

Youngone Corporation

Separate Financial Statements

December 31, 2023 and 2022

Youngone Corporation
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December 31, 2023 and 2022

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

To the Shareholders and Board of Directors of
Youngone Corporation

Opinion

We have audited the accompanying separate financial statements of Youngone Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate income statement, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of Youngone Corporation as at December 31, 2023 and 2022, and its separate financial performance and its separate 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 as of December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 28, 2024 expressed an unqualified opinion.

Basis for Opinion

We conducted our 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

Impairment assessment of investment in subsidiaries

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

Investment in subsidiaries held by the Company as at December 31, 2023, amounts to ₩ 583,491 million. The investment in subsidiaries is measured at cost in the separate financial statements and the recognition of impairment loss is determined with respect to the Company's investment in subsidiaries in accordance with Korea IFRS 1036 '*Impairment of Assets*'. We focused on this area due to the significant size of investment in subsidiaries and because the determination of the recoverable amounts involves significant management's judgments about discount rate, growth rates and future cash flow forecast and others(Note 20).

In particular, we focused our audit effort on the impairment assessment of SCOTT CORPORATION SA (₩ 130,543 million as at December 31, 2023) in which size of investment in subsidiaries is significant.

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 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Seoul, Korea
March 28, 2024

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

Youngone Corporation
Separate Statements of Financial Position
December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes			2023			2022
Assets							
Current assets							
Cash and cash equivalents	4,7,8	₩		280,789,541,896	₩		89,222,771,270
Short-term financial assets	4,7			411,624,220,000			251,904,000,000
Trade receivables	4,7,11,40			225,439,474,822			226,244,252,554
Derivative assets	4,5,7			245,218,500			-
Inventories	14			12,676,055,806			13,370,274,741
Other receivables	4,7,12			14,051,246,328			9,375,811,959
Other current assets	13			3,209,367,329			2,858,213,619
				<u>948,035,124,681</u>			<u>592,975,324,143</u>
Non-current assets							
Long-term financial assets	4,7,8			607,500,000			609,500,000
Financial assets at fair value through other comprehensive income	4,5,7,10			418,809,025,841			396,450,468,592
Investments in subsidiaries	6,20			583,491,447,295			548,554,228,267
Investments in associates	6,20			45,000,000,000			45,000,000,000
Property, plant and equipment	15,19			92,003,600,603			93,091,808,431
Right-of-use assets	16			9,546,379,158			11,356,134,978
Intangible assets	17			762,581,873			858,760,606
Investment property	18,19			274,140,908,445			199,550,468,242
Other receivables	4,7,12			41,889,561,898			3,808,067,511
Net defined benefit assets	25			-			2,773,757,722
				<u>1,466,251,005,113</u>			<u>1,302,053,194,349</u>
Total assets		₩		<u>2,414,286,129,794</u>	₩		<u>1,895,028,518,492</u>
Liabilities							
Current liabilities							
Trade payable	4,7,21,40	₩		465,674,385,598	₩		118,058,678,064
Current portion of debentures	4,7,24			-			9,995,754,179
Derivative liabilities	4,5,7			167,270,248			2,073,825,551
Current tax liabilities				30,287,217,034			50,412,402,627
Other payables	4,7,21			20,760,291,271			20,283,257,339
Other current liabilities	22,23			1,894,952,756			2,753,860,128
Current lease liabilities	4,7,16			2,068,128,167			2,078,074,867
				<u>520,852,245,074</u>			<u>205,655,852,755</u>
Non-current liabilities							
Net defined benefit liabilities	25			33,058,627			-
Deferred tax liabilities	26			100,332,982,252			93,885,452,201
Non-current lease liabilities	4,7,16			8,300,570,037			9,940,901,304
				<u>108,666,610,916</u>			<u>103,826,353,505</u>
Total liabilities				<u>629,518,855,990</u>			<u>309,482,206,260</u>
Equity							
Share capital	1,27			22,155,734,000			22,155,734,000
Share premium	27			453,267,231,054			453,267,231,054
Retained earnings	29			1,062,288,488,201			875,734,689,009
Other components of equity	28			247,055,820,549			234,388,658,169
Total equity				<u>1,784,767,273,804</u>			<u>1,585,546,312,232</u>
Total liabilities and equity		₩		<u>2,414,286,129,794</u>	₩		<u>1,895,028,518,492</u>

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

Youngone Corporation
Separate Income Statements
Years Ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023		2022	
Revenue	6,40	₩	1,938,194,719,349	₩	2,130,649,097,252
Cost of sales	33,40		<u>1,630,253,778,802</u>		<u>1,807,688,646,920</u>
Gross profit			307,940,940,547		322,960,450,332
Selling and administrative expenses	31,33,34		<u>80,676,146,717</u>		<u>81,396,914,289</u>
Operating profit	6		227,264,793,830		241,563,536,043
Other income	32		96,195,804,968		142,619,851,951
Other expenses	32		91,022,114,836		137,329,042,703
Finance income	35		104,562,108,878		11,566,171,706
Finance costs	35		-		1,475,073,198
Profit before income tax			<u>337,000,592,840</u>		<u>256,945,443,799</u>
Income tax expense	36		<u>(83,331,720,318)</u>		<u>(52,730,913,967)</u>
Profit for the year		₩	<u>253,668,872,522</u>	₩	<u>204,214,529,832</u>
Earnings per share					
Basic earnings per share	37	₩	5,783	₩	4,655

The above separate statements of profit or loss should be read in conjunction with the accompanying notes.

Youngone Corporation
Separate Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

(in Korean won)

	Notes	2023	2022
Profit for the year		<u>₩ 253,668,872,522</u>	<u>₩ 204,214,529,832</u>
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit liabilities	25,28	(4,526,568,144)	(1,674,974,222)
Gain on valuation of financial assets at fair value through other comprehensive income	10	<u>17,193,730,524</u>	<u>62,536,106,985</u>
Other comprehensive income for the year, net of tax		<u>12,667,162,380</u>	<u>60,861,132,763</u>
Total comprehensive income for the year		<u>₩ 266,336,034,902</u>	<u>₩ 265,075,662,595</u>

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

Youngone Corporation
Separate Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(in Korean won)

	Notes	Share capital	Share premium	Retained earnings	Other components of equity	Total equity
Balance at January 1, 2022		₩ 22,155,734,000	₩ 453,267,231,054	₩ 715,386,220,177	₩ 173,527,525,406	₩ 1,364,336,710,637
Total comprehensive income						
Profit for the year		-	-	204,214,529,832	-	204,214,529,832
Gain on valuation of financial assets at fair value through other comprehensive income	10,28	-	-	-	62,536,106,985	62,536,106,985
Remeasurements of net defined benefit liabilities	25,28	-	-	-	(1,674,974,222)	(1,674,974,222)
Total transactions with owners of the Company, recognized directly in equity						
Dividends paid	29,30	-	-	(43,866,061,000)	-	(43,866,061,000)
Balance at December 31, 2022		<u>₩ 22,155,734,000</u>	<u>₩ 453,267,231,054</u>	<u>₩ 875,734,689,009</u>	<u>₩ 234,388,658,169</u>	<u>₩ 1,585,546,312,232</u>
Balance at January 1, 2023		₩ 22,155,734,000	₩ 453,267,231,054	₩ 875,734,689,009	₩ 234,388,658,169	₩ 1,585,546,312,232
Total comprehensive income						
Profit for the year		-	-	253,668,872,522	-	253,668,872,522
Gain on valuation of financial assets at fair value through other comprehensive income	10,28	-	-	-	17,193,730,524	17,193,730,524
Remeasurements of net defined benefit liabilities	25,28	-	-	-	(4,526,568,144)	(4,526,568,144)
Total transactions with owners of the Company, recognized directly in equity						
Dividends paid	29,30	-	-	(67,115,073,330)	-	(67,115,073,330)
Balance at December 31, 2023		<u>₩ 22,155,734,000</u>	<u>₩ 453,267,231,054</u>	<u>₩ 1,062,288,488,201</u>	<u>₩ 247,055,820,549</u>	<u>₩ 1,784,767,273,804</u>

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

Youngone Corporation
Separate Statements of Cash Flows
Years Ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Cash flows from operating activities			
Cash generated from operations	38	₩ 592,891,243,583	₩ 72,205,739,274
Interest received		19,881,769,942	4,620,500,714
Interest paid		-	(1,543,162,729)
Dividends received		78,479,085,443	3,664,988,675
Income tax paid		<u>(100,814,466,250)</u>	<u>(55,399,002,508)</u>
Net cash inflow from operating activities		<u>590,437,632,718</u>	<u>23,549,063,426</u>
Cash flows from investing activities			
Increase in short-term financial instruments, net		(162,994,540,000)	(158,617,375,531)
Decrease in long-term financial instruments		2,000,000	-
Collection of short-term loans		-	12,000,000
Increase in long-term loans		(39,754,685,000)	(1,853,568,600)
Collection of current portion of long-term loans		1,492,257,143	107,976,365,764
Payments for property, plant and equipment		(3,878,067,427)	(1,676,634,102)
Proceeds from disposal of property, plant and equipment		3,181,818	766,548,990
Payments for intangible assets		(96,906,500)	(7,218,080)
Proceeds from disposal of intangible assets		141,246,000	520,000,000
Payments for investment property		(77,453,434,267)	(13,032,200,881)
Increase in guarantee deposits		-	(61,000,000)
Decrease in guarantee deposits		100,000,000	-
Acquisition of financial assets at fair value through other comprehensive income		-	(30,280,835,947)
Payment for investments in subsidiaries		(36,204,131,028)	(4,624,500,000)
Payment for investments in associates		-	(45,000,000,000)
Increase (decrease) in derivatives		<u>(866,500,000)</u>	<u>2,676,349,939</u>
Net cash outflow from investing activities		<u>(319,509,579,261)</u>	<u>(143,202,068,448)</u>
Cash flows from financing activities			
Repayments of current portion of long-term borrowings		(10,000,000,000)	(40,000,000,000)
Increase in other deposits		(581,542,000)	(2,487,580,000)
Decrease in other deposits		2,783,906,000	339,190,000
Repayments of current lease liabilities		(1,670,648,355)	(1,667,923,521)
Dividends paid		<u>(67,115,073,330)</u>	<u>(43,866,061,000)</u>
Net cash outflow from financing activities		<u>(76,583,357,685)</u>	<u>(87,682,374,521)</u>
Effects of exchange rate changes on cash and cash equivalents		<u>(2,777,925,146)</u>	<u>(1,179,184,895)</u>
Net increase (decrease) in cash and cash equivalents		<u>191,566,770,626</u>	<u>(208,514,564,438)</u>
Cash and cash equivalents at the beginning of the year		<u>89,222,771,270</u>	<u>297,737,335,708</u>
Cash and cash equivalents at the end of the year		<u>₩ 280,789,541,896</u>	<u>₩ 89,222,771,270</u>

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

Youngone Corporation

Notes to the Separate Financial Statements

December 31, 2023 and 2022

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, 2023, the Company is headquartered in Jung-gu, Seoul, and the Company has its subsidiaries in Bangladesh, Vietnam and Switzerland, and distribution centers and sales offices in Seoul, Gyeonggi Province and other regions.

The Company's share capital as at December 31, 2023, is ₩ 22,155,734 thousand (2022: ₩ 22,155,734 thousand), and the Company's shareholders and their respective percentage of ownership as at December 31, 2023, are as follows:

	Number of shares	Ownership (%)	Remark
Youngone Holdings Co., Ltd.	22,386,320	50.52	Majority shareholder
Treasury shares	445,407	1.01	Treasury shares
Others	21,479,741	48.47	Others
	44,311,468	100.00	

2. Material Accounting Policies

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

2.1 Basis of Preparation

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

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

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

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

Youngone Corporation

Notes to the Separate Financial Statements

December 31, 2023 and 2022

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

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

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Company

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

(a) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

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

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

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

(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

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

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

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

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(e) New Standard: Korean IFRS 1117 Insurance Contract

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

(f) Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The Company applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Company has no current tax expense related to Pillar Two. The impact of the Pillar Two income taxes is described in Note 36.

