
	<u>₩ 120,623,159</u>	<u>₩ 76,140,397</u>

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 14. Inventories

(a) Inventories as at December 31, 2024 and 2023, are as follows:

	2024			2023		
	Before valuation	Valuation allowance	Book amount	Before valuation	Valuation allowance	Book amount
Product and merchandise	₩ 835,787,628	₩ (90,811,159)	₩ 744,976,469	₩ 1,040,927,331	₩ (44,064,708)	₩ 996,862,623
Raw materials	262,814,418	(25,270,033)	237,544,385	187,686,140	(24,018,493)	163,667,647
Work in progress	118,071,124	(8,624,248)	109,446,876	84,278,372	-	84,278,372
Supplies	36,094,468	-	36,094,468	30,556,219	-	30,556,219
Goods in transit	97,227,641	-	97,227,641	53,797,368	-	53,797,368
	₩ 1,349,995,279	₩ (124,705,440)	₩ 1,225,289,839	₩ 1,397,245,430	₩ (68,083,201)	₩ 1,329,162,229

(b) As at December 31, 2024, inventories are pledged as collateral in relation to borrowings (Note 23).

(c) The cost of inventories recognized as 'cost of sales' amounted to ₩ 2,004,143,737 thousand (2023: ₩ 1,908,818,187 thousand) (Note 32).

#### 15. Property, Plant and Equipment

(a) Changes in property, plant and equipment for the years ended December 31, 2024 and 2023, are as follows:

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



# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in thousands of  
Korean won)

(in thousands of Korean won)	2023									
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Facilities	Construction in progress	Total	
Opening net book amount	₩ 45,039,239	₩ 333,943,176	₩ 640,860	₩ 163,960,901	₩ 26,748,846	₩ 21,535,512	₩ 8,473,005	₩ 112,559,562	₩ 712,901,101	
Acquisition	5,063,294	13,024,939	-	31,564,871	78,417,016	7,607,360	1,524,798	34,394,893	171,597,171	
Disposal	-	(1,533,712)	-	(1,033,715)	(129,954)	(49,643)	(444)	(729,507)	(3,476,975)	
Depreciation	-	(12,745,846)	(39,639)	(41,609,608)	(3,343,896)	(5,994,984)	(2,393,416)	-	(66,127,389)	
Impairment loss	-	-	-	-	-	-	-	-	-	
Transfer	554,597	14,537,968	-	8,740,281	195,256	811,017	3,178,822	(28,325,354)	(307,413)	
Changes in consolidation scope	-	-	-	725,596	-	-	-	-	725,596	
Exchange differences	493,235	3,192,900	-	(2,976,695)	(513,374)	(67,313)	(71,259)	(4,834,003)	(4,776,509)	
Closing net book amount	51,150,365	350,419,425	601,221	159,371,631	101,373,894	23,841,949	10,711,506	113,065,591	810,535,582	
Acquisition cost	51,150,365	477,178,593	1,214,858	537,311,873	144,332,909	87,191,449	35,286,549	113,065,591	1,446,732,187	
Accumulated depreciation	-	(126,759,168)	(613,637)	(377,940,242)	(42,959,015)	(63,349,500)	(24,575,043)	-	(636,196,605)	
Ending net book amount	₩ 51,150,365	₩ 350,419,425	₩ 601,221	₩ 159,371,631	₩ 101,373,894	₩ 23,841,949	₩ 10,711,506	₩ 113,065,591	₩ 810,535,582	

Depreciation of ₩ 23,085,625 thousand (2023: ₩ 17,423,186 thousand) was charged to 'selling and administrative expenses' and ₩ 49,828,010 thousand (2023: ₩ 48,704,203 thousand) was charged to 'cost of sales'.

(b) As at December 31, 2024, the details of construction-in-progress assets are construction of headquarters building, expansion of overseas manufacturing plant of subsidiaries and others.

(c) There are no borrowing costs capitalized for property, plant and equipment, which are qualifying assets, during 2024 (2023: ₩ 79,483 thousand), the capitalized borrowing interest rate used to calculate capitalizable borrowing costs was 3.66% during 2023.

## 16. Leases

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

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

(in thousands of Korean won)	2024	2023
Right-of-use assets		
Land	₩ 44,580,841	₩ 43,317,816
Buildings	74,112,705	78,524,779
Machinery	12,000	140,928
Vehicles	1,992,647	2,807,822
Tools and equipment	966,070	2,007,768
Facilities	397,706	941,833
	₩ 122,061,969	₩ 127,740,946

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Lease liabilities		
Current	₩ 19,694,012	₩ 19,675,252
Non-current	119,681,735	118,673,193
	<u>₩ 139,375,747</u>	<u>₩ 138,348,445</u>

Additions to the right-of-use assets during the 2024 financial year were ₩ 10,530,984 thousand (2023: ₩ 38,707,647 thousand).

(b) Amounts recognized in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Depreciation of right-of-use assets		
Land	₩ 2,036,766	₩ 2,350,610
Buildings	18,019,613	15,342,159
Machinery	137,593	350,810
Vehicles	1,641,712	1,582,061
Tools and equipment	1,107,578	1,329,047
Facilities	608,399	542,031
	<u>₩ 23,551,661</u>	<u>₩ 21,496,718</u>
Interest expense relating to lease liabilities (included in finance cost) <sup>1</sup>	₩ 12,091,315	₩ 11,497,371
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)	4,176,264	2,201,166
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)	34,051	28,974
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)	5,049,936	3,420,043

The total cash outflow for leases in 2024 was ₩ 42,789,151 thousand (2023: ₩ 36,245,549 thousand).

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 17. Intangible Assets

Changes in intangible assets for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of  
Korean won)

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

(in thousands of  
Korean won)

	2023									
	Industrial property	Software	Membership rights	Brand value	Customer Relationships	Other intangible assets	Goodwill	Construction in progress	Total	
Opening net book amount	₩ 1,640,330	₩ 5,307,545	₩ 393,684	₩ 110,566,465	₩ 29,413,841	₩ 12,641	₩ 23,691,194	₩ 7,797,335	₩	178,823,035
Acquisition	-	1,000,087	-	-	-	380	-	8,818,953		9,819,420
Amortization	(994,397)	(2,298,660)	-	(759,040)	(2,644,995)	(628)	-	-		(6,697,720)
Impairment	-	-	-	-	-	-	(4,997,742)	-		(4,997,742)
Disposal	-	(4,995)	-	-	-	-	-	(13,021)		(18,016)
Exchange differences	133,127	168,234	-	11,451,942	3,074,490	(151)	1,573,498	1,307,858		17,708,998
Closing net book amount	779,060	4,172,211	393,684	121,259,367	29,843,336	12,242	20,266,950	17,911,125		194,637,975
Acquisition cost	8,766,833	28,891,516	393,684	127,026,166	54,439,451	13,539	20,266,950	17,911,125		257,709,264
Accumulated depreciation	(7,987,773)	(24,719,305)	-	(5,766,799)	(24,596,115)	(1,297)	-	-		(63,071,289)
Ending net book amount	₩ 779,060	₩ 4,172,211	₩ 393,684	₩ 121,259,367	₩ 29,843,336	₩ 12,242	₩ 20,266,950	₩ 17,911,125	₩	194,637,975

Amortization of ₩ 6,171,862 thousand (2023: ₩ 6,547,695 thousand) is included in 'selling and administrative expenses' and ₩ 122,450 thousand (2023: ₩ 150,026 thousand) is included in the 'cost of sales' in the income statement.

