POSCO INTERNATIONAL Corporation

Financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's reportS

Table of Contents

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

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

Shape the future
with confidence

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
POSCO International Corporation

Opinion

We have audited the financial statements of POSCO International Corporation (referred to as the "Company"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2025 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2025 based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 10, 2026 expressed an unqualified opinion thereon.

Basis for opinion

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

Key audit 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 an opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

The timing of recognizing revenue

As described in Note 24.1.3 to the financial statements, the sales arising from export transactions and triangular transactions account for 82% of the total sales of the Company. We have identified that it is highly probable that the period to which the revenue is attributable is incorrect because the scale of these transactions is significant and the timing of revenue recognition is varying based on transaction terms. In this regard, we have identified the timing of recognizing revenue as a significant risk.

In this regard, the key audit procedures we performed are as follows:

- Evaluate the internal control procedures established by the Company related to the timing of revenue recognition.
- Conduct test on the timing of revenue recognition through the review of contracts and shipping documents by sampling transactions occurring before and after the reporting date.

Occurrence of Foreign Sales

The Company operates in the trading business and conducts operations with clients located in various countries around the world. Due to the nature of the transactions, foreign sales (triangular transactions) do not involve direct possession of inventory, and control over the inventory is transferred through the bill of lading. Therefore, we have assessed that there is a high risk of misstatement in the financial statements regarding the occurrence of foreign sales, which we have identified as a significant risk.

In this regard, the key audit procedures we performed are as follows:

- Evaluate the internal controls established by the Company related to the occurrence of foreign sales by obtaining an understanding thereof.
- Review the occurrence of foreign sales by obtaining key documents (shipping documents) related to foreign sales.
- Corroborate the shipment of inventory by reviewing shipping vessel confirmations or export declaration documents.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that 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 Sang-il Bae.

Ernst & Young Han Young

March 10, 2026

This audit report is effective as of March 10, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

POSCO INTERNATIONAL Corporation

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

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

Lee, Kye-in
Chief Executive Officer
POSCO INTERNATIONAL Corporation

POSCO International Corporation
Statements of financial position
as of December 31, 2025 and 2024

	Notes	Korean won in millions				U.S. dollar in thousands	
		Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
Assets							
Current assets							
Cash and cash equivalents	4,31,32	₩	410,278	₩	457,192	$	285,928
Trade and other receivables, net	5,11,31,32		4,103,946		4,040,092		2,860,092
Other current financial assets	6,31,32		7,442		61,088		5,186
Derivative financial assets	20,31		28,038		94,316		19,540
Other current assets	7,19		151,726		217,335		105,740
Inventories, net	8		549,837		540,538		383,188
Assets held for sale	37		902		135,138		629
		₩	5,252,169	₩	5,545,699	$	3,660,303
Non-current assets							
Trade and other receivables, net	5,11,31,32	₩	454,803	₩	531,699	$	316,958
Other non-current financial assets	6,31,32		53,933		49,771		37,586
Long-term derivative financial assets	20,31		7,783		25,546		5,424
Investments in associates and joint ventures	9		3,305,675		2,850,841		2,303,767
Property, plant and equipment, net	10		2,488,641		1,886,237		1,734,365
Right-of-use assets, net	11		320,982		76,188		223,696
Intangible assets, net	12		1,120,041		1,119,132		780,571
Investment properties, net	13		131,621		134,463		91,728
Net defined benefit assets	17		79,072		50,497		55,106
Deferred tax assets	29		487,519		400,593		339,758
Other non-current assets	7		23,153		21,634		16,136
		₩	8,473,223	₩	7,146,601	$	5,905,095
Total assets		**₩**	**13,725,392**	**₩**	**12,692,300**	**$**	**9,565,398**
Liabilities and equity							
Current liabilities							
Trade and other payables	11,14,31,32	₩	2,582,987	₩	2,204,221	$	1,800,116
Borrowings	15,31,32		1,429,731		1,004,869		996,398
Current portion of bonds	15,31,32		579,674		1,117,735		403,982
Derivative financial liabilities	20,31,32		39,021		98,847		27,194
Current provisions	18,19		80,627		93,722		56,190
Other current liabilities	16		162,884		173,016		113,516
Current tax liabilities			40,351		36,562		28,121
		₩	4,915,275	₩	4,728,972	$	3,425,517
Non-current liabilities							
Trade and other payables	11,14,31,32	₩	298,268	₩	68,954	$	207,867
Borrowings	15,31,32		876,922		492,366		611,138
Bonds	15,31,32		1,706,177		1,567,097		1,189,056
Other non-current liabilities	16		37,310		37,310		26,002
Provisions	18,19,20		92,395		87,184		64,391
Long-term derivative financial liabilities	20,31,32		5,083		-		3,542
		₩	3,016,155	₩	2,252,911	$	2,101,996
Total liabilities		**₩**	**7,931,430**	**₩**	**6,981,883**	**$**	**5,527,513**
Equity							
Issued capital	21	₩	879,614	₩	879,614	$	613,014
Capital surplus	21		1,866,086		1,881,208		1,300,499
Other components of equity	21		(25,473)		(25,473)		(17,752)
Accumulated other comprehensive income (loss)	6,22		(15,647)		(17,808)		(10,905)
Retained earnings	23		3,089,382		2,992,876		2,153,029
Total equity		**₩**	**5,793,962**	**₩**	**5,710,417**	**$**	**4,037,885**
Total liabilities and equity		**₩**	**13,725,392**	**₩**	**12,692,300**	**$**	**9,565,398**

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

		Korean won in millions		U.S. dollar in thousands
	Notes	**2025**	**2024**	**2025**
Sales	24	**₩ 26,956,598**	**₩ 27,388,739**	**$ 18,786,395**
Cost of sales	25	**(25,567,154)**	**(26,031,529)**	**(17,818,074)**
Gross profit		**₩ 1,389,444**	**₩ 1,357,210**	**$ 968,321**
Selling and administrative expenses	25,26	(534,806)	(475,693)	(372,713)
Operating profit		**₩ 854,638**	**₩ 881,517**	**$ 595,608**
Finance income	27,31	1,195,714	1,439,991	833,308
Finance costs	27,31	(1,385,291)	(1,497,365)	(965,427)
Other income	28	34,065	34,722	23,740
Other expenses	28	(120,234)	(208,766)	(83,793)
Profit for the year before tax		**₩ 578,892**	**₩ 650,099**	**$ 403,436**
Income tax expenses	29	(65,062)	(139,170)	(45,343)
Profit for the year		**₩ 513,830**	**₩ 510,929**	**$ 358,093**
Other comprehensive income (loss):				
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:				
Gain(Loss) on valuation of financial assets at fair value through other comprehensive income (“FVOCI”)	6,22,29	₩ 2,162	₩ (13,235)	$ 1,507
Re-measurement loss on defined benefit liabilities	17,29	(8,258)	(8,520)	(5,755)
Other comprehensive loss for the year, net of tax		**₩ (6,096)**	**₩ (21,755)**	**$ (4,248)**
Total comprehensive income for the year, net of tax		**₩ 507,734**	**₩ 489,175**	**$ 353,845**
Earnings per share (Korean won and U.S. dollar):				
Basic	30	₩ 3,015	₩ 2,998	$ 2.10
Diluted	30	₩ 3,015	₩ 2,998	$ 2.10