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, 2023 reporting periods and have not been early adopted by the Company.

(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 should be applied for annual periods beginning on or after January 1, 2024, and earlier application is

Youngone Corporation

Notes to the Separate Financial Statements

December 31, 2023 and 2022

permitted. The Company is in review for the impact of these amendments 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 should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

(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 should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

(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 should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

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

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

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Notes to the Separate Financial Statements

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2.3 Foreign Currency Translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. 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'.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

2.4 Financial Assets

(a) *Classification*

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

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

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

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

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when, and only when its business model for managing those assets changes.

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

(b) Measurement

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

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

A. Debt instruments

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

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

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

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

(c) Impairment

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

(d) Recognition and derecognition

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

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as "borrowings" in the statement of financial position. (Note 24)

(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

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be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.5 Derivative Instruments

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.

2.6 Trade Receivables

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

2.7 Inventories

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

2.8 Property, Plant and Equipment

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

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

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

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

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2.9 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.

2.10 Intangible Assets

Intangible assets are 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 Company are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Customer contracts acquired in a business combination are recognized at fair value at the acquisition date. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Company amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Software	5 years
Industrial property	5 years

2.11 Investment Property

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

2.12 Impairment of Non-financial Assets

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

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2.13 Trade and Other Payables

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

2.14 Financial Liabilities

(a) Classification and measurement

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

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

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

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of 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.

2.15 Provisions

Provisions for service warranties, make good obligation, and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best

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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.

2.16 Current and Deferred Tax

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

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

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

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

The Company recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries except to the extent that the Company 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 Company recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

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2.17 Employment Benefits

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

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

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

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

2.18 Revenue Recognition

(a) Sales of goods – Export

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

(b) Sales of goods - Domestic

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

(c) Rental income

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

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(d) Interest income

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

(e) Dividend income

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

(f) Customer loyalty program

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

2.19 Leases

(a) Lessor

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

(b) Lessee

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

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

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

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

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

- the amount of the initial measurement of lease liability

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company elected not to apply that revaluation model to buildings held by the Company that are presented in the right-of-use assets.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

(c) Extension and termination options

Extension options are included in a number of property leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Company and not by the respective lessor. Information on critical accounting estimates and assumptions related to the determination of the lease term is presented in Note 3.

(d) Residual value guarantees

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

2.20 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the Board of Directors (Note 6). The Board of Directors, 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.

2.21 Approval of Issuance of the Financial Statements

The separate financial statements 2023 were approved for issue by the Board of Directors on March 8, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

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3. Critical Accounting Estimates and Assumptions

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

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

(a) Impairment of investments in subsidiaries

The Company tests whether investments in subsidiaries has suffered any impairment on an annual basis. The recoverable amount is determined based on value-in-use calculations (Note 20).

(b) Income taxes

The Company's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 26).

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

(c) Fair value of financial instruments

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

(d) Impairment of financial assets

The provision for impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing

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market conditions as well as forward looking estimates at the end of each reporting period (Note 4.1.2).

(e) Net defined benefit liability (asset)

The present value of net defined benefit liability (asset) depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 25).

(f) Leases

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

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

(g) Net realizable value of inventories

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

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4. Financial Risk Management

4.1 Financial Risk Factors

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

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in functional currency	Cash flow forecasting Sensitivity analysis	Forward exchange limit management
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investment in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	Cash equivalents, trade receivables, derivative financial instruments, debt investments and contract assets	Aging analysis 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 Company's risk management is predominantly controlled by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

4.1.1 Market risk

i) Foreign exchange risk

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

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

(in thousands of Korean won)

	2023		2022	
Cash and cash equivalents				
USD	₩	245,978,509	₩	57,693,998
CNY		-		6,480
EUR		865,026		897,965
HKD		-		6,978
JPY		21,850,524		23,316,945
GBP		4,958		4,911
CHF		32,269		28,973
SGD		2,022		1,951
	₩	<u>268,733,308</u>	₩	<u>81,958,201</u>
Short-term financial instruments				
USD	₩	301,461,720	₩	164,749,000
	₩	<u>301,461,720</u>	₩	<u>164,749,000</u>
Trade receivables				
USD	₩	225,749,484	₩	224,391,714
	₩	<u>225,749,484</u>	₩	<u>224,391,714</u>
Other receivables¹				
USD	₩	36,985,968	₩	6,166,609
JPY		-		10,194
	₩	<u>36,985,968</u>	₩	<u>6,176,803</u>
Trade payables				
USD	₩	462,862,054	₩	116,210,023
JPY		1,081,502		-
	₩	<u>463,943,556</u>	₩	<u>116,210,023</u>
Other payables				
USD	₩	1,582,891	₩	1,599,997
EUR		11,717		-
JPY		66,136		-
CHF		421,506		-
	₩	<u>2,082,250</u>	₩	<u>1,599,997</u>

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¹ Current and non-current amounts are included.

As at December 31, 2023 and 2022, if the foreign exchange rate fluctuated by 5% while other variables are fixed, the effects on income before tax would be as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	5% increase	5% decrease	5% increase	5% decrease
USD	₩ 17,286,537	₩ (17,286,537)	₩ 16,759,565	₩ (16,759,565)
CNY	-	-	324	(324)
EUR	42,665	(42,665)	44,898	(44,898)
HKD	-	-	349	(349)
JPY	1,035,144	(1,035,144)	1,166,357	(1,166,357)
CHF	(19,462)	19,462	1,449	(1,449)
GBP	248	(248)	246	(246)
SGD	101	(101)	98	(98)
	<u>₩ 18,345,233</u>	<u>₩ (18,345,233)</u>	<u>₩ 17,973,286</u>	<u>₩ (17,973,286)</u>

ii) Price risk

The Company acquires equity securities (including both listed and unlisted) to manage a liquidity risk and for trading. The Company invests in more than one investment vehicle either directly or indirectly, and the fair value of equity securities (excluding subsidiaries and unlisted equity securities) as at December 31, 2023, is ₩ 418,784,199 thousand (2022: ₩ 396,425,642 thousand) (Note 10).

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

<i>(in thousands of Korean won)</i>	2023		2022	
	Increase	Decrease	Increase	Decrease
Effects on other comprehensive income, net of tax				
Financial assets at fair value through other comprehensive income	₩ 64,409,010	₩ (64,409,010)	₩ 60,098,127	₩ (60,098,127)

iii) Cash flow and fair value interest rate risk

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

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As at December 31, 2023 and 2022, if the interest rate fluctuated by 0.1% while other variables are fixed, the effects on profit before income tax would be as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Increase	Decrease	Increase	Decrease
Loans	₩ 13,440	₩ (13,440)	₩ 3,123	₩ (3,123)
	₩ 13,440	₩ (13,440)	₩ 3,123	₩ (3,123)

4.1.2 Credit Risk

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

(a) Trade receivables and other receivables

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been based on shared credit risk characteristics and the days past due. The expected credit losses include forward-looking information.

Details of the loss allowance on trade receivables as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023				
	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Trade receivables	₩ 222,003,700	₩ 2,937,368	₩ 502,240	₩ 617,326	₩ 226,060,634
Allowance for credit losses	10,858	-	-	610,301	621,159

(in thousands of Korean won)

	2022				
	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Trade receivables	₩ 225,225,263	₩ 1,194,538	₩ 23,144	₩ 206,142	₩ 226,649,087
Allowance for credit losses	203,399	-	-	201,435	404,834

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Movements in the loss allowance provision for trade receivables for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	404,834	₩	241,197
Allowance for trade receivables during the year ¹		216,325		163,637
Write-off		-		-
Ending balance	₩	<u>621,159</u>	₩	<u>404,834</u>

¹ Allowance for trade receivables and unused amounts reversed have been included in the statement of profit or loss within 'selling and administrative expenses' (Note 31).

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

(b) Other financial assets carried 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 Company 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 loss allowance provision for other financial assets at amortized cost for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023					
	Loans		Non-trade receivables		Total	
Beginning balance	₩	100,000	₩	182,998	₩	282,998
Increase in loss allowance		-		527		527
Ending balance	₩	<u>100,000</u>	₩	<u>183,525</u>	₩	<u>283,525</u>

<i>(in thousands of Korean won)</i>	2022					
	Loans		Non-trade receivables		Total	
Beginning balance	₩	100,000	₩	182,998	₩	282,998
Increase in loss allowance		-		-		-
Ending balance	₩	<u>100,000</u>	₩	<u>182,998</u>	₩	<u>282,998</u>

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(c) *Maximum exposures to credit risk*

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

<i>(in thousands of Korean won)</i>	2023		
	Book amount without deduction	Allowance for trade receivables	Book amount (maximum exposure)
Cash and cash equivalents ¹	₩ 280,648,192	₩ -	₩ 280,648,192
Short-term financial instruments	411,624,220	-	411,624,220
Trade receivables	226,060,634	(621,159)	225,439,475
Other receivables ²	56,224,333	(283,525)	55,940,808
Long-term financial instruments	607,500	-	607,500
	<u>₩ 975,164,879</u>	<u>₩ (904,684)</u>	<u>₩ 974,260,195</u>

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

² Current and non-current amounts are included.

<i>(in thousands of Korean won)</i>	2022		
	Book amount without deduction	Allowance for trade receivables	Book amount (maximum exposure)
Cash and cash equivalents ¹	₩ 89,047,474	₩ -	₩ 89,047,474
Short-term financial instruments	251,904,000	-	251,904,000
Trade receivables	226,649,087	(404,834)	226,244,253
Other receivables ²	13,466,877	(282,998)	13,183,879
Long-term financial instruments	609,500	-	609,500
	<u>₩ 581,676,938</u>	<u>₩ (687,832)</u>	<u>₩ 580,989,106</u>

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

² Current and non-current amounts are included.

4.1.3 Liquidity Risk

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

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

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

		2023					
<i>(in thousands of Korean won)</i>	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	Total	
Trade payables	₩ 465,674,386	₩ -	₩ -	₩ -	₩ -	₩ 465,674,386	
Other payables	20,760,291	-	-	-	-	20,760,291	
Lease liabilities	528,552	1,585,656	2,134,442	6,403,325	923,990	11,575,965	
Derivative financial instruments held for trading							
Outflow	38,561,000	25,349,000	-	-	-	63,910,000	
(Inflow)	<u>(38,507,742)</u>	<u>(25,480,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,987,948)</u>	
	<u>₩ 53,258</u>	<u>₩ (131,206)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ (77,948)</u>	
		2022					
<i>(in thousands of Korean won)</i>	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	Total	
Trade payables	₩ 118,058,678	₩ -	₩ -	₩ -	₩ -	₩ 118,058,678	
Other payables	20,283,257	-	-	-	-	20,283,257	
Debentures	52,075	10,052,075	-	-	-	10,104,150	
Lease liabilities	531,831	1,595,492	2,109,023	6,162,368	2,936,506	13,335,220	
Derivative financial instruments held for trading							
Outflow	7,094,500	32,704,500	-	-	-	39,799,000	
(Inflow)	<u>(6,326,596)</u>	<u>(31,398,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,725,174)</u>	
	<u>₩ 767,904</u>	<u>₩ 1,305,922</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 2,073,826</u>	

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4.2 Capital Risk Management

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

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

<i>(in thousands of Korean won)</i>	2023		2022	
Total liabilities	₩	629,518,856	₩	309,482,206
Total equity		1,784,767,274		1,585,546,312
Debt-to-equity ratio		35.27%		19.52%

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, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	₩ 418,784,199	₩ -	₩ 24,827	₩ 418,809,026
Derivative assets	-	245,219	-	245,219
Financial liability				
Derivative liability	-	167,270	-	167,270

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	2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	₩ 396,425,642	₩ -	₩ 24,827	₩ 396,450,469
Financial liability				
Derivative liability	-	2,073,826	-	2,073,826

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

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

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

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

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

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

(in thousands of Korean won)

	2023		2022	
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through other comprehensive income	
Beginning balance	₩	24,827	₩	120,827
Evaluated		-		(96,000)
Disposed		-		-
Ending balance	₩	24,827	₩	24,827

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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, 2023, are as follows:

	2023				
	Fair value	Level	Valuation techniques	Inputs	Range of inputs
<i>(in thousands of Korean won)</i>					
Derivative instruments					
Derivative assets (liabilities)	₩ 77,948	2	Option pricing model	Annual rates of credit volatility Credit risk of counterparty	N/A N/A

6. Operating Segment Information

(a) The Company's reportable segments are organized into OEM, brand distribution and other business segments.