Intangible assets with indefinite useful lives of ₩ 87,856,473 thousand (2023: ₩ 118,069,841 thousand) are included in brand value.

# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

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

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

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
SCOTT <sup>1</sup>	₩	-	₩	17,187,413
MSH		3,510,873		3,079,537
	₩	3,510,873	₩	20,266,950

<sup>1</sup> Cash-generating unit including subsidiaries of BERGAMONT and DOLOMITE.

Details of intangible assets with indefinite useful lives as at December 31, 2024 and 2023, consist of as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
SCOTT brand held by the Parent Company	₩	27,922,848	₩	62,491,216
DOLOMITE brands and others held by SCOTT		48,802,785		45,815,288
Outdoor Research brand held by MSH		11,130,840		9,763,337
	₩	87,856,473	₩	118,069,841

The Group annually performs impairment test on the intangible assets with indefinite useful lives such as goodwill and others. As a result of the impairment test, the book amount of the cash-generating unit of the SCOTT segment exceeded its value in use by ₩ 56,914,011 thousand, and this amount is recognized in other expenses in the consolidated income statement.

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

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

	<b>2024</b>		<b>2023</b>	
	<b>Perpetual growth rate<sup>1</sup></b>	<b>Discount rate before tax<sup>2</sup></b>	<b>Perpetual growth rate<sup>1</sup></b>	<b>Discount rate before tax<sup>2</sup></b>
SCOTT	1.60%	9.74%	1.80%	10.31%

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

SHEPPARD AUSTRALIA	-	-	2.60%	12.75%
MSH	3.00%	18.58%	3.00%	18.81%

<sup>1</sup> The projected growth rate beyond five years

<sup>2</sup> Discount rate applied to the pre-tax cash flow projections

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

## 18. Investment Property

(a) Changes in investment property for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Opening net book amount	₩ 290,737,441	₩ 215,993,332
Acquisition	5,002,973	77,457,680
Transfer	(11,561,630)	-
Depreciation	(4,822,099)	(3,947,636)
Exchange differences	399,076	1,234,065
Closing net book amount	<u>279,755,761</u>	<u>290,737,441</u>
Acquisition cost	318,623,421	323,934,324
Accumulated depreciation	<u>(38,867,660)</u>	<u>(33,196,883)</u>
Ending net book amount	<u>₩ 279,755,761</u>	<u>₩ 290,737,441</u>

(b) Fair value of investment property as at December 31, 2024, is ₩ 406,346,885 thousand (2023: ₩ 417,491,930 thousand).

(c) Rent income from investment property during the year ended December 31, 2024, is ₩ 21,390,106 thousand (2023: ₩ 13,342,349 thousand).

(d) Borrowing costs capitalized for investment property, which are qualifying assets, are ₩ 45,186 thousand (2023: ₩ 448,534 thousand). The capitalized borrowing interest rate used to calculate capitalizable borrowing costs was 3.94% (2023: 3.66%).

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 19. Investments in Associates and Joint Ventures

(a) The Group's investments in associates and joint ventures as at December 31, 2024 and 2023, are as follows:

	Percentage of ownership		Location	Date of financial statements
	2024	2023		
SCOTT NORTH ASIA LTD	40.0%	40.0%	Korea, Japan	December 31
INTERNATIONAL RETAIL CORPORATION SA	30.0%	30.0%	Switzerland	September 30
SCOTT Network Solutions India PVT LTD.	49.0%	49.0%	India	September 30
BIKE SPORT TRAVEL AG	45.0%	45.0%	Switzerland	September 30
YOH CVC Fund 1 Limited Partnership <sup>1</sup>	52.94%	52.94%	Singapore	December 31

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

(b) Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024					
	Beginning balance	Acquisition	Share of loss of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Foreign currency translation	Ending balance
SCOTT NORTH ASIA LTD	₩ 2,131,815	₩ -	₩ (698,345)	₩ (18,584)	₩ -	₩ 1,414,887
INTERNATIONAL RETAIL CORPORATION SA	-	-	-	-	-	-
SCOTT Network Solutions India PVT LTD.	-	-	-	-	-	-
BIKE SPORT TRAVEL AG	1,061,140	-	(55,766)	-	66,409	1,071,783
YOH CVC Fund 1 Limited Partnership	47,819,294	-	(984,013)	6,621,331	-	53,456,612
	₩ 51,012,249	₩ -	₩ (1,738,124)	₩ 6,602,747	₩ 66,409	₩ 55,943,282

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in thousands of Korean won)

	2023					
	Beginning balance	Acquisition	Share of loss of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Foreign currency translation	Ending balance
SCOTT NORTH ASIA LTD	₩ 2,283,710	₩ -	₩ (136,784)	₩ (15,111)	₩ -	₩ 2,131,815
INTERNATIONAL RETAIL CORPORATION SA	-	-	-	-	-	-
SCOTT Network Solutions India PVT LTD.	-	-	-	-	-	-
BIKE SPORT TRAVEL AG	926,687	949,527	(920,445)	-	105,371	1,061,140
YOH CVC Fund 1 Limited Partnership	43,737,893	-	3,359,878	721,523	-	47,819,294
	₩ 46,948,290	₩ 949,527	₩ 2,302,649	₩ 706,412	₩ 105,371	₩ 51,012,249

(c) The summary of financial information on principal of investments in associates and joint ventures as at and for the years ended December 31, 2024 and 2023, is as follows:

(in thousands of Korean won)

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

(in thousands of Korean won)

	2023				
	Assets	Liabilities	Revenues	Profit (loss) for the year	Other comprehensive loss
SCOTT NORTH ASIA LTD	₩ 22,658,990	₩ 17,329,452	₩ 12,526,006	₩ (338,181)	₩ (37,777)
INTERNATIONAL RETAIL CORPORATION SA	135,598,411	164,185,062	166,144,012	(5,659,357)	(3,037,153)
SCOTT Network Solutions India PVT LTD.	70,234	109,931	-	-	(4,003)
BIKE SPORT TRAVEL AG	2,818,930	2,675,830	9,364	164	-
YOH CVC Fund 1 Limited Partnership	90,442,070	116,736	3,138,724	229,812	-

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

(d) The Group has ceased to apply equity method. Accumulated share of losses of associate and jointly controlled entities unrecognized due to the cease of equity method are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
	<b>Unrecognized share of loss</b>	<b>Unrecognized accumulated share of losses</b>	<b>Unrecognized share of loss</b>	<b>Unrecognized accumulated share of losses</b>
INTERNATIONAL RETAIL CORPORATION SA	₩ (559,219)	₩ (9,135,214)	₩ (2,608,953)	₩ (8,575,995)
SCOTT Network SolutionsIndia PVT LTD.	(18,004)	(37,456)	(1,962)	(19,452)

**20. Trade and Other Payables**

Trade and other payables as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Trade payables	₩ 425,178,611	₩ 455,556,426
Non-trade payables	47,960,883	14,862,616
Accrued expenses	66,712,862	57,232,464
Leasehold deposits	17,616,968	14,633,192
Financial guarantee liabilities	1,261,684	837,608
	<u>558,731,008</u>	<u>543,122,306</u>
<b>Non-current</b>		
Leasehold deposits	-	8,225
	<u>₩ 558,731,008</u>	<u>₩ 543,130,531</u>



**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**21. Other Liabilities**

Details of other liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Customer advances	₩ 2,172,429	₩ 746,631
Unearned revenue	85,135	-
Withholdings	5,006,414	4,098,259
Value added tax withheld	380,018	433,750
Others	1,501,222	210,847
	<u>9,145,218</u>	<u>5,489,487</u>
<b>Non-current</b>		
Long-term unearned revenue	1,770,875	2,579
Others	3,580,810	3,102,448
	<u>5,351,685</u>	<u>3,105,027</u>
	<u>₩ 14,496,903</u>	<u>₩ 8,594,514</u>

**22. Contract Assets and Liabilities**

(a) The Group has recognized the contract assets and liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Contract liabilities – unsatisfied performance obligations <sup>1</sup>	₩ 2,172,429	₩ 746,631

<sup>1</sup> The Group does not have contract assets, and contract liabilities are included in other current liabilities (Note 21).