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

POSCO International corporation
Statements of changes in equity
for each of the two years in the period ended December 31, 2025

	Korean won in millions						U.S. dollar in thousands
	Issued capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Total	Total
As of January 1, 2024	**₩ 879,614**	**₩ 1,871,127**	**₩ (12,194)**	**₩ (36,931)**	**₩ 2,693,268**	**₩ 5,394,884**	**$ 3,759,763**
Profit for the year	-	-	-	-	510,930	510,930	356,074
Net loss on valuation of financial assets at FVOCI	-	-	-	(13,235)	-	(13,235)	(9,224)
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	(8,520)	(8,520)	(5,938)
Total comprehensive income	**₩ -**	**₩ -**	**₩ -**	**₩ (13,235)**	**₩ 502,410**	**₩ 489,175**	**$ 340,912**
Reclassification due to disposal of equity instruments measured at FVOCI	-	-	-	32,358	(32,358)	-	-
Compensation expenses associated with stock	-	10,081	(13,279)	-	-	(3,198)	(2,229)
Dividends (dividends per share: ₩1,000)	-	-	-	-	(170,444)	(170,444)	(118,785)
As of December 31, 2024	**₩ 879,614**	**₩ 1,881,208**	**₩ (25,473)**	**₩ (17,808)**	**₩ 2,992,876**	**₩ 5,710,417**	**$ 3,979,661**
As of January 1, 2025	₩ 879,614	₩ 1,881,208	₩ (25,473)	₩ (17,808)	₩ 2,992,876	**₩ 5,710,417**	**$ 3,979,661**
Business combination	-	(15,122)	-	-	-	(15,122)	(10,539)
Profit for the year	-	-	-	-	513,830	513,830	358,095
Net gain on valuation of financial assets at FVOCI	-	-	-	2,161	-	2,161	1,506
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	(8,257)	(8,257)	(5,754)
Total comprehensive income	**₩ -**	**₩ -**	**₩ -**	**₩ 2,161**	**₩ 505,573**	**₩ 507,734**	**$ 353,847**
Annual Dividend (dividends per share: ₩1,550)	-	-	-	-	(264,189)	(264,189)	(184,117)
Interim Dividend (dividends per share: ₩850)	-	-	-	-	(144,878)	(144,878)	(100,967)
As of December 31, 2025	**₩ 879,614**	**₩ 1,866,086**	**₩ (25,473)**	**₩ (15,647)**	**₩ 3,089,382**	**₩ 5,793,962**	**$ 4,037,885**

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

	Notes	Korean won in millions 2025		Korean won in millions 2024		U.S. dollar in thousands 2025	
Operating activities							
Profit for the year		₩	513,830	₩	510,930	$	358,095
Reconciliation of profit for the year to net cash flows provided by operating activities:	34		756,725		799,980	$	527,371
Changes in operating assets and liabilities:	34		133,652		(226,088)	$	93,144
Interest received			43,132		40,542		30,059
Dividends received			47,469		130,968		33,082
Interest paid			(159,687)		(179,889)		(111,288)
Income tax paid			(139,676)		(162,372)		(97,342)
Net cash flows provided by operating activities		**₩**	**1,195,445**	**₩**	**914,071**	**$**	**833,121**
Investing activities							
Cash inflows from financing activities							
Decrease in short-term financial instruments		₩	170,311	₩	371,922		118,692
Disposal of investment in subsidiaries and associates			57,630		130,687		40,163
Disposal of assets held for sale			113,188		-		78,882
Disposal of financial assets at FVPL			-		274		-
Disposal of financial assets at FVOCI			-		3,761		-
Decrease in guarantee deposits			1,606		980		1,119
Decrease in long-term guarantee deposits			489		310		341
Disposal of property, plant and equipment			5,049		160		3,519
Disposal of intangible assets			3,310		1,691		2,307
Decrease in short-term loans			5,310		13,313		3,701
Decrease in long-term loans			186		-		130
Decrease in long-term financial instruments			2		10		1
Cash inflows from derivative transactions			167		-		116
Decrease in finance lease receivables			13,347		19,489		9,302
Receipt of government subsidies			162		16		113
Cash inflows due to business combination			5,390		-		3,756
Cash outflows from investing activities							
Increase in short-term financial instruments			(115,305)		(278,167)		(80,358)
Acquisition of financial assets at FVOCI			(1,000)		-		(697)
Acquisition of investment in subsidiaries and associates			(971,515)		(456,330)		(677,061)
Increase in long-term other receivables			-		(247,092)		-
Increase in guarantee deposits			(393)		(2,122)		(274)
Increase in long-term guarantee deposits			(201)		(860)		(140)
Increase in short-term loans			(1,094)		(17,669)		(762)
Increase in long-term loans			-		(22,078)		-
Increase in long-term financial instruments			(256)		(333)		(178)
Cash outflows from derivative transactions			(681)		-		(475)
Acquisition of property, plant and equipment			(186,261)		(69,984)		(129,808)
Acquisition of intangible assets			(139,844)		(113,806)		(97,459)
Net cash flows used in investing activities		**₩**	**(1,040,403)**	**₩**	**(665,828)**	**$**	**(725,070)**

(Continued)

	Notes	Korean won in millions				U.S. dollar in thousands	
		2025		2024		2025	
Financing activities	34						
Cash inflows from financing activities							
Net increase in short-term borrowings		₩	749,388	₩	-		522,258
Increase in long-term borrowings			342,938		162,748		238,998
Issuance of bonds			724,073		701,936		504,616
Acquisition and settlement of derivatives			22,082		1,936		15,389
Cash outflows from financing activities							
Net decrease in short-term borrowings			-		(67,156)		-
Repayment of current portion of long-term borrowings			(450,090)		(105,291)		(313,673)
Repayment of long-term borrowings			(542)		(125)		(378)
Redemption of current portion of bonds			(1,118,284)		(877,380)		(779,346)
Dividends paid			(409,067)		(170,444)		(285,084)
Payment of lease liabilities			(40,296)		(35,914)		(28,083)
Acquisition and settlement of derivatives			(20,120)		-		(14,022)
Net cash flows used in financing activities		**₩**	**(199,918)**	**₩**	**(389,690)**	**$**	**(661,583)**
Net decrease in cash and cash equivalents		₩	(44,876)	₩	(141,447)	$	(553,532)
Cash and cash equivalents as of January 1			457,192		588,745		318,623
Net foreign exchange difference			(2,038)		9,894		(1,420)
Cash and cash equivalents as of December 31		**₩**	**410,278**	**₩**	**457,192**	**$**	**(236,329)**

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

1. Company information

POSCO International Corporation (the “Company”) was incorporated on December 27, 2000 as a result of a spin-off of the trading segment of Daewoo Corporation.