(b) Profit or loss by each segment for the years ended December 31, 2023 and 2022, are as follows:

	2023		
	OEM	Brand distribution and others ²	Total
<i>(in thousands of Korean won)</i>			
Sales	₩ 1,916,767,078	₩ 21,427,641	₩ 1,938,194,719
Operating income ¹	216,636,837	10,627,957	227,264,794
Depreciation and amortization ²	2,482,753	5,235,896	7,718,649
Depreciation of right-of-use assets ²	1,678,351	131,388	1,809,739

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

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

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	2022		
	OEM	Brand distribution and others ²	Total
Sales	₩ 2,109,025,707	₩ 21,623,390	₩ 2,130,649,097
Operating income ¹	230,283,676	11,279,860	241,563,536
Depreciation and amortization ²	2,779,846	5,004,046	7,783,892
Depreciation of right-of-use assets ²	1,715,606	128,755	1,844,361

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

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

(c) Segment assets and liabilities as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			
	OEM	Brand distribution and others	Adjustment ^{3,4}	Total
Assets ¹	₩ 1,212,885,954	₩ 94,949,528	₩ 1,106,450,649	₩ 2,414,286,131
Investments in subsidiaries	312,667,668	270,823,779	-	583,491,447
Investments in associates	-	45,000,000	-	45,000,000
Purchase of non-current assets ²	75,520,602	5,912,053	-	81,432,655
Liabilities ²	451,149,928	35,317,807	143,051,120	629,518,855

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

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

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

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

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(in thousands of Korean won)

	2022			
	OEM	Brand distribution and others	Adjustment^{3,4}	Total
Assets ¹	₩ 824,341,675	₩ 61,866,296	₩ 1,008,820,548	₩ 1,895,028,519
Investments in subsidiaries	313,934,880	234,619,348	-	548,554,228
Investments in associates	-	45,000,000	-	45,000,000
Purchase of non-current assets ²	13,780,243	1,034,198	-	14,814,441
Liabilities ¹	128,684,266	9,657,669	171,140,271	309,482,206

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

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

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

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

(d) Details of external customers, who contribute more than 10% of the Company's revenue for the years ended December 31, 2023 and 2022, are as follows:

<i>(in billions of Korean won)</i>	2023		2022		Segments
Customer 1	₩	452.3	₩	445.6	OEM
Customer 2		328.0		387.5	OEM
Customer 3		252.9		329.8	OEM
Customer 4		189.3		95.7	OEM

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7. Financial Instruments by Category

7.1 Carrying Amounts of Financial Instruments by Category

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

(in thousands of Korean won)

	2023										
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at amortized liabilities	Other financial assets and liabilities	Financial liabilities at fair value through profit or loss	Total				
Financial assets											
Cash and cash equivalents	₩ 280,789,542	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 280,789,542				
Long-term and short-term financial instruments	412,231,720	-	-	-	-	-	412,231,720				
Derivative assets	-	245,219	-	-	-	-	245,219				
Financial assets at fair value through other comprehensive income	-	-	418,809,026	-	-	-	418,809,026				
Trade receivables	225,439,475	-	-	-	-	-	225,439,475				
Other receivables	55,940,808	-	-	-	-	-	55,940,808				
	<u>₩ 974,401,545</u>	<u>₩ 245,219</u>	<u>₩ 418,809,026</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,393,455,790</u>				
Financial liabilities											
Trade payables	₩ -	₩ -	₩ -	₩ 465,674,386	₩ -	₩ -	₩ 465,674,386				
Derivative liabilities	-	-	-	-	-	167,270	167,270				
Other payables	-	-	-	20,760,291	-	-	20,760,291				
Lease liabilities	-	-	-	-	10,368,698	-	10,368,698				
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 486,434,677</u>	<u>₩ 10,368,698</u>	<u>₩ 167,270</u>	<u>₩ 496,970,645</u>				

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	2022													
	Financial assets at amortized cost		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Financial liabilities at amortized liabilities		Other financial assets and liabilities		Financial liabilities at fair value through profit or loss		Total	
Financial assets														
Cash and cash equivalents	₩	89,222,771	₩	-	₩	-	₩	-	₩	-	₩	-	₩	89,222,771
Long-term and short-term financial instruments		252,513,500		-		-		-		-		-		252,513,500
Derivative assets		-		-		-		-		-		-		-
Financial assets at fair value through other comprehensive income		-		-		396,450,468		-		-		-		396,450,468
Trade receivables		226,244,253		-		-		-		-		-		226,244,253
Other receivables		13,183,879		-		-		-		-		-		13,183,879
	₩	581,164,403	₩	-	₩	396,450,468	₩	-	₩	-	₩	-	₩	977,614,871
Financial liabilities														
Trade payables	₩	-	₩	-	₩	-	₩	118,058,678	₩	-	₩	-	₩	118,058,678
Derivative liabilities		-		-		-		-		-		2,073,826		2,073,826
Other payables		-		-		-		20,283,257		-		-		20,283,257
Lease liabilities		-		-		-		-		12,018,976		-		12,018,976
Debentures		-		-		-		9,995,754		-		-		9,995,754
	₩	-	₩	-	₩	-	₩	148,337,689	₩	12,018,976	₩	2,073,826	₩	162,432,491

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7.2 Net Gains or Losses by Category of Financial Instruments

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

<i>(in thousands of Korean won)</i>	2023	2022
Financial assets at fair value through other comprehensive income		
Gain on valuation (other comprehensive income)	₩ 22,358,557	₩ 78,118,337
Dividend income	4,460,405	3,664,988
Derivative assets and liabilities		
Gain (loss) on valuation	77,948	(30,000)
Gain on transaction	1,207,326	2,601,964
Financial asset at amortized cost		
Interest income	26,083,023	7,592,922
Foreign exchange gain (loss)	10,983,252	(6,427,613)
Financial liabilities at amortized cost		
Interest expense	-	1,019,969
Foreign exchange gain (loss)	(1,878,117)	15,871,631
Gain on redemption of debentures	-	308,261
Other financial liabilities		
Interest expense	-	455,104
Foreign exchange loss	(20,387)	(88,035)

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8. Cash and Cash Equivalents

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

<i>(in thousands of Korean won)</i>	2023		2022	
Cash in hand	₩	141,350	₩	175,297
Short-term financial institution deposits		<u>280,648,192</u>		<u>89,047,474</u>
	₩	<u>280,789,542</u>	₩	<u>89,222,771</u>

9. Restricted Financial Instruments

Restricted financial instruments as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Financial institution	2023		2022		Reason of restriction
Long-term financial Instruments and others	Shinhan Bank and others	₩	7,500	₩	9,500	Guarantee deposit
	Kookmin Bank		600,000		600,000	Pledged
	Woori Bank		<u>2,748</u>		<u>2,748</u>	Pledged
		₩	<u>610,248</u>	₩	<u>612,248</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, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Listed securities	₩	418,784,199	₩	396,425,642
Unlisted securities		<u>24,827</u>		<u>24,827</u>
	₩	<u>418,809,026</u>	₩	<u>396,450,469</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.

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

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	396,450,469	₩	288,051,295
Acquisitions		-		30,280,837
Valuation		<u>22,358,557</u>		<u>78,118,337</u>
Ending balance	₩	<u>418,809,026</u>	₩	<u>396,450,469</u>

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

<i>(in thousands of Korean won)</i>	2023				2022	
	Number of Shares	Percentage of ownership(%)	Acquisition cost	Fair Value	Book amount	Book amount
GOLDWIN INC. ¹	4,109,400	8.66	₩ 26,385,268	₩ 380,111,655	₩ 380,111,655	₩ 374,073,299
HUVIS CORPORATION	485,708	1.41	5,267,403	2,001,117	2,001,117	2,372,684
ILSHIN SPINNING CO., LTD. ²	194,530	0.81	2,017,250	1,727,427	1,727,427	2,003,659
HANJINKAL	480,000	0.72	30,015,000	34,944,000	34,944,000	17,976,000
			<u>₩ 63,684,921</u>	<u>₩ 418,784,199</u>	<u>₩ 418,784,199</u>	<u>₩ 396,425,642</u>

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

² The number of shares of ILSHIN SPINNING CO., LTD. increased due to the share split.

11. Trade receivables

(a) Trade receivables and its provisions for impairment as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Trade receivables	₩	226,060,634	₩	226,649,087
Less: Allowance for trade receivables		<u>(621,159)</u>		<u>(404,834)</u>
Trade receivable, net	₩	<u>225,439,475</u>	₩	<u>226,244,253</u>

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

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12. Other Receivables

(a) Other receivables as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Current		
Short-term loans	₩ 100,000	₩ 100,000
Provisions for impairment	(100,000)	(100,000)
Current portion of long-term loans	1,373,281	1,942,171
Accrued income	9,385,216	3,292,637
Non-trade receivables	3,476,274	4,324,002
Provisions for impairment	<u>(183,525)</u>	<u>(182,998)</u>
	<u>14,051,246</u>	<u>9,375,812</u>
Non-current		
Long-term loans	39,306,280	1,124,786
Rent deposits	<u>2,583,282</u>	<u>2,683,282</u>
	<u>41,889,562</u>	<u>3,808,068</u>
	<u>₩ 55,940,808</u>	<u>₩ 13,183,880</u>

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

13. Other Current Assets

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

<i>(in thousands of Korean won)</i>	2023	2022
Current		
Prepaid expenses	₩ 542,792	₩ 685,335
Advances	3,166,575	2,672,879
Provisions for impairment	<u>(500,000)</u>	<u>(500,000)</u>
	<u>₩ 3,209,367</u>	<u>₩ 2,858,214</u>

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14. Inventories

(a) Inventories as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Merchandise	₩	4,777,499	₩	5,892,778
Valuation allowance		(3,268,938)		(4,657,642)
Raw materials		9,556,503		10,571,906
Goods in transit		1,610,992		1,563,233
	₩	<u>12,676,056</u>	₩	<u>13,370,275</u>

(b) The cost of inventories recognized as 'cost of sales' amounted to ₩ 1,630,253,779 thousand (2022: ₩ 1,807,688,647 thousand) (Note 33).