(b) Revenue recognized in relation to contract liabilities

Details of amounts recognized as revenue in relation to contract liabilities for the years ended December 31, 2024, and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Unsatisfied performance obligations	₩ 734,832	₩ 2,132,340

# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

## **23. Borrowings**

(a) Details of borrowings as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Bank overdrafts	₩ 7,320,271	₩ 67,297
Bank borrowings	19,110,000	399,109,235
Current portion of long-term borrowings	19,412,472	70,491,753
Other borrowings	16,264	-
	<u>45,859,007</u>	<u>469,668,285</u>
<b>Non-current</b>		
Bank borrowings	257,771,493	77,487,642
	<u>257,771,493</u>	<u>77,487,642</u>
	<u>₩ 303,630,500</u>	<u>₩ 547,155,927</u>

(b) Details of bank borrowings as at December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

<b>Category</b>	<b>Creditor</b>	<b>Annual interest rate (%) December 31, 2024</b>	<b>2024</b>	<b>2023</b>
<b>Current</b>				
Overdrafts	Wells Fargo Bank and others	SOFR + 1.35%, SOFR + 2.3%, 7.61%, 8.14%, Euribor 3M + 0.05%, Euribor 1M + 0.03%	₩ 7,320,271	₩ 67,297
Collateralized borrowings <sup>1</sup>	Woori Bank and others	-	-	-
Borrowings from financial institutions <sup>1,2,3,4</sup>	Citibank and others	SOFR + 1.5%	19,110,000	399,109,235
Current portion of long-term borrowings <sup>1,2,3,4</sup>	BCF and others	SARON + 0.45%, Euribor 3M + 1.60%, 1.00%, 1.44%, 2.75%	19,412,472	70,491,753
Other borrowings	Shareholder borrowings and others	-	16,264	-
			<u>45,859,007</u>	<u>469,668,285</u>
<b>Non-current</b>				
Borrowings from financial institutions <sup>1</sup>	Woori Bank and others	SOFR + 1.3%, Euribor 3M + 1.60%, SARON + 0.05%, 1.00%, 1.44%, 2.75%	257,771,493	77,487,642
			<u>257,771,493</u>	<u>77,487,642</u>
			<u>₩ 303,630,500</u>	<u>₩ 547,155,927</u>

<sup>1</sup> Borrowings are collateralized with property, plant and equipment and investment properties. (Notes 15 and 18).

<sup>2</sup> Borrowings are collateralized with inventories (Note 14).

<sup>3</sup> Borrowings are collateralized with trade receivables (Note 11).

<sup>4</sup> Borrowings are collateralized with trademarks (Note 17).

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**24. Net Defined Benefit Liabilities (Assets)**

(a) Details of net defined benefit liabilities (assets) recognized in the statements of financial position as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Present value defined benefit obligations	₩ 192,977,937	₩ 161,105,197
Fair value of plan assets	(96,691,856)	(89,642,551)
Net defined benefit liabilities on the consolidated statement of financial position	<u>₩ 96,286,081</u>	<u>₩ 71,462,646</u>

(b) Movements in the defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Beginning balance	₩ 161,105,197	₩ 112,270,403
Current service cost	22,480,721	38,440,107
Interest expense	7,032,702	4,923,341
Remeasurements:		
Actuarial losses (gains) arising from change in demographic assumptions	(177,866)	40,715
Actuarial losses arising from change in financial assumptions	10,497,677	5,337,091
Actuarial losses (gains) arising from experience adjustments	(2,552,078)	4,476,309
Contributions:		
Employees	2,151,644	2,086,634
Payments from plans:		
Benefit payments	(18,261,441)	(6,131,334)
Effect of transfer from and to associates	(535,821)	274,744
Effect of plans revision	5,494,493	-
Exchange differences	5,742,709	(612,813)
Ending balance	<u>₩ 192,977,937</u>	<u>₩ 161,105,197</u>

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

(c) Movements in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Beginning balance	₩	89,642,551	₩	72,205,450
Interest income		2,292,480		2,297,917
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		4,324,295		2,100,176
Contributions:				
Employers		8,859,634		7,023,985
Employees		2,151,644		2,086,634
Payments from plans:				
Benefit payments		(13,341,557)		(1,579,616)
Effect of transfer from and to affiliates		(535,821)		274,744
Exchange differences		3,298,630		5,233,261
Ending balance	₩	<u>96,691,856</u>	₩	<u>89,642,551</u>

(d) The significant actuarial assumptions as at December 31, 2024 and 2023, are as follows:

	<b>Local</b>		<b>Foreign</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Discount rate	4.40%	4.93%	1.10%~7.00%	2.00%~7.00%
Salary growth rate	8.79%	6.53%	2.30%~6.00%	2.50%~6.00%

(e) Plan assets as at December 31, 2024 and 2023, consist of the following:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Property	₩	24,654,294	₩	24,707,001
Current assets		39,703,501		30,962,278
Securities		14,347,924		12,971,863
Loan assets		16,961,517		19,147,850
Others		1,024,620		1,853,559
	₩	<u>96,691,856</u>	₩	<u>89,642,551</u>

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

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

(in thousands of Korean won)

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

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

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

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

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

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

The weighted average duration of the defined benefit obligation is 12.55 years.

(h) The expenses recognized in the current period in relation to defined contribution plan is ₩ 3,824,044 thousand (2023: ₩ 3,958,692 thousand).

(i) Expected contributions to post-employment benefit plans for the year ending December 31, 2025, are ₩ 6,725 million.

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**25. Deferred Tax**

(a) Deferred tax assets and deferred tax liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 14,421,018	₩ 16,054,627
Deferred tax asset to be recovered after more than 12 months	64,306,390	27,710,300
	<u>78,727,408</u>	<u>43,764,927</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(2,592,047)	(2,157,466)
Deferred tax liability to be recovered after more than 12 months	(330,246,363)	(332,663,666)
	<u>(332,838,410)</u>	<u>(334,821,132)</u>
Deferred tax assets, net	33,035,116	24,069,080
Deferred tax liabilities, net	<u>₩ (287,146,118)</u>	<u>₩ (315,125,285)</u>

(b) The gross movement on the deferred tax account for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Beginning balance	₩ (291,056,205)	₩ (284,080,173)
Exchange differences	983,828	(2,658,741)
Income statement charge (Note 35)	24,326,344	(3,029,440)
Tax charged/(credited) directly to equity	11,635,031	(1,287,851)
Ending balance	<u>₩ (254,111,002)</u>	<u>₩ (291,056,205)</u>

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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

(in thousands of Korean won)

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in thousands of Korean won)