The Company has listed its shares on the Korea Exchange since March 23, 2001. The Company’s issued capital as of December 31, 2025 amounts to ₩879,614 million ($613,014 thousand). The Company merged POSCO Energy Co., Ltd. as of January 1, 2023 as the base date for the merger.

The Company engages in various business activities, such as providing international trade, export agency services, intermediary trading, manufacturing, distribution, natural resource development, lease and electric power service. The primary products sold by the Company include various industrial grade steel, metals, chemicals, auto parts, machinery, ships, plants, electronics, special materials, grain and petroleum. In addition, it has and operates an LNG combined thermal power generation facility (with 3,412MW generation capacity) consisting of 13 gas turbines and 7 steam turbines located in Incheon, and operates 6 LNG storage tanks with a storage capacity of 930,000 ㎘ at Gwangyang National Industrial Complex.

As of December 31, 2025, POSCO Holdings Inc. is the largest shareholder of the Company, and it has an effective stake of 72.98%.

2. Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

The Company prepares statutory financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) enacted by the *Act on External Audit of Stock Companies.* The accompanying financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, debt and equity instruments that have been measured at fair value. The carrying values of assets and liabilities that are designated as hedged items in fair value are not recorded at amortized cost but recorded reflecting changes in the fair values attributable to the risks that are being hedged. The financial statements are presented in Korean won (KRW), and the financial statements are presented in Korean won in thousands while all of notes in Korean won in millions, except when otherwise indicated.

The accompanying financial statements for each of the two years in the period ended December 31, 2025 have been translated into United States dollars solely for the convenience of the reader. The exchange rate used was the won/dollar exchange rate on December 31, 2025 which is 1,434.90 won/dollar.

2.2 Summary of material accounting policies

2.2.1 Investment in subsidiaries, associates and joint ventures

The Company’s financial statements are separate financial statements in accordance with KIFRS 1027, which are financial statements in which the parent company, investors in associates and venturers in joint ventures present their investments based on direct equity investments rather than on the reported performance and net assets of the investees. We account for our investments in subsidiaries, associates and joint ventures in accordance with the cost method in accordance with KIFRS 1027. Dividends from subsidiaries, associates and joint ventures are recognized in profit or loss when the right to receive the dividend is established.

2.2.2 Fair value measurement

The Company measures financial instruments such as derivatives at fair value as of the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement:

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

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization based on the lowest level input that is significant to the fair value measurement at each reporting date.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

	Notes
Valuation methods, significant estimates and assumptions	2, 6 and 31
Quantitative disclosures of fair value measurement hierarchy	31
Investment properties	13
Financial instruments (including those carried at amortized cost)	6 and 31

2.2.3 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

2.2.3.1 Trading sector

(1) Classification and implementation of performance obligations

Performance obligations are identified in certain contracts with respect to (1) the sale of goods, and (2) the provision of transport services. The Company recognizes the transaction price allocated to these performance obligations as revenue upon completion of each performance obligation by applying the expected cost plus margin approach.

For the transactions of custom-made equipment, if the Company has no alternative use for assets created by fulfilling obligations and the Company has the enforceable right to payment for the portion completed up to now, the revenue is recognized by the percentage-of-completion methods.

The Company provides guarantees for goods and services that are defective at the time of sale in accordance with the requirements of the law. Assurance type guarantees are accounted for in accordance with KIFRS 1037, 'Contingent Liabilities and Contingent Assets'. Guarantees of the types of services classified as separate performance obligations are not recognized.

(2) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and is included in the transaction price only to the extent that it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

In the case of a contract in which a right of return exists, for goods that are expected to be returned, instead of revenue, the Company recognizes it as a refund liability. The right to the returned goods and corresponding adjustment to cost of sales are also recognized. If the Company receives short-term advances from its customers, the practical expedient is used, and the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(3) Judgment on principal versus agent

The Company controls each good or service prior to providing the goods or services to the customer, taking into account the main responsibilities and obligation of fulfilling the commitments in the trade transaction with the customer, and right to determine prices. Therefore, the Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services, in which sales commission is recognized as revenue.

2.2.3.2 Energy sector

The Company is engaged in the business of selling electricity, LNG test operation services, storage facility rental, LNG resale, and fuel cell facility manufacturing and maintenance services.

Production sharing contracts in some of the contracts of the energy transaction are not subject to KIFRS 1115 as the counterparties to the contract are not the "customers" as defined in KIFRS 1115. Revenue from gas sales is recognized when the control of goods is transferred.

2.2.3.2 Energy sector (cont'd)

(1) Classification and implementation of performance obligations

In the case of the power generation business, the identified performance obligation is a single performance obligation to provide electricity, and the Company recognizes revenue over the period for the provision of electricity, etc.

In the case of LNG test operation services, the Company identifies the performance obligations of providing LNG loading and unloading services and providing LNG, and recognizes revenue for LNG loading and unloading fees as they arise. For LNG sales, revenue is recognized upon transmission in the case of exports, and upon completion of transmission and unloading in the case of domestic sales.

In the case of leasing LNG storage facilities, performance obligations to provide services such as unloading, storage, and transmission of LNG imported by each customer are identified and over the period during which the service is provided, revenue is recognized for fixed costs based on storage capacity and variable costs based on LNG transmission volume.

Additionally, in the case of LNG resale, a single performance obligation to provide LNG is identified, and revenue is recognized when LNG is provided to the customer.

Regarding the performance obligations for the maintenance and repair services of the fuel cell facilities supplied by the Company, the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Accordingly, the Company recognizes revenue over the contract period using the output method (input/output method) to measure progress. Furthermore, for customers whose transaction prices are not constant over the contract period, the Company recognizes revenue on a straight-line basis over the total maintenance service period.

(2) Variable consideration

The Company estimates variable considerations using an expected value method that it expects to better predict the consideration it will receive and recognizes revenue by including variable considerations in the transaction price only up to an amount that is highly likely not to reverse a significant portion of the cumulative revenue already recognized when the uncertainty associated with variable considerations is resolved later.