15. Property, Plant and Equipment

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

<i>(in thousands of Korean won)</i>	2023								
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Facilities	Construction in progress	Total
Opening net book amount	₩ 32,150,369	₩ 44,618,722	₩ 640,860	₩ 4,560,610	₩ 416,949	₩ 6,120,075	₩ 172,407	₩ 4,411,818	₩ 93,091,810
Acquisitions	-	-	-	-	607,112	1,925,857	182,400	1,162,699	3,878,068
Transfer	-	(307,413)	-	-	-	-	-	-	(307,413)
Disposals/impairment	-	-	-	-	(540)	-	-	-	(540)
Depreciation	-	(1,480,060)	(39,639)	(2,300,795)	(191,872)	(633,373)	(12,585)	-	(4,658,324)
Closing net book amount	<u>32,150,369</u>	<u>42,831,249</u>	<u>601,221</u>	<u>2,259,815</u>	<u>831,649</u>	<u>7,412,559</u>	<u>342,222</u>	<u>5,574,517</u>	<u>92,003,601</u>
Acquisition cost	32,150,369	58,503,936	1,214,857	22,461,373	2,444,640	27,265,852	682,591	5,574,517	150,298,135
Accumulated depreciation	-	(15,672,687)	(613,636)	(20,201,558)	(1,612,991)	(19,853,293)	(340,369)	-	(58,294,534)
Net book amount	<u>₩ 32,150,369</u>	<u>₩ 42,831,249</u>	<u>₩ 601,221</u>	<u>₩ 2,259,815</u>	<u>₩ 831,649</u>	<u>₩ 7,412,559</u>	<u>₩ 342,222</u>	<u>₩ 5,574,517</u>	<u>₩ 92,003,601</u>

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	2022								
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Facilities	Construction in progress	Total
Opening net book amount	₩ 32,150,369	₩ 46,100,864	₩ 681,886	₩ 5,066,917	₩ 279,870	₩ 6,127,334	₩ 184,455	₩ 6,383,396	₩ 96,975,091
Acquisitions	-	-	-	10,078	304,031	708,880	-	653,645	1,676,634
Transfer	-	-	-	2,625,223	-	-	-	(2,625,223)	-
Disposals/ impairment	-	-	-	(509,612)	-	-	-	-	(509,612)
Depreciation	-	(1,482,142)	(41,026)	(2,631,997)	(166,953)	(716,139)	(12,048)	-	(5,050,305)
Closing net book amount	<u>32,150,369</u>	<u>44,618,722</u>	<u>640,860</u>	<u>4,560,609</u>	<u>416,948</u>	<u>6,120,075</u>	<u>172,407</u>	<u>4,411,818</u>	<u>93,091,808</u>
Acquisition cost	32,150,369	58,837,024	1,214,858	22,461,372	1,853,702	25,339,997	500,191	4,411,818	146,769,331
Accumulated depreciation	-	(14,218,302)	(573,998)	(17,900,763)	(1,436,754)	(19,219,922)	(327,784)	-	(53,677,523)
Net book amount	<u>₩ 32,150,369</u>	<u>₩ 44,618,722</u>	<u>₩ 640,860</u>	<u>₩ 4,560,609</u>	<u>₩ 416,948</u>	<u>₩ 6,120,075</u>	<u>₩ 172,407</u>	<u>₩ 4,411,818</u>	<u>₩ 93,091,808</u>

Depreciation expense has been included in the 'selling and administrative expenses' (Note 31).

(b) During 2023, the Company has capitalized borrowing costs amounting to ₩ 79,483 thousand (2022: ₩ 104,431 thousand) on property, plant and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 3.66% (2022: 2.47%).

16. Leases

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

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

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

<i>(in thousands of Korean won)</i>	2023	2022
Right-of-use assets		
Buildings	₩ 9,546,379	₩ 11,356,135
	<u>₩ 9,546,379</u>	<u>₩ 11,356,135</u>

<i>(in thousands of Korean won)</i>	2023	2022
Lease liabilities		
Current	₩ 2,114,208	₩ 2,124,154
Present value discounts	(46,080)	(46,079)
Non-current	9,461,757	11,558,765

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Present value discounts	(1,161,187)	(1,617,864)
	<u>₩ 10,368,698</u>	<u>₩ 12,018,976</u>

There are no additions to the right-of-use assets during the 2023 financial year.

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

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

<i>(in thousands of Korean won)</i>	2023		2022	
Depreciation of right-of-use assets				
Buildings	₩	1,809,739	₩	1,844,361
	₩	<u>1,809,739</u>	₩	<u>1,844,361</u>
Interest expense relating to lease liabilities (included in finance cost) ¹	₩	456,677	₩	455,104
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)		28,974		19,501

¹ Interest expense relating to lease liabilities amounting to ₩ 456,677 thousand was transferred as capitalized borrowing costs that are qualifying assets.

The total cash outflow for leases in 2023 was ₩ 2,156,299 thousand (2022: ₩ 2,142,529 thousand).

17. Intangible Assets

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

<i>(in thousands of Korean won)</i>	2023			
	Industrial property	Software	Membership rights	Total
Opening net book amount	₩ 13,479	₩ 451,597	₩ 393,684	₩ 858,760
Acquisitions	-	96,907	-	96,907
Amortization	(8,517)	(184,568)	-	(193,085)
Disposals	-	-	-	-
Closing net book amount	<u>4,962</u>	<u>363,936</u>	<u>393,684</u>	<u>762,582</u>
Acquisition cost	308,250	5,700,063	393,684	6,401,997
Accumulated amortization	<u>(303,288)</u>	<u>(5,336,127)</u>	-	<u>(5,639,415)</u>
Net book amount	<u>₩ 4,962</u>	<u>₩ 363,936</u>	<u>₩ 393,684</u>	<u>₩ 762,582</u>

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<i>(in thousands of Korean won)</i>	2022			
	Industrial property	Software	Membership rights	Total
Opening net book amount	₩ 23,723	₩ 690,433	₩ 913,684	₩ 1,627,840
Acquisitions	7,068	150	-	7,218
Amortization	(17,312)	(238,985)	-	(256,297)
Disposals	-	-	(520,000)	(520,000)
Closing net book amount	<u>13,479</u>	<u>451,598</u>	<u>393,684</u>	<u>858,761</u>
Acquisition cost	308,250	5,603,157	393,684	6,305,091
Accumulated amortization	<u>(294,771)</u>	<u>(5,151,559)</u>	-	<u>(5,446,330)</u>
Net book amount	<u>₩ 13,479</u>	<u>₩ 451,598</u>	<u>₩ 393,684</u>	<u>₩ 858,761</u>

Amortization is included in the 'selling and administrative expenses in the statement of profit or loss' (Note 31).

18. Investment Property

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

<i>(in thousands of Korean won)</i>	2023	2022
Opening net book amount	₩ 199,550,468	₩ 188,995,557
Acquisitions	77,457,680	13,032,201
Disposals	-	-
Depreciation	(2,867,240)	(2,477,290)
Transfer	-	-
Closing net book amount	<u>274,140,908</u>	<u>199,550,468</u>
Acquisition cost	301,903,839	224,446,159
Accumulated depreciation	<u>(27,762,931)</u>	<u>(24,895,691)</u>
Net book amount	<u>₩ 274,140,908</u>	<u>₩ 199,550,468</u>

(b) Fair value of investment property as at December 31, 2023, is ₩ 393,908,668 thousand (2022: ₩ 341,797,241 thousand).

(c) Rent income from investment property during the year ended December 31, 2023, is ₩ 12,514,966 thousand (2022: ₩ 10,666,778 thousand).

(d) During 2023, the Company has capitalized borrowing costs amounting to ₩ 448,534 thousand (2022: ₩ 274,718 thousand) on investment property that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be

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capitalized is 3.66% (2022: 2.47%).

19. Collateralized Assets

(a) There are no collateralized assets related to the Company's borrowings as at December 31, 2023.

(b) Collateralized assets related to the Company's borrowings as at December 31, 2022, are as follows:

(in thousands of Korean won, USD)

Collateralized assets ¹	Location	Financial institution	Collateralized amount
Geumgwang-dong Company Building (Land and buildings)	293 Gwangmyung-ro, Jungwon-gu, Sunghnam	Shinhan Bank	KRW 5,750,000
Wolgok-dong Company Building (Land and buildings)	37 Opaesan-ro, Seongbuk-gu, Seoul	Woori Bank	USD 2,400,000
			KRW 8,460,000

¹ Collateralized assets include investment property.

20. Investments in Subsidiaries and Associate

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

(in thousands of Korean won)	Ownership	2023	2022	Ending month	Location
Subsidiaries					
YCL ^{1,34}	49.66%	₩ 36,923,591	₩ 36,923,591	December	Bangladesh
TSL ²	100.00%	49,832,269	49,832,269	December	Bangladesh
KSL ^{3,34}	39.60%	10,056,353	10,056,353	December	Bangladesh
YHT ^{4,36}	100.00%	126,945,139	123,947,934	December	Bangladesh
SSL ^{5,36}	0.00%	-	2,997,205	December	Bangladesh
YPL ⁶	100.00%	15,862,197	15,862,197	December	Bangladesh
YGA ⁷	100.00%	7,521,581	7,521,581	December	Bangladesh
SDF ⁸	100.00%	2,511,949	2,511,949	December	Bangladesh
YSF ^{9,34}	44.06%	3,002,105	3,002,105	December	Bangladesh
STL ¹⁰	100.00%	2,498,825	2,498,825	December	Bangladesh
YSS ¹¹	93.60%	20,308,641	20,308,641	December	Bangladesh
SLS ¹²	100.00%	111,530	111,530	December	Bangladesh
YSP ¹³	100.00%	-	-	December	China
GMC ¹⁴	100.00%	252,060	252,060	December	China

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<i>(in thousands of Korean won)</i>	Ownership	2023	2022	Ending month	Location
Subsidiaries					
YNL ¹⁵	100.00%	39,367,253	39,367,253	December	Vietnam
YBL ¹⁶	100.00%	6,625,900	6,625,900	December	Vietnam
YHL ¹⁷	100.00%	8,683,000	8,683,000	December	Vietnam
YLS ¹⁸	100.00%	5,366,035	5,366,035	December	El Salvador
ESL ¹⁹	100.00%	2,314,711	2,314,711	December	Hong Kong
DTL ²⁰	100.00%	3,254,326	3,254,326	December	Thailand
YTL ²¹	100.00%	-	-	December	Turkey
AAI ^{22,34}	40.00%	22,743,740	22,743,740	December	U.K. (IOM)
SQA ²³	100.00%	6,579,758	7,846,969	December	Uzbekistan
MSH ²⁴	100.00%	55,023,768	29,111,768	December	U.S.A.
SCOTT ²⁵	50.01%	130,543,000	130,543,000	September	Switzerland
BPL ²⁶	100.00%	217,707	217,707	December	Taiwan
ESP ²⁷	100.00%	1,727,669	1,727,669	December	Ethiopia
BKS ²⁸	100.00%	6,281,757	6,281,757	December	Uzbekistan
DTI ²⁹	100.00%	78	78	December	New Zealand
YIA ³⁰	100.00%	16,163,460	5,871,360	December	Singapore
YES ³¹	100.00%	2,772,715	2,772,715	December	Portugal
ASI ³³	100.00%	330	-	December	Guatemala
		<u>583,491,447</u>	<u>548,554,228</u>		
Associate					
YOH CVC					
FUND1 LP ^{32,35}	52.94%	<u>45,000,000</u>	<u>45,000,000</u>	December	Singapore
Total		<u>₩ 628,491,447</u>	<u>₩ 593,554,228</u>		

¹ YOUNGONE (CEPZ) LTD.

² TITAS SPORTSWEAR INDUSTRIES LTD.

³ KARNAPHULI SPORTSWEAR INDUSTRIES LTD.

⁴ YOUNGONE HI-TECH SPORTSWEAR INDUSTRIES LTD.

⁵ SAVAR SPORTSWEAR CO., LTD.

⁶ YOUNGONE PADDING (CEPZ) LTD.

⁷ YOUNGONE GARMENT ACCESSORIES INDUSTRIES LTD.

⁸ SAVAR DYEING & FINISHING INDUSTRIES LTD.

⁹ YOUNGONE SYNTHETIC FIBRE PRODUCTS INDUSTRIES LTD.

¹⁰ SUNGNAM TEXTILES MILLS LTD.

¹¹ YOUNGONE SPORTS SHOES INDUSTRIES LTD.

¹² SUNGNAM LEATHER AND SPORTS PRODUCT INDUSTRIES LTD.

¹³ QINGDAO YOUNGONE SPORTS PRODUCTS CO., LTD.

¹⁴ QINGDAO YOUNGONE SPORTSWEAR CO., LTD.

¹⁵ YOUNGONE NAM DINH CO., LTD.

¹⁶ YOUNGONE BAC GIANG CO., LTD.

¹⁷ YOUNGONE HUNG YEN CO., LTD.

¹⁸ YOUNGONE (EL SALVADOR) S.A DE C.V.

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¹⁹ EVER SUMMIT (HK) LTD.

²⁰ DONGNAMA TRADING CO., LTD.

²¹ YOUNGONE (ISTANBUL) APPAREL SANAYI VE TICARET LTD. SIRKETI

²² ARIRANG AVIATION IOM LTD

²³ YOUNGONE SAMARKAND LLC.

²⁴ MOUNTAIN SUMMIT HOLDINGS, LTD.

²⁵ SCOTT CORPORATION SA

²⁶ BROAD PEAK INTERNATIONAL LTD.