	2023					
	Beginning balance	Income statement	Equity	Foreign currency translation	Ending balance	
<b>Deferred tax assets</b>						
Provision for sales promotion	₩ 76,677	₩ (78,983)	₩ -	₩ 2,306	₩ -	
Agent sales	71,680	(28,749)	-	-	42,931	
Loss on valuation of inventories	70,866	14,079,565	-	76,321	14,226,752	
Bad debt expenses	(1,223,440)	2,445,105	-	(17,004)	1,204,661	
Interest related to loan for construction	153,140	338,942	-	(1,829)	490,253	
Post-employment benefit obligations	9,217,366	4,712,382	1,630,464	(680,032)	14,880,180	
Accrued expenses	360,940	218,522	-	821	580,283	
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	2,939,030	(2,117,673)	149,642	-	970,999	
Lease liabilities	(703,920)	7,723,858	-	(401,084)	6,618,854	
Others	296,364	4,572,449	-	(118,799)	4,750,014	
	<u>11,258,703</u>	<u>31,865,418</u>	<u>1,780,106</u>	<u>(1,139,300)</u>	<u>43,764,927</u>	
<b>Deferred tax liabilities</b>						
Accrued income	(760,422)	(1,362,024)	-	-	(2,122,446)	
Agent cost of goods sold	(59,169)	24,149	-	-	(35,020)	
Advanced depreciation provision	(3,699,094)	(86,837)	-	(17,315)	(3,803,246)	
Investments in subsidiaries and jointly controlled entity	(189,205,727)	(10,657,991)	-	-	(199,863,718)	
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(79,988,895)	2,095,313	(5,314,469)	-	(83,208,051)	
Insurance for retirement	(4,368,570)	(1,696,449)	5,744	1,200	(6,058,075)	
<b>Depreciation</b>	(12,377,752)	6,573,489	-	(51,712)	(5,855,975)	
<b>Intangible assets</b>	(3,870,121)	(2,898,021)	-	(578,916)	(7,347,058)	
<b>Depreciation of right-of-use asset</b>	1,563,605	(7,455,414)	-	351,040	(5,540,769)	
Others	(2,572,731)	(19,431,073)	2,240,768	(1,223,738)	(20,986,774)	
	<u>(295,338,876)</u>	<u>(34,894,858)</u>	<u>(3,067,957)</u>	<u>(1,519,441)</u>	<u>(334,821,132)</u>	
	<u>₩ (284,080,173)</u>	<u>₩ (3,029,440)</u>	<u>₩ (1,287,851)</u>	<u>₩ (2,658,741)</u>	<u>₩ (291,056,205)</u>	



# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

(d) Details of unrecognized tax loss carry forwards as deferred tax assets and liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>		<b>2024</b>		<b>2023</b>	<b>Remarks</b>
Tax loss carry forwards <sup>1</sup>	₩	27,840,881	₩	23,213,771	Uncertainty of future taxable profit
Commission expenses, amortization of bad debts		727,769		727,769	No tax effect
Tax credit carry forwards <sup>2</sup>	₩	3,333,387	₩	3,333,878	Uncertainty of future taxable profit

<sup>1</sup> The maturity of tax loss carry forwards is as follows:

<i>(in thousands of Korean won)</i>		<b>2024</b>		<b>2023</b>
2026	₩	5,954,685	₩	4,432,358
2027		3,321,068		3,117,766
2028		10,828,438		10,165,568
2029		7,736,690		5,498,079
	₩	<u>27,840,881</u>	₩	<u>23,213,771</u>

<sup>2</sup> The maturity of tax credit carry forwards is as follows:

<i>(in thousands of Korean won)</i>		<b>2024</b>		<b>2023</b>
2028	₩	133,092	₩	136,577
2029		2,994		-
2030		3,196,042		3,196,042
2031		650		650
2032		609		609
	₩	<u>3,333,387</u>	₩	<u>3,333,878</u>

## **26. Share Capital and Share Premium**

(a) Changes in share capital and share premium as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>		<b>Number of shares (unit: shares)</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Total</b>
January 1, 2023	Beginning balance	<u>44,311,468</u>	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
December 31, 2023	Ending balance	<u>44,311,468</u>	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
January 1, 2024	Beginning balance	<u>44,311,468</u>	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
December 31, 2024	Ending balance	<u>44,311,468</u>	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965

# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

(b) The details of share capital and share premium as at December 31, 2024 and 2023, are as follows:

<i>(in Korean won, except for number of shares)</i>	<b>2024</b>	<b>2023</b>
Number of shares authorized to issue	100,000,000	100,000,000
Par value per share	₩ 500	₩ 500
Number of shares outstanding	44,311,468	44,311,468
Share capital	₩ 22,155,734,000	₩ 22,155,734,000
Share premium	₩ 453,267,231,054	₩ 453,267,231,054

## **27. Other Components of Equity**

(a) The details of other components of equity as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Other comprehensive income:		
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 242,352,090	₩ 272,354,603
Share of other comprehensive loss of associates and joint ventures	5,915,860	(696,177)
Gain (loss) on foreign currency translation	13,671,912	(143,702,064)
Actuarial gain	(6,056,402)	(5,457,937)
Loss on valuation of derivatives	(6,983,376)	(5,034,269)
	<u>248,900,084</u>	<u>117,464,156</u>
Capital adjustments:		
Other capital adjustments	(63,177,128)	(42,812,230)
Treasury shares <sup>1</sup>	(57,003,606)	(15,936,462)
	<u>(120,180,734)</u>	<u>(58,748,692)</u>
	<u>₩ 128,719,350</u>	<u>₩ 58,715,464</u>

<sup>1</sup> Details of treasury shares whose voting power is limited by regulations as at December 31, 2024, are as follows:

<b>Owner</b>	<b>Number of shares</b>	<b>Ownership</b>	<b>Reason for restriction</b>
Treasury shares	1,561,419	3.52%	Commercial Law Article 369, Part II

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

(b) Changes in accumulated other comprehensive income for the year ended December 31, 2024, is as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		
	<b>Beginning</b>	<b>Decrease</b>	<b>Ending</b>
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 272,354,603	₩ (30,002,513)	₩ 242,352,090
Share in other comprehensive income of associate and joint ventures	(696,177)	6,612,037	5,915,860
Gain (loss) on foreign currency translation	(143,702,064)	157,373,976	13,671,912
Remeasurements of net defined benefit liabilities	(5,457,937)	(598,465)	(6,056,402)
Loss on valuation of derivatives	(5,034,269)	(1,949,107)	(6,983,376)
	<u>₩ 117,464,156</u>	<u>₩ 131,435,928</u>	<u>₩ 248,900,084</u>

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

## **28. Retained Earnings**

Retained earnings as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Legal reserves <sup>1</sup>	₩ 11,920,000	₩ 11,920,000
Discretionary reserves <sup>2</sup>	984,000,000	787,000,000
Unappropriated retained earnings	<u>2,086,630,334</u>	<u>1,913,605,857</u>
	<u>₩ 3,082,550,334</u>	<u>₩ 2,712,525,857</u>

<sup>1</sup> 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.

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### 29. Dividends

Dividends paid amount to ₩ 57,025,879 thousand (₩ 1,300 per share) and ₩ 67,115,073 thousand (₩ 1,530 per share) in 2024 and 2023, respectively. A dividend in respect of the year ended December 31, 2024, is to be proposed to shareholders at the 2024 annual general meeting on March 31, 2025. These consolidated financial statements do not reflect this dividend payable.