2.2.3.3 Others

The Company has a rental division in addition to the divisions described above, and the relevant goods or services are recognized as revenue at the time of transfer of control, and leases are recognized as revenue during the rental period.

2.2.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

2.2.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.2.5.1 Financial assets

(1) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under KIFRS 1115.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(2) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

2.2.5.1 Financial assets (cont'd)

The Company's financial assets measured at amortized cost include cash and cash equivalents, trade receivables and other financial assets.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 'Financial Instruments: Presentation' and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets upon initial recognition designated at fair value through profit or loss or required at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derivatives and the listed equity investments that were not elected to classify to financial assets at fair value through OCI are included in this category. Dividends on the listed equity investments are recognized as profit or loss when the right is confirmed.

A derivative embedded in a hybrid contract is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.2.5.1 Financial assets (cont'd)

(3) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(4) Impairment of financial assets

Disclosures related to impairment of financial assets are provided below:

- Disclosures for significant assumptions
- Debt instruments at fair value through OCI
- Trade receivables, including contract assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category by the credit rating agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. The Company uses the ratings from the credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.2.5.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

2.2.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.2.5.4 Derivative financial instruments and hedge accounting

(1) Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

(2) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

2.2.5.4 Derivative financial instruments and hedge accounting (cont'd)

(3) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expense and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.2.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Acquisition costs for each inventory include purchase cost, conversion cost and other costs attributable to bringing the inventory to the location and condition. The unit cost of inventories is determined by the first-in-first-out method (Materials-in-transit) and the weighted average method (Finished goods and Work-in-process).

2.2.7 Non-current assets held for sale

The Company classifies non-current assets held for sale when non-current assets (or disposal Companys) are expected to be mainly recovered through sale transactions or distribution rather than continued use, and when they are immediately available and highly likely to be sold.

2.2.8 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. These costs include alternative costs that meet the asset recognition criteria and borrowing costs for long-term construction projects. If a major part of an item of property, plant and equipment needs to be replaced periodically, the Company recognizes that part as an individual asset and depreciates it over its useful life. In addition, if an asset meets the recognition criteria, such as comprehensive inspection costs, it is included in the carrying amount of the property, plant and equipment, and all repair and maintenance costs are reflected in profit or loss when incurred. The present value of the expenditure is included in the acquisition cost of the property, plant and equipment if the estimated cost of removing, dismantling, or restoring the property to its original state after the economic use is terminated meets the recognition criteria of the provisions.

Land among property, plant and equipment is not depreciated, and property, plant and equipment other than land is estimated by individual assets and then depreciated using a straight-line method over the useful life.

	Useful life (years)
Buildings	9 ~ 50
Machinery	4 ~ 25
Structures	5 ~ 40
Vehicles	4 ~ 5
Tools	4 ~ 15
Fixtures	4 ~ 10

Property, plant and equipment is derecognized on disposal (i.e., the date the acquirer obtains control of the asset) or when future economic benefits are not expected through use or disposal. The gain or loss arising from the removal of property, plant and equipment is determined by the difference between the net selling amount and the carrying amount and is recognized in profit or loss when the asset is derecognized.

The depreciation method, residual value, and useful life of property, plant and equipment are reviewed at the end of each fiscal year and are accounted for as a change in accounting estimates if appropriate.

2.2.9 Investment properties

Investment property is measured at the acquisition cost added to the related transaction cost and includes alternative costs that meet the asset recognition criteria when incurred. However, the costs incurred in daily management activities are recognized as expenses when incurred. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and/or accumulated impairment losses.

The depreciation method, residual value and useful life of investment properties are the same as for property, plant and equipment.

2.2.10 Leases

2.2.10.1 Company as a lessee

(1) Right-of-use assets

The Company recognizes the right-of-use asset at the inception of the lease (i.e., when the underlying asset is available). The right-of-use assets are measured at cost and the cost model is applied for subsequent measurement.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment and are described in the accounting policy for impairment of non-financial assets in Note 2.2.13.

2.2.10 Leases (cont'd)

(2) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The Company's lease liabilities are included in the interest-bearing borrowings.

(3) Short-term leases and leases of low-value assets

The Company applies the recognition exemption for short-term leases (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the recognition exemption for leases of low-value assets. Lease payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

2.2.10.2 Company as a lessor

The Company classifies leases that do not transfer substantially all the risks and rewards incidental to ownership of the underlying assets as operating leases. Lease income is recognized as revenue on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss depending on the nature of the business. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as lease income. Contingent rents are recognized as revenue in the period in which they are earned.

2.2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding development costs, are reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are divided into intangible assets with finite useful lives and intangible assets with indefinite useful lives, and intangible assets with finite useful lives are amortized over the relevant useful life and are considered for impairment if an indication of impairment is identified. In addition, the useful life and amortization method is reviewed at least at the end of each fiscal year and is accounted for as a change in accounting estimates if changes are needed due to changes in the expected period of use or changes in the expected pattern of consumption of economic benefits. The amortization cost of an intangible asset is reflected in profit or loss as an expense cost item consistent with the function of intangible asset.

On the other hand, intangible assets with indefinite useful lives are not amortized but are carrying out impairment testing individually or in the cash-generating unit each year. In addition, whether it is appropriate to apply indefinite useful lives to such intangible assets is reviewed each year and, if not, those are changed to finite useful lives in a forward-looking manner.

An intangible asset is derecognized when it is disposed of (i.e., when the acquirer obtains control of the asset) or when no future economic benefits are expected from use or disposal. The Company shall reflect the profit or loss due to the difference between the net selling amount and the carrying amount when the intangible asset is derecognized in profit or loss at the time of derecognition.

2.2.12 Exploration and evaluation assets, development assets, and mining rights

2.2.12.1 Exploration and evaluation assets

Exploration and evaluation assets consist of expenditures for topographical and geophysical studies and drilling and appraisal of oil fields. These assets are reclassified into development assets when the reserves are proven successful.

2.2.12.2 Development assets

Development assets consist of expenditures for fields, construction of production facilities, and others. These development assets are reclassified as mining rights at the inception of the commercial production.

2.2.12.3 Mining rights

Mining rights (production fields) consist of expenditure for improving productivity, oil reservoir management for prediction of oil output and production optimization and increasing the return rate from crude oil. Mining rights are amortized using the unit of production method.

2.2.13 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or an annual impairment test of the asset is required, the Company estimates the recoverable amount of the asset.

The value in use is assessed as the present value of the estimate of the expected future cash flows of the asset discounted at a pre-tax discount rate that reflects the time value of the currency and the market's assessment of the risk of the asset. Net fair value takes into consideration the latest transaction price. If no such transaction is identified, the decision is made using the appropriate evaluation model. These calculations use valuation multiples, market prices of listed shares, or other fair value indicators.