²⁷ EVERTOP SPORTSWEAR PLC.

²⁸ BUKA SPORTSWEAR LLC.

²⁹ DESIGNER TEXTILES INTERNATIONAL LTD.

³⁰ YOUNGONE INTERNATIONAL ASIA PTE LTD

³¹ YOUNGONE CORPORATION EUROPE SGPS

³² YOH CVC Fund 1 Limited Partnership

³³ AMATITLAN SUNGNAM INDUSTRIES SA

³⁴ The Company has over a 50% stake, including indirect ownership percentages.

³⁵ 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.

³⁶ SSL was merged with YHT for the year ended December 31, 2023.

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

<i>(in thousands of Korean won)</i>	2023	2022
Beginning balance	₩ 593,554,228	₩ 543,929,728
Acquisitions	36,537,219	49,624,500
Impairment loss	(1,600,000)	-
Ending balance	<u>₩ 628,491,447</u>	<u>₩ 593,554,228</u>

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21. Trade and Other Payables

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

<i>(in thousands of Korean won)</i>	2023	2022
Current		
Trade payables	₩ 465,674,386	₩ 118,058,678
Other payables		
Non-trade payables	2,223,454	5,485,305
Accrued expenses	5,313,311	3,776,790
Rent deposits	13,223,526	11,021,162
	<u>20,760,291</u>	<u>20,283,257</u>
	<u>₩ 486,434,677</u>	<u>₩ 138,341,935</u>

22. Other Current Liabilities

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

<i>(in thousands of Korean won)</i>	2023	2022
Current		
Customer advances	₩ 160,042	₩ 925,338
Withholdings	1,734,911	1,828,522
	<u>₩ 1,894,953</u>	<u>₩ 2,753,860</u>

23. Contract Assets and Liabilities

(a) The Company has recognized the contract assets and liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Contract liabilities – unsatisfied performance obligations ¹	₩ 144,101	₩ 910,338

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

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(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, 2023, and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Unsatisfied performance obligations as at December 31, 2022	₩ 872,355	₩ 1,953,083

24. Borrowings

Details of borrowings as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Current		
Current portion of debentures	₩ -	₩ 9,995,754
	<u>₩ -</u>	<u>₩ 9,995,754</u>

25. Net Defined Benefit Liabilities (Assets)

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

<i>(in thousands of Korean won)</i>	2023	2022
Present value defined benefit obligations	₩ 27,906,579	₩ 20,630,282
Fair value of plan assets	<u>(27,873,520)</u>	<u>(23,404,040)</u>
Net defined benefit liabilities (assets)	<u>₩ 33,059</u>	<u>₩ (2,773,758)</u>

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

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	20,630,282	₩	17,033,264
Current service cost		2,068,694		1,715,705
Interest expense		1,053,723		498,777
Remeasurements:				
Actuarial gains (losses) from change in financial assumptions		3,147,216		(240,186)
Actuarial losses from change in demographic assumptions		-		-
Actuarial losses from experience adjustments		2,499,617		2,967,768
Payments from plans:				
Benefit payments		(1,767,697)		(1,275,760)
Effect of transfer from and to associates		274,744		(69,286)
Ending balance	₩	<u>27,906,579</u>	₩	<u>20,630,282</u>

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

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	23,404,040	₩	19,533,214
Interest income		1,166,627		541,838
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(239,471)		(162,462)
Contributions:				
Employers		4,600,000		5,047,994
Payments from plans:				
Benefit payments		1,332,419		(1,487,258)
Effect of transfer from and to associates		(274,743)		(69,286)
Ending balance	₩	<u>27,873,520</u>	₩	<u>23,404,040</u>

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

	2023	2022
Discount rate	4.93%	5.72%
Salary growth rate ¹	6.53%	5.87%

¹ Weighted average of salary growth rate of executives and employees.

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(e) Plan assets as at December 31, 2023 and 2022, consist of the following:

<i>(in thousands of Korean won)</i>	2023		2022	
Cash and cash equivalents	₩	27,873,520	₩	23,404,040
	₩	<u>27,873,520</u>	₩	<u>23,404,040</u>

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

<i>(in thousands of Korean won)</i>	Impact on defined benefit obligation					
	2023			2022		
	Changes in assumption	Increase in assumption	Decrease in assumption	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%p	₩ (1,606,832)	₩ 1,827,113	1%p	₩ (1,094,839)	₩ 1,236,270
Salary growth rate	1%p	1,763,818	(1,585,922)	1%p	1,222,910	(1,104,260)

Decrease in discount rate (using rate of return of high-quality credit bond) increases the value of debt security but is exposed to significant risk by increased defined benefit obligation.

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

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

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

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

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

<i>(in thousands of Korean won)</i>	Less than 1 year		Between 1-2 years		Between 2-5 years		Between 5-10 years		Total
Pension benefits	₩	2,733,670	₩	7,053,193	₩	8,257,502	₩	14,009,391	₩ 32,053,756

The weighted average duration of the defined benefit obligation is 6.15 years.

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(h) The expenses recognized in the current period in relation to defined contribution plan and others were ₩ 83,690 thousand (2022: ₩ 85,274 thousand). There are no expenses recognized as retirement bonus in the current period (2022: ₩ 4,133 thousand)

(i) Expected contributions to post-employment benefit plans for the year ending December 31, 2024, are ₩ 3,372 million.

26. Deferred Tax

(a) Deferred tax assets and deferred tax liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 970,140	₩ 1,316,001
Deferred tax asset to be recovered after more than 12 months	<u>10,371,553</u>	<u>10,639,606</u>
	<u>11,341,693</u>	<u>11,955,607</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(2,157,466)	(819,591)
Deferred tax liability to be recovered after more than 12 months	<u>(109,517,209)</u>	<u>(105,021,468)</u>
	<u>(111,674,675)</u>	<u>(105,841,059)</u>
Deferred tax liabilities, net	<u>₩ (100,332,982)</u>	<u>₩ (93,885,452)</u>

(b) The gross movement on the deferred tax account for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Beginning balance	₩ (93,885,452)	₩ (94,548,941)
Statement of profit or loss charge (Note 36)	(2,642,440)	15,030,649
Tax charged/(credited) directly to equity	<u>(3,805,090)</u>	<u>(14,367,160)</u>
Ending balance	<u>₩ (100,332,982)</u>	<u>₩ (93,885,452)</u>

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(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:

<i>(in thousands of Korean won)</i>	January 1, 2023	Statement of profit or loss	Equity	December 31, 2023
Deferred tax assets				
Agent sales	₩ 71,680	₩ (28,749)	₩ -	₩ 42,931
Loss on valuation of inventories	1,080,573	(322,179)	-	758,394
Gain on valuation of financial assets at fair value through other comprehensive income	820,711	646	149,642	970,999
Interest related to loan for construction	18,905	(995)	-	17,910
Post-employment benefit obligations	4,310,701	363,699	1,359,736	6,034,136
Accrued expenses	163,748	5,067	-	168,815
Depreciation	467,369	(48,197)	-	419,172
Lease liabilities	2,788,402	(382,864)	-	2,405,538
Other payables	115,199	(54,527)	-	60,672
Others	-	463,126	-	463,126
	<u>9,837,288</u>	<u>(4,973)</u>	<u>1,509,378</u>	<u>11,341,693</u>
Deferred tax liabilities				
Accrued income	(760,422)	(1,362,024)	-	(2,122,446)
Agent cost of goods sold	(59,169)	24,149	-	(35,020)
Advanced depreciation provision	(2,645,112)	-	-	(2,645,112)
Investments in subsidiaries	(15,367,207)	-	-	(15,367,207)
Loss on valuation of financial assets at fair value through other comprehensive income	(77,870,576)	(23,006)	(5,314,468)	(83,208,050)
Insurance for retirement	(4,337,687)	(1,696,449)	-	(6,034,136)
Right-of-use assets	(2,634,623)	419,863	-	(2,214,760)
Depreciation	(47,944)	-	-	(47,944)
	<u>(103,722,740)</u>	<u>(2,637,467)</u>	<u>(5,314,468)</u>	<u>(111,674,675)</u>
	<u>₩ (93,885,452)</u>	<u>₩ (2,642,440)</u>	<u>₩ (3,805,090)</u>	<u>₩ (100,332,982)</u>

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<i>(in thousands of Korean won)</i>	January 1, 2022	Statement of profit or loss	Equity	December 31, 2022
Deferred tax assets				
Agent sales	₩ 77,033	₩ (5,353)	₩ -	₩ 71,680
Loss on valuation of inventories	1,451,745	(371,172)	-	1,080,573
Interest related to loan for construction	20,758	(1,853)	-	18,905
Post-employment benefit obligations	3,552,923	(457,292)	1,215,070	4,310,701
Accrued expenses	163,474	274	-	163,748
Depreciation	575,179	(107,810)		467,369
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	129,042	(1,292)	2,811,280	2,939,030
Lease liabilities	3,349,974	(561,572)	-	2,788,402
Other payables	-	115,199	-	115,199
	<u>9,320,128</u>	<u>(1,390,871)</u>	<u>4,026,350</u>	<u>11,955,607</u>
Deferred tax liabilities				
Accrued income	(77,492)	(682,930)	-	(760,422)
Agent cost of goods sold	(63,870)	4,701	-	(59,169)
Advanced depreciation provision	(2,759,125)	114,013	-	(2,645,112)
Investments in subsidiaries	(32,044,433)	16,677,226	-	(15,367,207)
Loss on valuation of financial assets at fair value through other comprehensive income	(61,595,385)	-	(18,393,510)	(79,988,895)
Insurance for retirement	(4,029,559)	(308,128)	-	(4,337,687)
Right-of-use assets	(3,249,195)	614,572	-	(2,634,623)
Depreciation	(50,010)	2,066	-	(47,944)
	<u>(103,869,069)</u>	<u>16,421,520</u>	<u>(18,393,510)</u>	<u>(105,841,059)</u>
	<u>₩ (94,548,941)</u>	<u>₩ 15,030,649</u>	<u>₩ (14,367,160)</u>	<u>₩ (93,885,452)</u>

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

<i>(in thousands of Korean won)</i>	2023	2022	Reason
Investments in subsidiaries and others	₩ 232,295,538	₩ 147,197,941	No plan for disposal
Commission expenses, amortization of bad debts	727,769	727,769	No tax effect
Tax credit carry forwards ¹	3,333,878	3,334,558	Uncertainty of future taxable profit

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

<i>(in thousands of Korean won)</i>	2023
2028-12-31	₩ 136,577
2029-12-31	-
2030-12-31	3,196,042
2031-12-31	650
2032-12-31	609
	<u>₩ 3,333,878</u>

27. Share Capital and Share Premium

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

<i>(in thousands of Korean won)</i>		No. of shares (unit: shares)	Share capital	Share premium	Total
January 1, 2022	Beginning balance	<u>44,311,468</u>	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
December 31, 2022	Ending balance	<u>44,311,468</u>	₩ 22,155,734	₩ 453,267,231	₩ 475,422,965
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

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

<i>(in Korean won, except for number of shares)</i>		2023	2022
Number of shares authorized to issue		100,000,000	100,000,000
Par value per share	₩	500	₩ 500
Number of shares outstanding		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

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28. Other Components of Equity

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

<i>(in thousands of Korean won)</i>	2023	2022
Other comprehensive income		
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 272,354,603	₩ 255,160,873
Remeasurements of net defined benefit liabilities	<u>(9,362,320)</u>	<u>(4,835,752)</u>
Capital adjustments		
Treasury shares ¹	<u>(15,936,462)</u>	<u>(15,936,462)</u>
	<u>₩ 247,055,821</u>	<u>₩ 234,388,659</u>

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

Owner	Number of shares	Ownership	Reason for restriction
Treasury shares	445,407	1.01%	Commercial Law Article 369, Part II

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

<i>(in thousands of Korean won)</i>	2023		
	Beginning	Increase (decrease)	Ending
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 255,160,873	₩ 17,193,730	₩ 272,354,603
Remeasurements of net defined benefit liabilities	(4,835,752)	(4,526,568)	(9,362,320)

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

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29. Retained Earnings

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

<i>(in thousands of Korean won)</i>	2023	2022
Legal reserves ¹	₩ 11,920,000	₩ 11,920,000
Discretionary reserves ²	787,000,000	651,000,000
Unappropriated retained earnings	<u>263,368,488</u>	<u>212,814,689</u>
	<u>₩ 1,062,288,488</u>	<u>₩ 875,734,689</u>

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

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

(b) Retained earnings for the year ended December 31, 2023, is expected to be appropriated at the shareholders' meeting on March 29, 2024. The appropriation date for the year ended December 31, 2022, was March 30, 2023.