#### 30. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Salaries	₩ 229,189,101	₩ 208,881,316
Post-employment benefits	17,511,924	11,118,073
Welfare benefit expenses	18,787,864	13,948,299
Travel expense	2,136,050	2,348,926
Communications	4,598,412	4,374,831
Utilities	27,233,088	20,711,091
Tax and duties	6,252,934	6,973,378
Rent expenses	6,955,638	5,239,029
Depreciation	27,907,724	21,370,822
Depreciation of right-of-use assets	20,572,073	18,891,240
Repair and maintenance	18,312,533	14,725,273
Vehicle maintenance	4,856,355	5,168,550
Entertainment	1,638,011	1,428,404
Supplies	1,955,546	1,760,551
Insurance	5,901,797	5,302,216
Publications	663,204	708,997
Training	942,720	464,423
Commission expenses	42,478,181	33,721,292
Samples	8,779,884	9,925,691
Advertising costs	46,724,339	47,379,111
Bad debt expenses	5,912,087	7,954,475
Transportation	3,581,935	4,881,140
Exports	30,751,566	27,572,973
Shipping	2,869,356	2,434,810
Amortization	6,171,862	6,547,694
Overseas marketing	4,211,587	4,056,479
Packaging	4,284,084	3,440,448
Overseas trips	10,510,566	10,583,484
Sales promotion	1,755,479	1,525,982

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Others	17,323,065	14,366,184
	<u>₩ 580,768,965</u>	<u>₩ 517,805,182</u>

**31. Other Income and Expenses**

(a) Details of other income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Gain on valuation of derivatives	₩ 9,695,332	₩ 245,219
Gain on derivative transactions	4,722,190	1,207,326
Gain on valuation of financial asset at fair value through profit or loss	474,012	1,071,672
Gain on disposal of property, plant and equipment	120,352	343,102
Gain on disposal of right-of-use assets	614,175	-
Gain on disposal of intangible assets	77,900	141,246
Gain on foreign currency translation	130,914,764	85,937,529
Gain on foreign currency transaction	157,819,899	102,072,637
Import commission	125,906	69,030
Rental income	1,467,568	1,538,734
Claim income	1,018,076	1,011,991
Miscellaneous income	17,825,378	12,961,355
	<u>₩ 324,875,552</u>	<u>₩ 206,599,841</u>

(b) Details of other expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Loss on valuation of derivatives	₩ 27,277	₩ 167,270
Loss on derivative transactions	56,736	-
Loss on valuation of financial assets at fair value through profit or loss	116,180	887,001
Loss on disposal of property, plant and equipment	1,083,285	734,046
Impairment loss on intangible assets	56,914,011	4,997,742
Other bad debt expenses	1,122,271	248,894
Loss on foreign currency translation	91,964,839	74,652,588
Loss on foreign currency transaction	78,466,114	77,436,851
Donations	5,767,604	4,347,613
Claim expenses	131,500	654,437
Miscellaneous expenses	5,441,018	6,670,773
	<u>₩ 241,090,835</u>	<u>₩ 170,797,215</u>

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

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**32. Breakdown of Expenses by Nature**

Expenses by nature for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Changes in inventories	₩ 103,872,390	₩ (345,257,758)
Raw materials and merchandises purchased	1,900,271,347	2,254,075,945
Employee benefits (Note 33)	681,440,044	584,424,166
Welfare benefit expenses	37,471,942	28,087,034
Depreciation (Notes 15 and 18)	77,735,734	70,075,025
Depreciation of right-of-use assets (Note 16)	23,551,661	21,496,718
Amortization (Note 17)	6,294,312	6,697,720
Commission expenses	71,665,189	63,302,284
Shipping	10,290,150	17,111,880
Overseas marketing	4,211,587	4,056,479
Advertising costs	46,724,339	47,379,111
Exports	31,522,796	28,199,202
Sales promotion	1,755,479	1,525,982
Other expenses	205,449,730	186,056,869
Total of cost of sales and selling and administrative expenses	<u>₩ 3,202,256,700</u>	<u>₩ 2,967,230,657</u>

**33. Employee Benefits**

Employee benefits for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Short-term employee benefits	₩ 648,723,059	₩ 524,842,746
Post-employment benefits and retirement bonus	<u>32,716,985</u>	<u>59,581,421</u>
	<u>₩ 681,440,044</u>	<u>₩ 584,424,167</u>

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

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**34. Financial Income and Costs**

(a) Financial income for the years ended December 31, 2024 and 2023, consists of:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Interest income on short-term bank deposits	₩ 34,517,653	₩ 32,294,954
Dividend income	7,047,148	5,043,500
Others	528,285	129,219
	<u>₩ 42,093,086</u>	<u>₩ 37,467,673</u>

(b) Financial costs for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Interest expense on borrowings	₩ 19,455,548	₩ 19,589,399
Interest expense on lease liabilities	12,091,315	11,497,371
	<u>₩ 31,546,863</u>	<u>₩ 31,086,770</u>

**35. Income Tax Expense**

(a) Income tax expense for the years ended December 31, 2024 and 2023, consists of:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Current tax:		
Current tax on profits for the year	₩ 136,874,298	₩ 118,518,345
Adjustments in respect of prior years	1,089,887	5,144,140
Additional payment of income taxes	-	21,869,938
Deferred tax:		
Origination and reversal of temporary differences (Note 25)	(24,326,344)	3,029,440
Income tax expense <sup>1</sup>	<u>₩ 113,637,841</u>	<u>₩ 148,561,863</u>

<sup>1</sup> Includes the global minimum tax.

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

(b) The reconciliation between the net profit before income tax and income tax expense for the years ended December 31, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Profit before income tax	₩	408,173,398	₩	681,632,544
Tax at domestic tax rates applicable to profits in the respective countries		120,628,786		133,146,623
Tax effects of:				
Non-taxable income		(17,479,896)		(16,957,245)
Expenses not deductible for tax purposes		308,552		1,255,005
Adjustments in respect of prior years		1,089,887		5,144,140
Additional payment of income taxes		-		21,869,938
Tax credit and tax exemption		(1,095,539)		(617,175)
Tax effect of investments in subsidiaries (including effect of changes in tax rate)		9,990,152		12,024,049
Temporary difference for which no deferred tax is recognized		428,577		1,493,765
Others		(232,679)		(8,797,237)
Income tax expense	₩	113,637,841	₩	148,561,863

(c) The income tax (charged)/credited directly to equity as at December 31, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>			<b>2023</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ (39,476,128)	₩ 9,473,614	₩ (30,002,514)	₩ 22,358,558	₩ (5,164,827)	₩ 17,193,731
Remeasurements of net defined benefit liabilities	(3,443,438)	1,075,526	(2,367,912)	(7,686,948)	1,636,208	(6,050,740)
Derivatives	(5,000,366)	1,085,891	(3,914,475)	(11,462,670)	2,240,768	(9,221,902)
	₩ (47,919,931)	₩ 11,635,031	₩ (36,284,900)	₩ 3,208,940	₩ (1,287,851)	₩ 1,921,089

(d) 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. The Group recognized income tax expense amounting to ₩ 4,759 million for the year ended December 31, 2024. The Group applied the exception to recognizing and disclosing information about deferred tax and assets and liabilities related to Pillar Two income Taxes.