Impairment losses are reflected in profit or loss as a cost item consistent with the function of the impaired asset. However, if there is previously recognized revaluation surplus as an asset subject to the revaluation model, the impairment loss is offset with the revaluation surplus with the limit of the previous revaluation amount.

2.2.14 Foreign currency translation

The Company presents its financial statements in Korean Won, which is both its functional currency and reporting currency.

Monetary assets and liabilities in foreign currencies are translated into the functional currency at the end of the reporting period. The resulting translation differences are reflected in profit or loss for the period.

Meanwhile, non-monetary items denominated in foreign currencies measured at historical cost are recognized by applying the exchange rate on the date of the first transaction, and non-monetary items denominated in foreign currencies measured at fair value are recognized by applying the exchange rate on the date of fair value measurement. Gains and losses arising from the translation of non-monetary items are recognized in other comprehensive income or profit and loss for the period in the same manner as the recognition of gains and losses arising from changes in the fair value of the relevant item.

The date of the transaction for determining the exchange rate to be used on initial recognition of the related asset, expense or income (or part of it) is the date on which we initially recognize the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If advance payments or advance receipts are made in multiple installments, we will determine the transaction date for each advance payment or advance receipt.

2.2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in relation to the borrowing of interest funds.

2.2.16 Government grants

Income-related grant is recognized as revenue according to systematic standards over the period necessary to respond to the related costs to be compensated with the grant, and asset-related grant is recognized as deferred income and the same amount is recognized as revenue each year for the useful life of the related assets.

When a non-monetary asset is received as a grant, the Company records the asset and grant as nominal amount and recognizes them as revenue in the income statement at a fixed amount over the estimated useful life of the related asset. The benefits of lower interest rates are recognized as additional government grant when loans with lower interest rates or similar support are provided.

2.2.17 Taxes

The Company determines whether interest and penalties related to income taxes constitute income taxes. If they are income taxes, KIFRS 1012 *Income Taxes* is applied, and if they are not income taxes, KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* is applied.

2.2.18 Provisions and contingent liabilities

2.2.18.1 Provisions related to post-processing (restoration)

A provision related to post-processing is recognized as the acquisition cost of assets related to resource development, if the project is obliged to be restored at the end of the project. Post-processing costs are calculated as the present value of the expected cost to fulfill the obligation using future expected cash flows, and the future expected cash flows are measured at a pre-tax rate that reflects the inherent risks of the relevant post-processing. The estimated cost of post-processing is reviewed and adjusted at each reporting date, and changes in the estimated cost or the discount rate to be applied are either added to or deducted from the cost of the asset.

2.2.18.2 Onerous contract

If the Company has entered into an onerous contract, the related present obligation is recognized and measured as a provision. Before recognizing a provision for an onerous contract, an impairment loss arising from the asset used to fulfill the onerous contract is recognized first.

An onerous contract is a contract in which the non-avoidable cost of fulfilling the contractual obligations exceeds the economic benefits expected to be received in that contract. The non-avoidable cost is the minimum net cost existing in the contract, which is the lower of the costs required to fulfill the contract and the compensation or penalty to be paid when the contract is not fulfilled.

2.2.19 Greenhouse gas emission rights

2.2.19.1 Greenhouse gas emission rights

Greenhouse gas emission rights consist of emission rights allocated free of charge and purchased emission rights from the government. Emission rights are recognized at cost by adding other costs that are directly related to acquisition and normally incurred to the purchase cost.

The Company holds emission rights for the purpose of fulfilling government submission obligations. Among them, emission rights with a submission date exceeding one year are classified as intangible assets, and emission rights that expire within one year are classified as current assets. Emission rights classified as intangible assets are book value after initial recognition minus the cumulative loss of impairment from cost, and emission rights held to obtain short-term gains from trading are measured at fair value at the end of each reporting period after acquisition, and changes in fair value are recognized as profit or loss.

The greenhouse gas emission rights are derecognized when they cannot be submitted to the government, sold, or used and no longer provide future economic benefits.

2.2.19.2 Emission liabilities

Emission liabilities are current obligations to submit emission rights to the government when an entity emits greenhouse gases, and are recognized when resources are likely to be leaked to fulfill the obligation and the amount required to fulfill the obligation can be reliably estimated. They are measured by adding the book value of the emission rights held for the relevant compliance year to be submitted to the government and the expenditure expected to be required to meet the obligations for emissions exceeding the number of rights held. Emission liabilities are derecognized when emission rights are submitted to the government.

2.2.20 Business combinations under common control

Business combinations under common control are accounted for using the book value method. Assets acquired and liabilities assumed in a business combination are measured at the carrying amount in the financial statements of the top controlling company. In addition, the difference between the consideration transferred and the carrying amount of the net assets acquired is adjusted in capital surplus.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, as of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Company’s exposure to risks and uncertainties are disclosed in Capital management (Note 32.1) and financial risk management (Note 32.2).

2.3.1 Accounting judgments

In the course of applying the accounting policies of the Company, the management's decisions that had the most significant impact on the amounts recognized in the financial statements are as follows:

2.3.1.1 Calculation of the lease term for contracts with options for extension and termination accounting as a lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease agreements that include the option for extension and termination. The Company applies judgement when assessing whether it is probable whether it will exercise the option to extend or terminate a lease. In other words, all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option are taken into account. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (for example, significant lease improvements or significant customer customization of the leased asset).

The Company includes the extension period as part of the lease term for the lease of facilities and machinery with a short non-cancellable period (e.g., 3 to 5 years). If alternative assets are not readily available, it has a significant negative effect on production. Therefore, the Company typically exercises the option to extend the lease. The extended term for a lease of facilities and machinery with a longer non-cancellable term (e.g., 10 to 15 years) is not part of the lease term because it is not certain that the extension option will be exercised. In addition, the Company generally leases vehicles and transportation equipment for less than 5 years and does not exercise the option for extension, so the option for extension for leases of vehicles and transportation equipment is not included as part of the lease term. Furthermore, the term during which the termination option is applied is included as part of the lease term only if it is probable that it will not be exercised.

2.3.2 Accounting estimates and changes

Other key sources of uncertainty in important assumptions and estimates for the future as of the end of the reporting period that pose significant risks that could lead to significant adjustments to the carrying amounts of assets and liabilities within the following fiscal year are as follows. Assumptions and estimates are based on available variables at the time of preparation of financial statement. Assumptions on present and future conditions may change due to changes in the market or any conditions out of the control of the Company. When such changes occur, they are reflected in the assumption.

2.3.2.1 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. For goodwill and indefinite-lived intangibles, an impairment test is performed annually or if there is any indication of impairment. For other non-financial assets, an impairment test is performed when there is any indication that the carrying amount will not be recoverable. To calculate the value in use, the management shall estimate the expected future cash flows from the asset or the cash-generating unit and select an appropriate discount rate to calculate the present value of the expected cash flows.