<i>(in Korean won)</i>	2023	2022
Unappropriated retained earnings carried over from prior year	₩ 9,699,615,679	₩ 8,600,159,177
Profit for the year	<u>253,668,872,522</u>	<u>204,214,529,832</u>
Retained earnings available for appropriation	<u>263,368,488,201</u>	<u>212,814,689,009</u>
Voluntary reserves	197,000,000,000	136,000,000,000
Dividends cash dividend (%):		
₩ 1,300 (260.0%) in 2023		
₩ 1,530 (306.0%) in 2022	<u>57,025,879,300</u>	<u>67,115,073,330</u>
Appropriation of retained earnings	<u>254,025,879,300</u>	<u>203,115,073,330</u>
Unappropriated retained earnings to be carried forward	<u>₩ 9,342,608,901</u>	<u>₩ 9,699,615,679</u>

30. Dividends

Dividends paid amount to ₩ 67,115,073 thousand (₩ 1,530 per share) and ₩ 43,866,061 thousand (₩ 1,000 per share) in 2023 and 2022, respectively. A dividend in respect of the year ended December 31, 2023, is to be proposed to shareholders at the 2023 annual general meeting on March 29, 2024. These financial statements do not reflect this dividend payable.

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31. Selling and Administrative Expenses

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

<i>(in thousands of Korean won)</i>	2023	2022
Salaries	₩ 30,088,443	₩ 24,504,838
Post-employment benefits	2,039,480	1,762,052
Employee benefits	2,894,295	5,568,685
Travel expense	64,025	44,286
Communications	580,741	594,462
Utilities	837,391	733,271
Tax and duties	5,531,927	2,517,387
Rent expenses	35,047	866
Depreciation	7,525,564	7,527,595
Depreciation of right-of-use assets	1,809,739	1,844,361
Repairs	3,056,076	3,060,495
Vehicle maintenance	115,109	93,157
Entertainment	904,809	489,093
Supplies	263,322	223,349
Insurance	697,118	977,838
Publications	46,340	41,938
Training	209,484	174,871
Service fees	14,266,505	18,094,588
Sales commissions	116,388	115,449
Samples	609	927
Advertising costs	47,000	32,000
Transportation	96,667	126,488
Exports	244,140	472,847
Shipping	1,725,033	5,704,187
Amortization	193,085	256,297
Research expenses	156,319	209,743
Overseas marketing	4,056,479	4,126,207
Packaging	245	15,405
Overseas trips	2,857,914	1,920,596
Bad debt expenses	216,853	163,636
	<u>₩ 80,676,147</u>	<u>₩ 81,396,914</u>

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32. Other Income and Expenses

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

<i>(in thousands of Korean won)</i>	2023		2022	
Import fees	₩	69,030	₩	131,870
Gain on foreign currency transactions		78,378,284		128,605,848
Gain on foreign currency translations		15,880,298		10,479,985
Gain on transaction of derivatives		1,207,326		2,601,965
Gain on valuation of derivatives		245,219		-
Gain on disposal of plant, property and equipment		2,643		256,938
Gain on disposal of intangible assets		141,246		-
Claim income		55,504		349,247
Miscellaneous gain		216,255		193,999
	₩	<u>96,195,805</u>	₩	<u>142,619,852</u>

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

<i>(in thousands of Korean won)</i>	2023		2022	
Loss on foreign currency transactions	₩	69,339,357	₩	91,452,083
Loss on foreign currency translations		15,834,477		39,070,067
Impairment loss in investment in subsidiaries		1,600,000		-
Loss on disposal of plant, property and equipment		-		1
Loss on transaction of derivatives		-		30,000
Loss on valuation of derivatives		167,270		2,073,825
Donations		3,945,455		4,613,972
Claim expenses		114,703		50,191
Miscellaneous loss		20,853		38,904
	₩	<u>91,022,115</u>	₩	<u>137,329,043</u>

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33. Breakdown of Expenses by Nature

Expenses by nature for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Changes in inventories	₩ 694,219	₩ 9,404,671
Raw materials and merchandises purchased	1,629,559,560	1,798,283,976
Employee benefit expense (Note 34)	32,127,923	26,266,890
Welfare benefit expenses	2,894,295	5,568,685
Depreciation (Notes 15 and 18)	7,525,564	7,527,595
Amortization (Note 17)	193,085	256,297
Depreciation of right-of-use assets (Note 16)	1,809,739	1,844,361
Service fees	14,266,505	18,094,588
Sales commissions	116,388	115,449
Shipping	1,725,033	5,704,187
Overseas marketing	4,056,479	4,126,207
Advertising costs	47,000	32,000
Exports	244,140	472,847
Other expenses	15,669,996	11,387,808
	<u>₩ 1,710,929,926</u>	<u>₩ 1,889,085,561</u>

34. Employee Benefits

Employee benefits for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Short-term employee benefits	₩ 30,088,443	₩ 24,504,838
Post-employment benefits	2,039,480	1,757,919
Retirement bonus and others	-	4,133
	<u>₩ 32,127,923</u>	<u>₩ 26,266,890</u>

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35. Financial Income and Costs

(a) Financial income for the years ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>	2023		2022	
Interest income on short-term bank deposits	₩	25,133,458	₩	6,147,818
Interest income on loans		949,566		1,445,104
Dividend income		78,479,085		3,664,989
Gain on redemption of debentures		-		308,261
	₩	<u>104,562,109</u>	₩	<u>11,566,172</u>

(b) Financial costs for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Interest expense on borrowings and others	₩	71,301	₩	1,042,671
Interest expense on lease liabilities		456,672		455,104
Loss: capitalization amount for qualifying asset		(527,973)		(22,702)
	₩	<u>-</u>	₩	<u>1,475,073</u>

36. Income Tax Expense

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

<i>(in thousands of Korean won)</i>	2023		2022	
Current tax:				
Current tax on profits for the year	₩	58,819,809	₩	66,766,698
Additional payment of income taxes		21,869,938		-
Adjustments in respect of prior years		(467)		983,682
Deferred tax:				
Origination and reversal of temporary differences (Note 26)		2,642,440		(15,030,649)
Income tax expense	₩	<u>83,331,720</u>	₩	<u>52,730,914</u>

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(b) The reconciliation between the net profit before income tax and income tax expense for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Profit before income tax expense	₩	337,000,593	₩	256,945,444
Tax at domestic tax rates applicable to profits in the respective countries		78,606,157		61,718,797
Tax effects of:				
Non-taxable income (dividends received deduction and others)		(16,326,166)		-
Expenses not deductible for tax purposes		439,046		68,614
Additional payment of income taxes		21,869,938		-
Adjustments in respect of prior years		(467)		983,682
Unrecognized temporary differences		371,200		-
Re-measurement of deferred tax – change in the Korean tax rate		-		(16,221,332)
Tax credit and tax exemption		(617,175)		(617,175)
Others		(1,010,813)		6,798,328
Income tax expense	₩	83,331,720	₩	52,730,914

(c) The income tax (charged)/credited directly to equity as at December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 22,358,557	₩ (5,164,827)	₩ 17,193,730	₩ 78,118,337	₩ (15,582,230)	₩ 62,536,107
Remeasurements of net defined benefit liabilities	(5,886,304)	1,359,736	(4,526,568)	(2,890,044)	1,215,070	(1,674,974)
	₩ 16,472,253	₩ (3,805,091)	₩ 12,667,162	₩ 75,228,293	₩ (14,367,160)	₩ 60,861,133

(d) Impact of Pillar Two income taxes

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

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37. Earnings per Share

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

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

<i>(in Korean won, number of shares)</i>	2023	2022
Profit attributable to ordinary shares	₩ 253,668,872,522	₩ 204,214,529,832
Weighted average number of ordinary shares outstanding ¹	43,866,061	43,866,061
Basic earnings per share	₩ 5,783	₩ 4,655

¹ Weighted average number of ordinary shares outstanding:

<i>(in number of shares)</i>	2023	2022
Number of ordinary shares outstanding	44,311,468	44,311,468
(-)Weighted average number of treasury shares	(445,407)	(445,407)
Weighted average number of ordinary shares outstanding	43,866,061	43,866,061

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38. Cash Flows

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

<i>(in thousands of Korean won)</i>	2023		2022	
Profit for the year	₩	253,668,873	₩	204,214,530
Adjustments for				
Tax expense		83,331,720		52,730,914
Interest income		(26,083,023)		(7,592,922)
Dividend income		(78,479,085)		(3,664,989)
Interest expense		-		1,475,073
Depreciation		7,525,564		7,527,595
Depreciation of right-of-use assets		1,809,739		1,844,361
Amortization		193,085		256,297
Post-employment benefits		1,955,790		1,672,644
Gain on disposal of property, plant and equipment		(2,643)		(256,938)
Loss on disposal of property, plant and equipment		-		1
Gain on disposal of intangible assets		(141,246)		-
Bad debt expenses		216,853		163,636
Gain on foreign currency translation		(15,880,298)		(10,479,985)
Loss on foreign currency translation		15,834,477		39,070,067
Gain on transaction of derivatives		(1,207,326)		(2,601,965)
Loss on transaction of derivatives		-		30,000
Gain on valuation of derivatives		(245,219)		-
Loss on valuation of derivatives		167,270		2,073,826
Impairment loss in investment in subsidiaries		1,600,000		-
Miscellaneous gain		(25,676)		-
		<u>(9,430,018)</u>		<u>82,247,615</u>
Changes in operating assets and liabilities				
Increase in trade receivables		(3,849,136)		(56,068,396)
Decrease (increase) in non-trade receivables		831,513		(1,593,996)
Decrease (increase) in advances		(493,696)		603,209
Decrease in inventories		694,219		9,404,671
Decrease in prepaid expenses		142,543		760,947
Increase (decrease) in trade payables		358,935,561		(164,557,057)
Increase (decrease) in non-trade payables		(3,260,881)		3,548,429
Decrease in customer advances		(765,295)		(1,066,579)
Increase (decrease) in withholdings		(93,612)		1,118,980
Increase (decrease) in accrued expenses		1,546,450		(1,570,117)
Decrease in net defined benefit liabilities		(5,035,278)		(4,836,497)
		<u>348,652,388</u>		<u>(214,256,406)</u>
Cash generated from operations	₩	592,891,243	₩	72,205,739

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

<i>(in thousands of Korean won)</i>	2023	2022
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 22,358,557	₩ 78,118,337
Reclassification of current portion of long-term loans	899,829	1,940,504
Reclassification of construction in progress	-	3,327,807

(c) Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Current portion of debentures	Debentures	Leasehold deposits	Lease liabilities	Total
At January 1, 2023	₩ 9,995,754	₩ -	₩ 11,021,162	₩ 12,018,976	₩ 33,035,892
Cash flows	(10,000,000)	-	2,202,364	(1,670,649)	(9,468,285)
Exchange differences	-	-	-	20,387	20,387
Interest expenses	4,246	-	-	-	4,246
Other non-financial changes	-	-	-	(16)	(16)
At December 31, 2023	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 13,223,526</u>	<u>₩ 10,368,698</u>	<u>₩ 23,592,224</u>

<i>(in thousands of Korean won)</i>	Current portion of debentures	Debentures	Leasehold deposits	Lease liabilities	Total
At January 1, 2022	₩ -	₩ 49,915,972	₩ 13,169,552	₩ 13,842,868	₩ 76,928,392
Cash flows	(40,000,000)	-	(2,148,390)	(1,667,924)	(43,816,314)
Exchange differences	-	-	-	88,035	88,035
Interest expenses	63,621	16,161	-	-	79,782
Other non-financial changes	49,932,133	(49,932,133)	-	(244,003)	(244,003)
At December 31, 2022	<u>₩ 9,995,754</u>	<u>₩ -</u>	<u>₩ 11,021,162</u>	<u>₩ 12,018,976</u>	<u>₩ 33,035,892</u>

Youngone Corporation
Notes to the Separate Financial Statements
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39. Contingencies and Commitment

(a) The Company's major agreements with financial institutions as at December 31, 2023, are as follows:

(In thousands of Korean won, USD)

	Financial institution	Credit line	Outstanding Balance
Overdrafts		KRW 5,500,000	KRW -
Limit loans		KRW 10,000,000	KRW -
Borrowings in foreign currency	Woori Bank and other financial institutions	USD 10,000,000	USD -
L/C		USD 25,000,000	USD 3,802,275
D/A,O/A		USD 15,000,000	USD -

(b) As at December 31, 2023, the Company is involved in three lawsuits as a plaintiff with litigation amount of ₩ 9,899 million in relation to its business. The outcomes of litigations cannot be reasonably estimated; however, the Company expects that these cases would not have any material impact on its financial statements.