**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**36. Earnings per Share**

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

Basic earnings per share for the years ended December 31, 2024 and 2023, is as follows:

<i>(in Korean won, number of shares)</i>	<b>2024</b>	<b>2023</b>
Profit attributable to equity holders of the Parent Company	₩ 427,050,356,020	₩ 515,959,247,534
Weighted average number of ordinary shares outstanding <sup>1</sup>	43,373,280	43,866,061
Basic earnings per share	₩ 9,846	₩ 11,762

<sup>1</sup> Weighted average number of ordinary shares outstanding:

<i>(in number of shares)</i>	<b>2024</b>	<b>2023</b>
Number of ordinary shares outstanding	44,311,468	44,311,468
Weighted average number of treasury shares	(938,188)	(445,407)
Weighted average number of ordinary shares outstanding	43,373,280	43,866,061

**37. Cash Flows**

(a) Cash generated from operations for the years ended December 31, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Profit for the year	₩ 294,535,557	₩ 533,070,681
Adjustments for:		
Income tax expense	113,637,841	148,561,863
Interest income	(35,045,938)	(32,424,172)
Dividend income	(7,047,148)	(5,043,500)
Interest expense	31,546,863	31,086,771
Depreciation	77,735,734	70,075,025
Depreciation of right-of-use assets	23,551,661	21,496,718
Amortization	6,294,312	6,697,720
Post-employment benefits	32,716,985	41,065,532
Gain on disposal of property, plant and equipment	(120,352)	(343,102)
Loss on disposal of property, plant and equipment	1,083,285	734,046
Gain on disposal of intangible assets	(77,900)	(141,246)

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Impairment loss on intangible assets	56,914,011	4,997,742
Gain on lease modification	(614,175)	-
Bad debt expenses	5,912,087	7,954,475
Other bad debt expenses	1,122,271	248,894
Gain on foreign currency translation	(130,914,764)	(85,937,529)
Loss on foreign currency translation	91,964,839	74,652,588
Share of profit (loss) of associates and joint ventures	1,738,125	(2,302,650)
Gain on valuation of financial assets at fair value through profit or loss	(474,012)	(1,071,672)
Loss on valuation of financial assets at fair value through profit or loss	116,180	887,001
Gain on valuation of derivatives	(9,695,332)	(245,219)
Loss on valuation of derivatives	27,277	167,270
Gain on transaction of derivatives	(4,722,190)	(1,207,326)
Loss on transaction of derivatives	56,736	-
	<u>255,706,396</u>	<u>279,909,229</u>
Changes in operating assets and liabilities:		
Decrease in trade receivables	20,003,215	26,515,286
Decrease (increase) in inventories	182,664,476	(293,496,146)
Decrease in other current receivables	9,803,957	4,686,947
Decrease (increase) in other current assets	(39,848,211)	82,788,552
Increase in other non-current assets	(387,303)	(8,919,336)
Increase (decrease) in trade payables	(24,144,469)	79,859,868
Decrease in provisions for other liabilities and charges	(5,208,108)	(1,068,483)
Increase in other current payables	38,989,110	4,857,905
Increase (decrease) in other current liabilities	3,632,551	(223,744)
Increase (decrease) in net defined benefit liabilities	4,483,472	(5,169,624)
Increase in other non-current payables	1,963,766	350,039
	<u>191,952,456</u>	<u>(109,818,736)</u>
	<u>₩ 742,194,409</u>	<u>₩ 703,161,174</u>

(b) Significant non-cash transactions for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	<b>2024</b>	<b>2023</b>
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ (39,476,127)	₩ 22,358,557
Reclassification of construction in progress	28,303,523	28,325,354
Reclassification of current portion of long-term loans	18,062,040	67,330,646
Newly acquired lease contracts and others	12,235,280	38,587,315

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(c) Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024				
	Short-term borrowings	Current portion of long-term borrowings	Long-term borrowings	Lease liabilities	Total
At January 1, 2024	₩ 399,176,532	₩ 70,491,753	₩ 77,487,642	₩ 138,348,446	₩ 685,504,373
Cash flows	(381,833,355)	(71,478,276)	184,920,111	(21,437,584)	(289,829,104)
Exchange differences	9,103,358	2,336,955	13,425,780	8,008,109	32,874,202
Other non-financial changes	-	18,062,040	(18,062,040)	14,456,776	14,456,776
At December 31, 2024	₩ 26,446,535	₩ 19,412,472	₩ 257,771,493	₩ 139,375,747	₩ 443,006,247

(in thousands of Korean won)

(in thousands of Korean won)	2023					
	Short-term borrowings	Current portion of long-term borrowings	Long-term borrowings	Current portion of debentures	Lease liabilities	Total
At January 1, 2023	₩ 224,549,802	₩ 28,815,168	₩ 133,243,898	₩ 9,995,754	₩ 113,428,185	₩ 510,032,807
Cash flows	145,842,493	(30,716,408)	-	(10,000,000)	(19,097,994)	86,028,091
Exchange differences	26,402,398	5,062,347	11,574,390	-	1,345,661	44,384,796
Other non-financial changes	-	67,330,646	(67,330,646)	4,246	39,594,525	39,598,771
Changes in consolidation scope	2,381,839	-	-	-	3,078,069	5,459,908
At December 31, 2023	₩ 399,176,532	₩ 70,491,753	₩ 77,487,642	₩ -	₩ 138,348,446	₩ 685,504,373

### 38. Contingencies and Commitment

(a) The Group's major agreements with domestic financial institutions as at December 31, 2024, are as follows:

(in thousands of Korean won, and in USD)

	Financial institution	Credit line	Outstanding Balance
Overdrafts		KRW 3,000,000	KRW -
Limit loans	Woori Bank and other	KRW 10,000,000	KRW -
L/C	financial institutions	USD 27,000,000	USD 2,116,044
D/A,O/A		USD 15,000,000	USD -

# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

(b) The subsidiary's major agreements with foreign financial institutions as at December 31, 2024, are as follows:

*(in US dollars and Confoederatio Helvetica Franc)*

	Financial institution	Credit line	Outstanding Balance
Borrowings		USD 113,000,000	USD 19,800,938
L/C	Standard Chartered	CHF 616,000	CHF 616,000
Comprehensive limit <sup>1</sup>	Bank and other financial	USD 101,000,000	USD 1,062
Comprehensive limit	institutions	CHF 174,967,000	CHF 168,783,000
FX		CHF 71,000	CHF 71,000

<sup>1</sup> USD 85,000,000 out of USD 101,000,000 is only available for short-term borrowing and bank overdraft and USD 54,000,000 is available for L/C.

(c) As at December 31, 2024, the Group has entered into performance guarantee insurance and others according to product supply contract, amounting to ₩ 412 million.

(d) As at December 31, 2024, the Group is involved in two lawsuits as a plaintiff with litigation amount of ₩ 9,454 million in relation to its business, and one lawsuit as a defendant against the Bangladesh tax authorities with a litigation amount of ₩ 17,883 million. The outcomes of litigations cannot be reasonably estimated; however, the Group expects that these cases would not have any material impact on its consolidated financial statements.