2.3.2.2 Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate expected credit losses (ECL) for trade receivables and contract assets. The provision setting rate is based on the number of overdue days for a bundle of different customer segments (e.g., regional location, product type, customer type and credit rating, collateral or transaction credit insurance) with similar loss patterns.

The provision matrix is based on the Company’s historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate in the future which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions is not representative of customer’s actual default in the future.

2.3.2.3 Pension benefits

The cost and present value of the defined benefit obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions. It includes the determination of the discount rate, future salary growth rate, mortality rate and future pension increase rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.3.2.4 Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3.2.5 Provisions for restoration

The Company accounts for the provisions for restoration related to resource development. This provision was calculated by applying the cost of removal and discount rates of resource development facilities based on management assumptions and estimates.

2.3.2.6 Lease - Calculation of the incremental borrowing interest rate

The Company cannot readily determine the implicit interest rate of the lease, so it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing interest rate is the interest rate that the Company would have to pay to borrow the funds required to acquire assets of similar value to those of right-of-use assets with similar collateral over a similar period of time in a similar economic environment. Thus, the incremental borrowing interest rate reflects the items that “would have to pay”, which requires estimation when there is no observable rate available (for subsidiaries that do not enter into financing transactions) or when the incremental borrowing interest rate must be adjusted to reflect the lease conditions (for example, if the lease is not in a functional currency of the subsidiary).

The Company shall, if possible, estimate the incremental borrowing interest rate using observable inputs (such as market interest rates) when available and make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

2.4. New and amended standards adopted by the Company

Except for the application of new and revised standards that are first applicable from January 1, 2025, as described below, the Company applies the same accounting policies to its financial statements for the current and comparative periods.

2.4.1 Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates - Lack of exchangeability*

For annual reporting periods beginning on or after January 1, 2025, the amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments have no material impact on the Company's financial statements.

2.5. Standards issued but not yet effective

The amended accounting standards that have been issued but not yet effective for the annual reporting period commencing on January 1, 2025 which have not been early adopted by the Company are as follows. The Company did not early apply the following new or revised standards when preparing financial statements.

2.5.1 Amendments to KIFRS 1109 and KIFRS 1107 - *Classification and Measurement of Financial Instruments*

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

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

The amendments are effective for annual periods beginning on or after January 1, 2026, and are not expected to have a material impact on the Company's financial statements.

2.5.2 Annual Improvements to KIFRS - Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

- Amendments to KIFRS 1101 *First-time adoption of KIFRS: Hedge accounting by a first-time adopter*
- Amendments to KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice*
- Amendments to KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
- Amendments to KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Amendments to KIFRS 1007 *Statement of Cash Flows: Cost Method*

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early application is permitted; however, if an entity applies these amendments early, it shall disclose that fact.

The amendments are not expected to have a significant impact on the Company's financial statements.

2.5.3 Amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity*

The amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity* have been issued and include the followings:

- clarification of the application of the "own-use" requirements for in-scope contracts;
- amendments to the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and
- addition of new disclosure requirements to enable investors to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted and must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the disclosure amendments to KIFRS 1107 must be implemented alongside the amendments to KIFRS 1109. If an entity does not restate comparative information, it cannot present comparative disclosures.

The amendments are not expected to have a material impact on the Company's financial statements.

2.5.4 KIFRS 1118 *Presentation and Disclosure in Financial Statements*

KIFRS 1118 has been issued, which replaces KIFRS 1001 *Presentation of Financial Statements*. KIFRS 1118 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

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

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

2.5.4 KIFRS 1118 Presentation and Disclosure in Financial Statements (cont'd)

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

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on the Company's financial statements are as follows:

- rental income, change in fair value of investment properties and share of profit of an associate and a joint venture will be classified in the investing category within the statement of profit or loss;
- foreign exchange difference will be classified in the category where the related income and expense giving rise to the foreign exchange difference were classified;
- new disclosure will be added: (1) management-defined performance measures (MPMs); (2) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (3) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying KIFRS 1118 and the amounts previously presented applying KIFRS 1001; and
- interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

2.6 Approval of financial statements

The Company's financial statements were approved by the board of directors dated January 29, 2026, and will be finalized at the general shareholders' meeting on March 26, 2026.

3. Segment information

In accordance with KIFRS 1108 *Operating Segments*, disclosures related to operating segments have been prepared in the consolidated financial statements

4. Cash and cash equivalents

4.1 The Company's cash and cash equivalents are managed in the same amount in the statements of financial position and cash flows. Details of cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	**Dec. 31, 2024**	**Dec. 31, 2025**
Cash	₩ 14	₩ 160	$ 10
Savings account and checking account	338,519	300,818	235,918
Other cash equivalents	71,745	156,214	50,000
Total	**₩ 410,278**	**₩ 457,192**	**$ 285,928**

4.2 Restricted deposits

As of December 31, 2025 and 2024, the Company holds ₩22,941 million ($15,988 thousand) and ₩36,882 million ($25,704 thousand), respectively, in cash and cash equivalents that are restricted in use due to financial agreements, collateral provisions and others.

5. Trade and other receivables

5.1 Details of trade and other receivables as of December 31, 2025 and 2024 are as follows:

	Dec. 31, 2025		Dec. 31, 2024	
	Current	Non-current	Current	Non-current
Trade receivables	3,749,184	₩ 9,870	3,773,952	₩ 9,196
Allowance for doubtful accounts	(13,578)	(7,886)	(13,912)	(6,912)
Other receivables	212,880	391,405	194,054	395,201
Allowance for doubtful accounts	(4,994)	(159,736)	(4,782)	(159,085)
Accrued income	87,292	-	61,308	-
Allowance for doubtful accounts	(80)	-	(80)	-
Guarantee deposits	5,922	11,141	7,171	12,103
Loans	53,513	187,224	4,893	237,256
Allowance for doubtful accounts	-	(34,687)	-	(23,885)
Finance lease receivables	13,807	57,472	17,488	67,825
	₩ 4,103,946	**₩ 454,803**	**₩ 4,040,092**	**₩ 531,699**
U.S. dollar in thousands	**$ 2,860,092**	**$ 316,958**	**$ 2,815,591**	**$ 370,548**

5.2 Changes in allowance for doubtful accounts related to trade receivables for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Beginning balance	₩ 20,824	₩ 61,483	$ 14,513
Allowance for doubtful accounts (Reversal)	293	(15,412)	204
Write-off	-	(25,291)	-
Foreign exchange translation loss	347	44	242
Ending balance	**₩ 21,464**	**₩ 20,824**	**$ 14,959**

5.3 Financial assets transferred but not derecognized

As of December 31, 2025 and 2024, the Company continues to recognize the book value of discounted trade receivables amounting to ₩704,293 million ($490,831 thousand) and ₩503,343 million ($350,786 thousand), respectively, and cash received through discounts was recognized as collateral borrowing.