(c) As at December 31, 2023, 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.

(d) As at December 31, 2023, the Company is involved in a lawsuit for a loan with SCOTT Corporation SA, related party, and one other, amounting to ₩ 18,403 million. The ultimate outcome of the investigation and its impact are unpredictable as of December 31, 2023.

(e) As at December 31, 2023, the Company provided SCOTT Corporation SA, a consolidated subsidiary, a support letter to commit in necessary financial support to continue as a going concern.

(f) As at December 31, 2023, the Company has entered into performance guarantee insurance according to product supply contract, amounting to ₩ 412 million to Seoul Guarantee Insurance Corp.

(g) As at December 31, 2023, the Company has entered into a management advisory contract with the Parent Company and recognized management consulting fees as non-operating expenses.

Youngone Corporation
Notes to the Separate Financial Statements
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(h) 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>	2023
Investment properties	₩ 1,426,300
Property, Plant and Equipment	30,000

40. Related Party Transactions

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

	Name
Parent Company	Youngone Holdings Co., Ltd.
Subsidiaries	YCL, TSL, KSL, YHT, SSL, YPL, YGA, SDF, YSF, STL, YSS, SLS, YSP, GMC, YNL, YBL, YHL, YLS, ESL, DTL, YTL, AAI, SQA, MSH, SCOTT, BPL, ESP, BKS, DTI, AAL ¹ , KSI ² , SEL ³ , SWL ⁴ , OR ⁵ , APD ⁶ , CPD ⁷ , DPD ⁸ , EPD ⁹ , GPD ¹⁰ , KPP ¹¹ , SCOTT CORPORATION SA, SCOTT SPORTS SA, SCOTT USA INC., SSG (EUROPE) DISTRIBUTION CENTER NV, SCOTT ITALIA S.R.L., SCOTT SPORTS AB, SCOTT SPORTS AFRICA (PTY) LTD., SCOTT SPORTS INDIA (PVT) LTD., DFG INC., SWC L.L.C., BERGAMONT FAHRRAD VERTRIEB GMBH, DOLOMITE S.R.L., SHEPPARD CYCLES AUSTRALIA PTY LTD., SHEPPARD CYCLES NEW ZEALAND LIMITED, SPORT NETWORK SOLUTION SA,BSL ¹² , SCOTT SPORTS DENMARK A/S, SHEPPARD CYCLES RETAIL SERVICES PTY LTD., YIA ¹³ , TWL ¹⁴ , TVL ¹⁵ , ICL ¹⁶ , SAL ¹⁷ , BHL ¹⁸ , KPL ¹⁹ , YOA WA ²⁰ , ETL ²¹ , YES ²² , YMS ²³ , BSSH Pty Ltd, ASI ²⁴ , OR CANADA ²⁵
Others³⁵	Youngone Outdoor, KEPZ ²⁶ , PBI ²⁷ , Qweto GmbH, YMSA, Scott North Asia Ltd., SCOTT JAPAN INC., S-13 ²⁸ , PBL ²⁹ , INTERNATIONAL RETAIL CORPORATION SA, TRANSA BACKPACKING SA, SKI-SERVICE SA, SKI+VELO CENTER SVC AG, TROPHY SCHWEIZ, YMSA USA, SCOTT NETWORK SOLUTIONS INDIA (PVT) LTD., RAY&CO., YSC ³⁰ , EL MEROSI ³¹ , YOH LLC, YOH CVC ³² , YOH CVC FUND 1 LP ³³ , Bike Sport Travel AG ³⁴

¹ ARIRANG AVIATION LTD.

² KARNAPHULI SHOES INDUSTRIES LTD.

³ SHINHAN EMULSION CO., LTD.

⁴ SURMA GARMENTS WASHING & FINISHING CO., LTD.

⁵ OUTDOOR RESEARCH LLC.

⁶ ALPHA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

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

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

⁹ EVERTOP PRODUCT DEVELOPMENT CO.(BD) LIMITED

¹⁰ GAYA PRODUCT DEVELOPMENT COMPANY (BD) LIMITED

¹¹ KARNAPHULI POLYESTER PRODUCTS COMPANY (BD) LIMITED

¹² BROADPEAK SOC TRANG CO., LTD.

¹³ YOUNGONE INTERNATIONAL ASIA PTE LTD.

¹⁴ TEKWIN (BD) LIMITED

¹⁵ TEKVISION (BD) LIMITED

¹⁶ INCHEON CONTAINERS (BD) LTD

Youngone Corporation
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- ¹⁷ SUNGNAM APPARELS (BD) LTD
¹⁸ BUSAN HARBOUR (BD) LIMITED
¹⁹ KARNAPHULI PACKAGING IND, LTD
²⁰ YOUNGONE AMERICA, INC
²¹ EVERTOP TEXTILE & APPAREL COMPLEX PRIVATE LIMITED
²² YOUNGONE CORPORATION EUROPE SGPS S.A.
²³ The entity name changed from YOK REAL ESTATE EUROPE, S.A. to YOK MIRAGAIA, S.A.
²⁴ AMATITLAN SUNGNAM INDUSTRIES SA
²⁵ OUTDOOR RESERACH CANADA
²⁶ KOREAN EPZ(KEPZ) CORPORATION(BD) LIMITED
²⁷ POIVRE BLANC INTERNATIONAL AG.
²⁸ POIVRE BLANC S-13
²⁹ POIVRE BLANC LOGISTICS.
³⁰ YOUNGONE SOURCING COMPANY(BANGLADESH) LTD.
³¹ EL MEROSI SAMARKAND LLC.
³² YOH CVC PTE LTD.
³³ YOH CVC FUND 1 Limited Partnership
³⁴ Bike Sport Travel AG
³⁵ Other related parties are mainly related companies under the common control.

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

		2023							
		Sales	Purchases	Other income	Other expense	Acquisition of investment property	Dividends paid	Dividends received	
Parent Company	Young-one Holdings Co., Ltd.	₩ 141,246	₩ 5,568,551	₩ -	₩ 34,251,070	₩ -	₩ -	₩ -	
Subsidiaries	SDF	62,979	19,208	101	-	-	-	-	
	TSL	152,258	161,486,756	-	-	-	-	-	
	YSS	13,107	14,429,503	-	-	-	-	-	
	YNL	662,713	342,446,548	-	-	-	-	64,720,000	
	YLS	118,190	48,187,850	-	-	-	-	-	
	STL	18,548	-	-	-	-	-	-	
	YCL	250,649	323,487,545	30,781	-	-	-	-	
	YPL	6,882	-	-	-	-	-	-	
	KSL	190,135	111,638,091	-	71	-	-	-	
	YHT	137,899	106,980,205	-	658	-	-	-	
	YSF	2,015	-	-	-	-	-	-	
	YGA	9,053	81,230	-	-	-	-	-	
	DTL	-	-	-	-	-	-	9,298,680	
	ESL	-	364,989	6,676	-	-	-	-	

Youngone Corporation
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(in thousands of Korean won)

	2023						
	Sales	Purchases	Other income	Other expense	Acquisition of investment property	Dividends paid	Dividends received
KSI	380,371	296,842,775	13,917	123	-	-	-
SEL	746	-	-	-	-	-	-
SWL	420	-	-	-	-	-	-
YBL	22,423	44,698,959	-	-	-	-	-
SQA	76,109	1,193,777	110,909	-	-	-	-
YHL	27,789	46,536,439	56,504	-	-	-	-
BKS	28,539	-	-	-	-	-	-
OR LLC	22,957,996	-	30,540	-	-	-	-
SCOTT							
SPORTS	2,856,262	-	-	-	-	-	-
BPL	-	-	-	173	-	-	-
ESP	864	3,334,235	-	-	-	-	-
KPP	574,646	812,418	-	-	-	-	-
BSL	183,750	122,677,631	54	-	-	-	-
AAI	-	-	652,934	-	-	-	-
SAL	24,248	-	-	-	-	-	-
APD	4,854	-	-	-	-	-	-
DPD	7,428	-	-	-	-	-	-
GPD	6,519	-	-	-	-	-	-
EPD	7,837	-	-	-	-	-	-
TVL	503	-	-	-	-	-	-
KPL	6,315	-	-	-	-	-	-
Others							
YMSA	776,865	-	-	97,605	58,749,000	-	-
Young-one							
Outdoor	34,793,983	-	69,030	355,442	-	-	-
Scott North							
Asia Ltd.	210,691	-	129,219	23,347	-	-	-
SCOTT							
JAPAN	39,605	-	-	-	-	-	-
YMSA USA	-	-	-	200,209	-	-	-
YOA	-	-	-	1,278,810	-	-	-
	<u>₩ 65,844,793</u>	<u>₩ 1,625,218,159</u>	<u>₩ 1,241,911</u>	<u>₩ 7,524,989</u>	<u>₩ 58,749,000</u>	<u>₩ 34,251,070</u>	<u>₩ 74,018,680</u>

Youngone Corporation
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(in thousands of Korean won)

		2022						
		Sales	Purchases	Other income	Other expense	Acquisition of investment property	Dividends paid	Dividends received
Parent Company	Young-one Holdings Co., Ltd.	₩ 440,551	₩ -	₩ -	₩ 5,160,854	₩ -	₩ 22,386,320	₩ -
Subsidiaries	SDF	220,560	13,261	15,787	-	-	-	-
	TSL	184,772	182,035,845	57,023	342,531	-	-	-
	YSS	23,196	22,570,902	6,044	-	-	-	-
	YNL	148,373	342,187,810	12,418	358,787	-	-	-
	YLS	3,061	47,447,032	1,510	-	-	-	-
	STL	18,131	-	-	-	-	-	-
	YCL	518,003	353,851,763	117,088	97,634	-	-	-
	YPL	14,259	-	-	-	-	-	-
	KSL	1,016,637	123,384,822	53,830	186,346	-	-	-
	YHT	310,287	180,174,229	60,032	393,149	-	-	-
	YSF	5,379	-	-	-	-	-	-
	YGA	12,477	68,993	-	-	-	-	-
	ESL	-	317,402	1,424	-	-	-	-
	KSI	852,071	325,982,080	110,076	190,504	-	-	-
	YBL	20,920	45,978,022	3,321	28,928	-	-	-
	SQA	151	575,457	41,684	-	-	-	-
	YHL	10,102	66,128,911	63,407	5,358	-	-	-
	OR LLC	31,537,682	204,352	50,005	-	-	-	-
	SCOTT SPORTS	14,461,857	-	-	-	-	-	-
	SCOTT CORP	-	-	1,340,749	-	-	-	-
	BPL	-	14,629	-	-	-	-	-
	ESP	4,470	3,506,540	-	-	-	-	-
	KPP	756,975	466,618	762,015	-	-	-	-
	BSL	180,469	81,488,123	1,941	-	-	-	-
	SAL	1,424,675	-	-	-	-	-	-
	APD	9,354	-	-	-	-	-	-
	DPD	5,612	-	-	-	-	-	-
	GPD	1,489	-	-	-	-	-	-
	EPD	18,362	-	-	-	-	-	-
	TVL	44,803	-	-	-	-	-	-
	KPL	137,931	-	-	-	-	-	-
Others	YMSA	1,190,066	-	-	-	-	-	-
	Young-one Outdoor	32,574,700	-	129,870	243,012	-	-	-