(e) As at December 31, 2024, the Company requested arbitration for the second-largest shareholder of SCOTT CORPORATION SA, a consolidated subsidiary, to International Chamber of Commerce. The request is for confirmation of fact that the second-largest shareholder has seriously violated the shareholder's agreement with the Company and confirmation of the right of call option for the shares of SCOTT CORPORATION SA held by the second-largest shareholder and others. Meanwhile, the second-largest shareholder of SCOTT CORPORATION SA filed an opposition to arbitration on the grounds that the Company had violated the contract between shareholders by voluntarily disclosing the fact that the Company had applied for arbitration with the International Chamber of Commerce in 2022 even though the Company is not obligated to do so. In January 2025, the arbitration tribunal issued an arbitration award regarding the Company's request for arbitration against the second-largest shareholder of SCOTT CORPORATION SA and the opposition to arbitration filed by the second-largest shareholder. The Company received this award in February. The arbitration tribunal recognized the serious violation of the shareholder agreement by the second-largest shareholder and confirmed the Company's right to a call option for the shares of SCOTT CORPORATION SA held by the second-largest shareholder. Additionally, the second-largest shareholder is required to pay the predetermined damages for the serious violation of the shareholder agreement to the Company as per the shareholder agreement. The arbitration tribunal also dismissed all opposition claims filed by the second-largest shareholder against the Company. On February 6, 2025, the Company's Board of directors resolved to exercise the call option for the entire shares of SCOTT CORPORATION SA, but the exercise price has not been determined yet. Considering the uncertainties regarding the acquisition value calculation method, timing, and others, as per the shareholder agreement, the Company has not recognized derivative assets for the call option as of the end of the reporting period.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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

<i>(in thousands of Korean won)</i>		2024		2023
Property, plant and equipment	₩	9,614,608	₩	85,749,744
Investment properties		934,000		1,426,300

(g) As at December 31, 2024, the details of Group's derivative contracts are as follows:

	2024				
	Contract exchange rate	Valuation exchange rate	Purchase amount	Sale amount	
				USD	KRW
			Foreign exchange forwards		
Held for trading	1,308.00	1,465.82	20,000,000	26,160,000,000	-
	1,321.55	1,465.14	10,000,000	13,215,500,000	-
	1,354.00	1,462.36	10,000,000	13,540,000,000	-
	0.8635	0.87	138,969,311	-	120,000,000
	1,388.30	1,431.69	20,000,000	27,766,000,000	-
	1,377.4	1,415.48	10,000,000	13,774,000,000	-

### 39. Non-controlling Interests

(a) The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2024 and 2023, is as follows:

*(in thousands of  
Korean won)*

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

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in thousands of  
Korean won)

		2023									
	Non-controlling interests percentage	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Other components of equity to non-controlling interests	Equity transactions with owners	Accumulated non-controlling interests at the end of the year				
MSH and its subsidiaries	20.00%	₩ 7,455,099	₩ 826,715	₩ -	₩ 119,868	₩ -	₩ 8,401,682				
SCOTT and its subsidiaries	49.99%	292,324,715	16,284,719	-	24,295,118	-	332,904,552				
		₩ 299,779,814	₩ 17,111,434	₩ -	₩ 24,414,986	₩ -	₩ 341,306,234				

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

Summarized statements of financial position as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

		2024	
		MSH and its subsidiaries	SCOTT and its subsidiaries
Current assets	₩	81,802,686	₩ 960,905,963
Non-current assets		41,511,936	343,777,699
	₩	123,314,622	₩ 1,304,683,662
Current liabilities	₩	39,953,320	₩ 597,728,804
Non-current liabilities		13,059,147	304,884,448
	₩	53,012,467	₩ 902,613,252
Equity	₩	70,302,155	₩ 402,070,411

(in thousands of Korean won)

		2023	
		MSH and its subsidiaries	SCOTT and its subsidiaries
Current assets	₩	115,592,554	₩ 1,275,074,865
Non-current assets		36,138,399	333,724,681
	₩	151,730,953	₩ 1,608,799,546
Current liabilities	₩	57,192,910	₩ 842,493,169
Non-current liabilities		9,452,089	165,539,351
	₩	66,644,999	₩ 1,008,032,520
Equity	₩	85,085,954	₩ 600,767,026

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Summarized statements of comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

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

*(in thousands of Korean won)*

	<b>2023</b>			
	<b>MSH and its subsidiaries</b>		<b>SCOTT and its subsidiaries</b>	
Sales	₩	156,536,958	₩	1,242,422,301
Profit for the year		3,492,896		35,514,938
Other comprehensive income		594,181		42,232,550
Total comprehensive income	₩	4,087,077	₩	77,747,488

Summarized cash flows for the years ended December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

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

*(in thousands of Korean won)*

	<b>2023</b>			
	<b>MSH and its subsidiaries</b>		<b>SCOTT and its subsidiaries</b>	
Cash flows from operating activities	₩	11,539,824	₩	(57,336,617)
Cash flows from investing activities		(1,216,642)		(19,954,614)
Cash flows from financing activities		17,577,346		108,945,534
Effects of exchange rate changes on cash and cash equivalents		(266,976)		28,385,412

**Youngone Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Net increase in cash and cash equivalents	27,633,552	60,039,715
Cash and cash equivalents at the beginning of the year	4,322,788	193,700,974
Cash and cash equivalents at the end of the year	₩ 31,956,340	₩ 253,740,689

**40. Related Party Transactions**

(a) Related parties of the Group as at December 31, 2024, are as follows:

2024	
Categories	Name
<b>Parent Company</b>	Youngone Holdings Co., Ltd.
<b>Investments in associates and joint ventures</b>	Scott North Asia Ltd., SCOTT JAPAN INC., IRC <sup>1</sup> , TRANSA Backpacking SA, Ski-service SA, Ski+Velo-Center SVC AG, Trophy Schweiz SA, Scott Network Solutions India Pvt Ltd, Bike Sport Travel AG, YOH CVC Fund 1 Limited Partnership
<b>Others<sup>7</sup></b>	YMSA, Youngone Outdoor, KEPZ <sup>2</sup> , PBI <sup>3</sup> , Qweto GmbH, S-13 <sup>4</sup> , YMSA USA, RAY&CO., YSC <sup>5</sup> , EL MEROSI <sup>6</sup> , YOH LLC, YOH CVC PTE. LTD., GOLDEUWIN KOREA CO.,LTD.

<sup>1</sup> INTERNATIONAL RETAIL CORPORATION SA

<sup>2</sup> KOREAN EPZ(KEPZ) CORPORATION(BD) LIMITED

<sup>3</sup> POIVRE BLANC INTERNATIONAL AG

<sup>4</sup> POIVRE BLANC S-13

<sup>5</sup> YOUNGONE SOURCING COMPANY(BANGLADESH) LTD.

<sup>6</sup> EL MEROSI SAMARKAND LLC.

<sup>7</sup> Other related parties are mainly related companies under the common control.



# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(b) Significant transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

		(in thousands of Korean won)		Sales		Purchases		Other income		Other expenses	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Parent Company	Young-one Holdings Co., Ltd.	₩ 816,286	₩ 1,231,602	₩ -	₩ -	₩ 77,900	₩ 141,246	₩ 5,681,100	₩ 5,568,551		
Associate	Scott North Asia Ltd. <sup>1</sup>	2,872,960	22,521,637	-	-	528,286	129,219	-	23,347		
Other related parties	YMSA <sup>1</sup>	479,616	776,865	49,685,818	40,021,993	-	-	216,885	297,814		
	Youngone Outdoor	235,877,850	211,248,734	-	-	209,542	69,030	336,958	355,442		
	KEPZ	107,012	1,349,889	11,049,290	9,333,526	-	-	-	-		
	PBI <sup>1</sup>	3,965,606	3,621,783	2,005,947	1,775,699	-	-	-	-		
	RAY&CO.	-	-	-	-	-	-	-	-		
Others <sup>3</sup>	OPEN PLUS ARCHITECT CO.,LTD.	-	-	-	-	-	-	430,000	440,000		
	WOONAM B&E PRUON CO.,LTD.	-	-	-	-	-	-	2,800	-		
		₩ 244,119,330	₩ 240,750,510	₩ 62,741,055	₩ 51,131,218	₩ 815,728	₩ 339,495	₩ 6,697,731	₩ 6,707,750		