The Company transferred the above trade receivables on the condition that the transferee has the right of recourse, and therefore continues to bear credit risks such as default by the debtor arising from ownership of the trade receivables even after the transfer. The fair values of the above receivables transferred and the related borrowings are not significantly different from their book values.

6. Other financial assets

6.1 Details of other current financial assets as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Financial assets at FVPL (*1)	₩ -	₩ 55,212	$ -
Deposits in financial institutions	7,442	5,876	5,186
Total	**₩ 7,442**	**₩ 61,088**	**$ 5,186**

(*1) The Company classifies assets with maturities exceeding three months among its constituent assets, including MMW, as financial assets at FVPL.

6.2 Details of other non-current financial assets as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Financial assets at FVOCI (equity)	₩ 41,178	₩ 37,270	$ 28,697
Financial assets at FVPL (long-term investment)	310	310	216
Deposits in financial institutions	12,445	12,191	8,673
Total	**₩ 53,933**	**₩ 49,771**	**$ 37,586**

6.2.1 Financial instruments at fair value

Details of financial instruments measured at fair value as of December 31, 2025 and 2024 are as follows:

			Korean won in million				U.S. Dollar in thousand
			Dec. 31, 2025			Dec. 31, 2024	Dec. 31, 2025
	Number of shares	Equity owner-ship (%)	Acquisition cost	Fair value or net asset value	book value	book value	book value
FVOCI financial assets(securities)							
Marketable securities							
Maruichi Steel Tube Ltd.	360,000	0.14	₩ 2,933	₩ 4,801	₩ 4,801	₩ 3,930	$ 3,346
Kumho Petro Chemical Co., Ltd.	37,000	0.13	8,063	4,466	4,466	3,352	3,112
			₩ 10,996	₩ 9,267	₩ 9,267	₩ 7,282	$ 6,458
Non-marketable securities							
The Korea Economic Daily	178,881	0.96	₩ 1,952	₩ 974	₩ 974	₩ 974	$ 679
Hanmi ADM Co., Ltd.	10,000	12.57	1,000	1,000	1,000	1,000	697
S&S INC	8,149	0.17	113	113	113	113	79
BioApplications Inc. (*1)	450,000	4.44	4,950	1,575	1,575	1,575	1,098
CJ PHILIPPINES, INC.	109,200	10.00	349	349	349	349	243
DONGJIN VIETNAM Co., Ltd	20,000	10.00	803	803	803	803	560
POSCO ASSAN TST STEEL INDUSTRY (*1)	24,096,526	10.00	15,460	-	-	-	-
TES MI s.r.o.	750	3.00	523	523	523	523	364
Kiho Co., Ltd.	200	10.00	377	377	377	377	263
K. K. KOREA KAMCHATKA CO., LTD. (*2)	-	0.00	-	-	-	-	-
KNOC INAM LTD. (*2)	-	0.00	-	-	-	-	-
POSCO VIETNAM PC	1,924,551	2.70	735	735	735	735	512
Hanse Mobility Co., Ltd. (formerly erae AMS Co., Ltd.)	1,984,938	12.67	14,006	14,929	14,929	14,006	10,404
HARDT	10,865	6.52	9,533	9,533	9,533	9,533	6,644
EVA CYCLE (*3)	5,424	3.11	1,000	1,000	1,000	-	697
			₩ 50,801	₩ 31,911	₩ 31,911	₩ 29,988	$ 22,240
FVPL financial assets (investments)							
Korea Finance for Construction	45	0.00	₩ 40	₩ 40	₩ 40	₩ 40	$ 28
Posco Community Credit Cooperative	10,800	8.24	270	270	270	270	188
			₩ 310	₩ 310	₩ 310	₩ 310	$ 216
			₩ 62,107	**₩ 41,488**	**₩ 41,488**	**₩ 37,580**	**$ 28,914**

(*1) The Company recognized the decrease in fair value of the financial instruments as other comprehensive income for the year ended December 31, 2025.

(*2) Converted into preferred shares for the year ended December 31, 2025.
(*3) Newly acquired for the year ended December 31, 2025.

Among the aforementioned financial assets measured at FVOCI, the listed stocks of Maruichi Steel Tube Ltd. and Kumho Petrochemical Co., Ltd. were measured at the closing price as of December 31, 2025. Consequently, the valuation gain of ₩1,985 million ($1,383 thousand) generated therefrom, net of the deferred tax effect of ₩510 million ($355 thousand), resulted in a net gain of ₩1,475 million ($1,028 thousand), which has been reflected in accumulated other comprehensive income.

6.3 Restricted deposits

As of December 31, 2025 and 2024, the Company has deposits of ₩12,444 million ($8,673 thousand) and ₩12,190 million ($8,495 thousand), respectively, in financial institutions that were restricted in use due to financial arrangements, collateral provisions and others.

7. Other assets

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

	Dec. 31, 2025				Dec. 31, 2024			
	Current		Non-current		Current		Non-current	
Advance payments		98,375	₩	21,396	₩	82,520	₩	21,396
Prepaid expenses		53,352		1,753		134,525		209
Others		-		4		290		29
	₩	**151,727**	**₩**	**23,153**	**₩**	**217,335**	**₩**	**21,634**
U.S. dollar in thousands	**$**	**105,740**	**$**	**16,136**	**$**	**151,464**	**$**	**15,077**

8. Inventories

Details of inventories as of December 31, 2025 and 2024 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
Merchandise	₩	412,181	₩	311,720	$	287,254
Finished goods		4,478		20,658		3,121
Raw materials		92,386		128,915		64,385
Valuation allowance		(5,466)		(6,060)		(3,809)
Supplies		3,026		3,153		2,109
Materials-in-transit		43,232		82,152		30,129
	₩	**549,837**	**₩**	**540,538**	**$**	**383,189**

The Company recognized reversal of loss on valuation of inventories in cost of sales of ₩594 million ($414 thousand) and ₩1,322 million ($921 thousand) for each of the two years in the period ended December 31, 2025, respectively.