Youngone Corporation
Notes to the Separate Financial Statements
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(in thousands of Korean won)

		2022						
		Sales	Purchases	Other income	Other expense	Acquisition of investment property	Dividends paid	Dividends received
Scott North								
Asia Ltd.		252,625	-	-	-	-	-	-
SCOTT								
JAPAN		41,241	-	10,194	-	-	-	-
YMSA USA		-	-	-	188,768	-	-	-
YOA		-	-	-	537,047	-	-	-
RAY&CO.		-	-	-	32,467	-	-	-
		<u>₩ 86,441,241</u>	<u>₩ 1,776,396,791</u>	<u>₩ 2,838,418</u>	<u>₩ 7,765,385</u>	<u>₩ -</u>	<u>₩ 22,386,320</u>	<u>₩ -</u>

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

(in thousands of Korean won)

		2023							
		Trade receivables	Non-trade receivables	Loans ¹	Rent deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
Parent Company	Young-one Holdings Co., Ltd.	₩ -	₩ 169,031	₩ -	₩ 1,610,400	₩ -	₩ 682,895	₩ 788,600	₩ 9,278,384
Subsidiaries	SDF	33,495	-	-	-	-	-	-	-
	TSL	1,532,021	-	-	-	23,214,163	3,072	-	-
	YSS	-	-	-	-	3,808,204	-	-	-
	YSP	-	599	-	-	-	-	-	-
	YNL	2,616,746	43,300	-	-	130,382,653	91,950	-	-
	YLS	1,353,517	-	-	-	25,967,663	161,272	-	-
	STL	132,379	-	-	-	-	-	-	-
	YCL	956,094	-	-	-	83,568,313	47,909	-	-
	YPL	35,227	-	-	-	-	-	-	-
	KSL	-	-	-	-	24,284,051	71,343	-	-
	YHT	59,754	-	-	-	18,483,690	185,674	-	-
	YGA	14,446	-	-	-	-	-	-	-
	KSI	5,216,481	1,547	-	-	80,617,946	565,716	-	-
	SEL	8,147	-	-	-	-	-	-	-
	SWL	4,955	-	-	-	-	-	-	-
	YBL	79,711	9,450	-	-	3,799,959	337,186	-	-
	YHL	-	9,450	-	-	14,046,006	1,715	-	-
	SAL	278,794	-	-	-	-	-	-	-
	OR	1,766,969	-	-	-	-	-	-	-
	SCOTT								
	SPORTS SA	3,327,717	-	-	-	-	-	-	-
	ESP	-	-	-	-	518,104	-	-	-
	KPP	3,666,456	-	-	-	308,030	-	-	-
	BSL	459,779	9,450	-	-	50,587,708	-	-	-

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(in thousands of Korean won)

		2023							
		Trade receivables	Non-trade receivables	Loans ¹	Rent deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
	APD	56,364	-	-	-	-	-	-	-
	DPD	55,684	-	-	-	-	-	-	-
	GPD	76,904	-	-	-	-	-	-	-
	EPD	59,039	-	-	-	-	-	-	-
	SQA	936,452	73,528	2,891,561	-	-	-	-	-
	BKS	1,172,156	13,521	-	-	-	-	-	-
	KPL	54,306	-	-	-	-	-	-	-
	TVL	5,924	-	-	-	-	-	-	-
	AAI	-	163,217	25,788,000	-	-	-	-	-
Others	YMSA	85,360	13,912	-	-	-	-	413,016	-
	Young-one Outdoor	999,781	1,788,166	-	-	97,645	13,306	8,597,860	-
	Scott North Asia Ltd.	-	22,932	12,000,000	-	17,694	-	120,000	-
	YMSA USA	-	-	-	-	-	-	-	1,090,314
		<u>₩ 25,044,658</u>	<u>₩ 2,318,103</u>	<u>₩ 40,679,561</u>	<u>₩ 1,610,400</u>	<u>₩ 459,701,829</u>	<u>₩ 2,162,038</u>	<u>₩ 9,919,476</u>	<u>₩ 10,368,698</u>

(in thousands of Korean won)

		2022							
		Trade receivables	Non-trade receivables	Loans ¹	Rent deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
Parent Company	Young-one Holdings Co., Ltd.	₩ -	₩ 53,235	₩ -	₩ 1,610,400	₩ -	₩ 767,008	₩ 943,142	₩ 10,787,635
Subsidiaries	SDF	275,739	41	-	-	-	-	-	-
	TSL	1,254,256	-	-	-	13,561,356	-	-	-
	YSS	-	-	-	-	781,670	-	-	-
	YNL	66,974	101,293	-	-	32,678,339	20,264	-	-
	YLS	12,846	-	-	-	19,409,912	1,024	-	-
	STL	94,342	-	-	-	-	-	-	-
	YCL	2,335,030	-	-	-	12,460,550	120,497	-	-
	YPL	85,309	-	-	-	-	-	-	-
	KSL	8,569,966	-	-	-	9,010,811	-	-	-
	YHT	2,182,827	-	-	-	1,845,845	-	-	-
	YGA	59,194	-	-	-	-	-	-	-
	KSI	4,078,314	6,907	-	-	11,969,786	34,478	-	-
	YBL	-	-	-	-	205,177	28,992	-	-
	YHL	-	9,558	1,267,300	-	3,009,779	2,441	-	-
	SAL	6,606,166	-	-	-	-	-	-	-
	OR	2,205,564	-	-	-	-	-	-	-
	SCOTT SPORTS SA	3,761,502	-	-	-	-	-	-	-
	ESP	-	-	-	-	357,456	-	-	-

Youngone Corporation
Notes to the Separate Financial Statements
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(in thousands of Korean won)

		2022							
		Trade receivables	Non-trade receivables	Loans¹	Rent deposits	Trade payables	Non-trade payables	Leasehold deposits	Lease liabilities
	KPP	2,728,585	739,850	-	-	-	-	-	-
	BSL	515,801	5,684	-	-	8,641,812	-	-	-
	APD	47,072	-	-	-	-	-	-	-
	DPD	51,570	-	-	-	-	-	-	-
	EPD	121,341	-	-	-	20,911	-	-	-
	SQA	18,759	5,399	1,799,657	-	-	-	-	-
Others	BKS	-	4,746	-	-	-	-	-	-
	KPL	714,974	-	-	-	-	-	-	-
	TVL	412,969	-	-	-	-	-	-	-
	YMSA	-	9,614	-	-	-	-	348,556	-
	Young-one Outdoor	2,231,719	1,267,679	-	-	6,800	8,796	7,472,614	-
	Scott North Asia Ltd.	-	21,831	-	-	13,335	-	167,000	-
	SCOTT JAPAN	-	10,194	-	-	-	-	-	-
	YMSA USA	-	-	-	-	-	47,292	-	1,231,341
		<u>₩ 38,430,819</u>	<u>₩ 2,236,031</u>	<u>₩ 3,066,957</u>	<u>₩ 1,610,400</u>	<u>₩ 113,973,539</u>	<u>₩ 1,030,792</u>	<u>₩ 8,931,312</u>	<u>₩ 12,018,976</u>

¹ Loans to related parties as at December 31, 2023 and 2022, are as follows:

		2023		2022	
		(in thousands of Korean won)			
	Subsidiaries	AAI	₩ 25,788,000	₩	-
		SQA	2,891,561		1,799,657
		YHL	-		1,267,300
	Others	Scott North Asia Ltd	12,000,000		-
			<u>₩ 40,679,561</u>	<u>₩</u>	<u>3,066,957</u>

No provisions are made for loans to related parties as at December 31, 2023.

Youngone Corporation

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

(in thousands of Korean won)

		2023							
		Loan transactions		Borrowing transactions		Equity contributions	Dividends	Dividends	
		Loans	Collections	Borrowings	Repayments	in cash	paid	received	
Parent	Youngone Holdings								
Company	Co., Ltd. ¹	₩ -	₩ -	₩ -	₩ 1,509,251	₩ -	₩ 34,251,070	₩ -	
Subsidiaries	AAI	25,788,000	-	-	-	-	-	-	
	SQA	1,289,400	231,844	-	-	332,789	-	-	
	YHL	-	1,311,800	-	-	-	-	-	
	YNL	-	-	-	-	-	-	64,720,000	
	YGA	-	-	-	-	-	-	9,298,680	
	MSH	-	-	-	-	25,912,000	-	-	
	YIA	-	-	-	-	10,292,100	-	-	
	ASI	-	-	-	-	330	-	-	
Other	YMSA USA ²	-	-	-	161,414	-	-	-	
	Scott North Asia Ltd	12,000,000	-	-	-	-	-	-	
		<u>₩ 39,077,400</u>	<u>₩ 1,543,644</u>	<u>₩ -</u>	<u>₩ 1,670,665</u>	<u>₩ 36,537,219</u>	<u>₩ 34,251,070</u>	<u>₩ 74,018,680</u>	

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

² During 2023, there are no right-of-use assets in respect to building lease agreements, which the Company has entered with other related parties. The repayment of lease liabilities during the year is ₩ 161,414 thousand and interest expenses amount to ₩ 33,448 thousand.

(in thousands of Korean won)

		2022							
		Loan transactions		Borrowing transactions		Equity contributions	Dividends	Dividends	
		Loans	Collections	Borrowings	Repayments	in cash	paid	received	
Parent	Youngone Holdings								
Company	Co., Ltd. ¹	₩ -	₩ -	₩ -	₩ 1,482,261	₩ -	₩ 22,386,320	₩ -	
Subsidiaries	SQA	1,853,569	101,189	-	-	-	-	-	
	YHL	-	1,307,300	-	-	-	-	-	
	SCOTT CORPORATION SA	-	115,800,000	-	-	-	-	-	
	DTL	-	-	-	-	1,851,785	-	-	
	YES	-	-	-	-	2,772,715	-	-	
Other	YMSA USA ²	-	-	-	139,076	-	-	-	
	YOH CVC FUND1 LP	-	-	-	-	45,000,000	-	-	
		<u>₩ 1,853,569</u>	<u>₩ 117,208,489</u>	<u>₩ -</u>	<u>₩ 1,621,337</u>	<u>₩ 49,624,500</u>	<u>₩ 22,386,320</u>	<u>₩ -</u>	

¹ During 2022, The repayment of lease liabilities during the year is ₩ 1,482,261 thousand and interest expenses amount to ₩ 413,619 thousand.

Youngone Corporation
Notes to the Separate Financial Statements
December 31, 2023 and 2022

² During 2022, there are no right-of-use assets in respect to building lease agreements, which the Company has entered with other related parties. The repayment of lease liabilities during the year is ₩ 139,076 thousand and interest expenses amount to ₩ 37,881 thousand.

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

<i>(in thousands of Korean won)</i>	2023		2022	
Salaries	₩	8,000,000	₩	4,890,385
Post-employment benefits		2,724,722		2,723,889

(f) With acquisition of management of Scott Corporation SA in 2015, the Company 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.

(g) The Company entered into a loan agreement with a limit of CHF 150,000,000 for the purpose of securing excess liquidity and supporting operating funds to improve financial structure of SCOTT SPORTS SA on December 28, 2023, and borrowed CHF 100,000,000 on January 2, 2024.

Independent Auditor's Report on Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Youngone Corporation

Opinion on Internal Control over Financial Reporting

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

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

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

Basis for Opinion on Internal Control over Financial Reporting

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

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

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

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

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

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

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Samil PricewaterhouseCoopers
Seoul, Korea
March 28, 2024

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

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

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and 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 the year ended December 31, 2023.

The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR based on *Best Practice 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, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

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

March 8, 2024

Sung, Ki Hak
Chief Executive Officer

Shin, Suk Been
Internal Control over Financial Reporting Officer