		(in thousands of Korean won)		Acquisition of right-of-use assets		Dividends paid		Acquisition of investment property <sup>2</sup>	
		2024	2023	2024	2023	2024	2023	2024	2023
Parent Company	Young-one Holdings Co., Ltd.	₩ -	₩ -	₩ 29,102,216	₩ 34,251,070	₩ -	₩ -		
Associate	Scott North Asia Ltd. <sup>1</sup>	-	-	-	-	-	-		
Other related parties	YMSA <sup>1</sup>	-	-	-	-	-	-	58,749,000	
	Youngone Outdoor	-	-	-	-	-	-	-	
	KEPZ	820,713	3,472,306	-	-	-	-	-	
	PBI <sup>1</sup>	-	-	-	-	-	-	-	
	RAY&CO.	-	-	-	-	-	-	-	
Others <sup>3</sup>	OPEN PLUS ARCHITECT CO.,LTD.	-	-	-	-	-	-	-	
	WOONAM B&E PRUON CO.,LTD.	-	-	-	-	-	-	-	
		₩ 820,713	₩ 3,472,306	₩ 29,102,216	₩ 34,251,070	₩ -	₩ -	₩ 58,749,000	

<sup>1</sup> Consolidated financial information of Scott North Asia Ltd., YMSA and PBI.

<sup>2</sup> The amount excludes acquisition tax.

# **Youngone Corporation and Subsidiaries** **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

<sup>3</sup> Although the entity is not the related party of the Company in accordance with Korean IFRS 1024, the entity belongs to the Large Enterprise Group to which the Company also belongs in accordance with the Monopoly Regulation and Fair-Trade Act.

(c) The balances of significant transactions as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)									
		Receivables		Payables		2024		2023	
		2024	2023	2024	2023				
Parent									
Company	Youngone Holdings Co., Ltd.	₩	1,689,720	₩	1,779,431	₩	10,330,626	₩	10,749,880
Associate									
and joint									
ventures	IRC		-		-		-		-
	Scott North Asia Ltd. <sup>1</sup>		9,578,151		28,436,853		120,000		137,694
Other	YMSA <sup>1</sup>		128,690		99,272		9,965,698		8,542,457
	Youngone Outdoor		39,216,622		50,962,555		9,885,777		8,708,811
	KEPZ		37,891,668		31,378,671		52,669,526		45,147,022
	PBI <sup>1</sup>		2,089,226		1,214,306		-		-
	Others		-		-		16,264		-
		₩	90,594,077	₩	113,871,088	₩	82,987,891	₩	73,285,864

<sup>1</sup> Consolidated financial information of Scott North Asia Ltd., YMSA and PBI.

(d) Loans for related parties as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		2024	2023
Associate and joint ventures	IRC <sup>1</sup>	₩ -	₩ -
	Scott North Asia Ltd.	6,800,000	12,000,000
Others	KEPZ	28,529,921	27,254,192
		₩ 35,329,921	₩ 39,254,192

<sup>1</sup> In 2024, allowance for doubtful account was recognized for the loans to IRC, amounting ₩ 14,339,792 thousand.

(e) Borrowings from related parties as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		2024	2023
Others	Others <sup>1</sup>	₩ 16,264	₩ -
		₩ 16,264	₩ -

<sup>1</sup> Includes amounts borrowed from SCOTT shareholders.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(f) The fund transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

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

<sup>1</sup> During 2024, the repayment of lease liabilities of ₩ 1,605,346 thousand and interest expense amounts of ₩ 342,926 thousand are recognized in respect to building lease agreements which the Group has entered with the Parent Company.

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

(in thousands of Korean won)

		2023			
		Loan transactions		Borrowing transactions	
		Loans	Collections	Borrowings	Repayments
Parent					
Company	Youngone Holdings Co., Ltd. <sup>1</sup>	₩ -	₩ -	₩ -	₩ 1,509,251
Associate					
and joint					
ventures	IRC	223,931	-	-	-
	Scott North Asia Ltd.	12,000,000	-	-	-
Other	KEPZ	-	1,256,320	3,472,306	-
	YMSA <sup>2</sup>	-	-	-	906,622
		₩ 12,223,931	₩ 1,256,320	₩ 3,472,306	₩ 2,415,873

<sup>1</sup> During 2023, the repayment of lease liabilities of ₩ 1,509,251 thousand and interest expense amounts of ₩ 423,229 thousand are recognized in respect to building lease agreements which the Group has entered with the Parent Company.

<sup>2</sup> Consolidated financial information of YMSA. There are no right-of-use assets in respect to building lease agreements which the Group has entered with YMSA during the year. The repayment of lease liabilities during the year is ₩ 906,622 thousand and interest expenses amount to ₩ 182,558 thousand.

# Youngone Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(g) Key management compensation for the years ended December 31, 2024 and 2023, consists of:

<i>(in thousands of Korean won)</i>	2024	2023
Salaries	₩ 9,996,290	₩ 8,000,000
Post-employment benefits	4,560,694	2,724,722

(h) As at December 31, 2024, there are no pledges and guarantees for related parties provided by the Group.

(i) With acquisition of management of SCOTT CORPORATION SA in 2015, the Group has entered into an agreement between a founder of merged company and shareholders for maximizing the shareholders' value and mutual cooperation of shareholders. The agreement includes the following details; organization and operation of Board of Directors, restriction of share transaction (for 10 years after transaction), Right of First Refusal after restriction period, Tag along, Call option under limited circumstances as bankruptcy and others.

## 41. Provisions

Details and changes in provisions for other liabilities and charges for the years ended December 31, 2024 and 2023, are as follows:

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

<i>(in thousands of Korean won)</i>	2023				
	Provision for sales returns	Provision for product warranties	Bonuses	Others	Total
Beginning balance	₩ 491,383	₩ 8,657,974	₩ 15,458,204	₩ 1,424,548	₩ 26,032,109
Addition	161,388	(1,360,067)	(181,218)	8,961	(1,370,936)
Changes in exchange rate	6,589	842,481	1,657,040	(4,955)	2,501,155
Ending balance	₩ 659,360	₩ 8,140,388	₩ 16,934,026	₩ 1,428,554	₩ 27,162,328
Current	₩ 659,360	₩ 8,140,388	₩ 16,934,026	₩ 1,428,554	₩ 27,162,328
Non-current	-	-	-	-	-

Provisions for bonus include vacation pay, bonus and others.

## **Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
Youngone Corporation

### **Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We have audited Internal Control over Financial Reporting (ICFR) of Youngone Corporation and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2024, 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 consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information and our report dated March 20, 2025 expressed an unqualified opinion.

### **Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes 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 for Consolidation Purposes**

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

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

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

An audit of ICFR for consolidation purposes 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 ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

**Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes**

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

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect 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.

Samil PricewaterhouseCoopers  
Seoul, Korea  
March 20, 2025

This report is effective as at March 20, 2025, 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 Group's ICFR for consolidation purposes 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 for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

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

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting Officer of Youngone Corporation (the "Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting ("ICFR") for consolidation purposes for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes. We assessed the design and operating effectiveness of ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated ICFR for consolidation purposes 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 for consolidation purposes based on *Best Practice Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting* established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2024, 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 statement which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

March 11, 2025

Sung, Ki Hak  
Chief Executive Officer

Shin, Suk Been  
Internal Control over Financial Reporting Officer