9. Investments in subsidiaries, associates and joint venture

9.1 Details of investments in subsidiaries, associates and joint venture as of December 31, 2025 and 2024 are as follows: (Korean won in millions)

	December 31, 2025						
	Beginning balance	Acquisition	Transfer	Impairment	Disposal	Ending balance	Equity owner-ship (%)
<Subsidiaries>							
POSCO INTERNATIONAL AMERICA CORP.	₩ 29,590	₩ -	₩ -	₩ -	₩ -	₩ 29,590	100
POSCO INTERNATIONAL DEUTSCHLAND GMBH	9,724	-	-	-	-	9,724	100
POSCO INTERNATIONAL JAPAN CORP.	104,382	-	-	-	-	104,382	100
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	3,711	-	-	-	-	3,711	100
POSCO INTERNATIONAL ITALIA S.R.L.	3,621	-	-	-	-	3,621	100
POSCO INTERNATIONAL (CHINA) CO., LTD.	20,979	-	-	-	-	20,979	100
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	668	-	-	-	-	668	100
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	2,905	-	-	-	-	2,905	100
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	2,192	-	-	-	-	2,192	100
POSCO INTERNATIONAL SHANGHAI CO., LTD.	8,807	-	-	-	-	8,807	100
POSCO INTERNATIONAL INDIA PVT. LTD.	-	-	-	-	-	-	100
POSCO INTERNATIONAL VIETNAM CO., LTD.	4,613	-	-	-	-	4,613	100
POSCO INTERNATIONAL TEXTILE LLC.	24,808	-	-	-	-	24,808	100
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD.	57,153	-	-	(16,461)	-	40,692	100
POSCO INTERNATIONAL (THAILAND) CO., LTD.	5,785	-	-	-	-	5,785	100
PT POSCO INTERNATIONAL INDONESIA	9,314	-	-	-	-	9,314	99
AGPA PTE. LTD.	58,481	826,110	-	-	-	884,591	100
PI AAPC CORPORATION	5,027	-	-	-	-	5,027	100
BRASIL SAO PAULO STEEL PROCESSING CENTER	-	-	-	-	-	-	51
GOLDEN LACE POSCO INTERNATIONAL CO., LTD. (*7)	-	-	(1,682)	1,682	-	-	-
POSCO INTERNATIONAL UKRAINE LLC.	-	-	-	-	-	-	100
GRAIN TERMINAL HOLDING PTE. LTD.	-	-	-	-	-	-	100
POSCO SOUTH EAST ASIA PTE. LTD.	-	-	-	-	-	-	100
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	-	-	-	-	-	-	75
POHANG SRDC CO., LTD. (*8)	4,550	-	-	-	(4,550)	-	-
POSCO INTERNATIONAL INDIA E-MOBILITY PVT., LTD.	861	-	-	-	-	861	73.6
POSCO MOBILITY SOLUTION CO., LTD.	548,663	-	-	-	-	548,663	100
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD. (*6)	21,202	-	-	-	(21,202)	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD. (*2)	16,953	17,174	-	(25,051)	-	9,076	100
SENEX HOLDINGS PTY LTD (*2) (*3)	655,398	52,346	-	-	-	707,744	50.1
POSCO INTERNATIONAL MEXICO E-MOBILITY S.A DE C.V. (*2)	79,507	9,382	-	-	-	88,889	80
ESTEEL4U (*6)	5,882	-	-	(1,551)	(4,331)	-	-
PT POSCO INTERNATIONAL E&P INDONESIA	16,920	-	-	-	-	16,920	100
POSCO INTERNATIONAL E&P USA Inc.	138	-	-	-	-	138	100
PT. KRAKATAU POSCO ENERGY	51,999	-	-	-	-	51,999	55
Tracheon E&E (*6)	22,076	-	-	-	(14,000)	8,076	100
Korea Fuel Cell (*6)	101,154	-	-	(27,858)	-	73,296	100
Shinan green energy Co., Ltd. (*4)	-	-	-	-	-	-	54.5
NEH Co., Ltd. (*8)	379,594	-	-	-	(379,594)	-	-
POSCO MOBILITY SOLUTION POLAND Sp. z o.o., (*2)	37,170	5,291	-	-	-	42,461	80
	₩ 2,293,827	₩ 910,303	₩ (1,682)	₩ (69,239)	₩ (423,677)	₩ 2,709,532	
<Associates and joint venture>							
Blue Ocean Recovery PEF No.1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	27.5
POSCO MEXICO PROCESSING CENTER HOLDING LLC. (*1)	11,509	-	-	2,495	-	14,004	19.6
POSCO-ESDC LTD. (*6)	1,160	-	-	-	(1,160)	-	-
POSCO IJPC	12,187	-	-	-	-	12,187	21.7
Shanghai Lansheng Daewoo Corp	-	-	-	-	-	-	49
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	876	-	-	-	-	876	49
GENERAL MEDICINES CO., LTD.	2,990	-	-	-	-	2,990	33
KOREA LNG LTD.	2,749	-	-	-	-	2,749	20
GLOBAL KOMSCO DAEWOO LLC.	4,445	-	-	-	-	4,445	35
SOUTH-EAST ASIA GAS PIPELINE CO., LTD. (*5)	111,038	-	-	-	(23,077)	87,961	25
HYUNSON ENGINEERING & CONSTRUCTION (*1)	281	-	-	-	-	281	4.9
YULCHON MEXICO S.A. DE C.V. (*1)	1,349	-	-	-	-	1,349	6.2
DMSA/AMSA (*1) (*4)	-	-	-	-	-	-	3.9
Inco tech Inc. (*1)	-	-	-	-	-	-	10
SHINPOONG DAEWOO PHARMA VIETNAM CO., LTD. (*1) (*6)	343	-	-	-	(343)	-	-
POSCO-MALAYSIA SDN. BHD. (*1)	4,247	-	-	-	-	4,247	13.6
POSCO-ITPC S.P.A (*1)	781	-	-	-	-	781	10
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD (*1)	8,412	-	-	-	-	8,412	10
Gyeonggi Green Energy Co., Ltd. (*1) (*4)	-	-	-	-	-	-	19
Noeul Green Energy Co., Ltd. (*1) (*4)	600	-	-	-	-	600	10
Samcheok Blue Power Co., Ltd. (*2) (*4)	391,047	60,413	-	-	-	451,460	34
ECO ENERGY SOLUTION CO., LTD.	3,000	-	-	-	-	3,000	50
POSCO International CVC No. 1 (*9)	-	800	-	-	-	800	80
	₩ 557,014	₩ 61,213	₩ -	₩ 2,495	₩ (24,580)	₩ 596,142	
	₩ 2,850,841	₩ 971,516	₩ (1,682)	₩ (66,744)	₩ (448,257)	₩ 3,305,674	
U.S. dollar in thousands	$ 1,986,787	$ 677,062	$ (1,172)	$ (46,515)	$ (312,396)	$ 2,303,766	

9.1 Details of investments in subsidiaries, associates and joint venture as of December 31, 2025 and 2024 are as follows: (Korean won in millions) (cont'd)

(*1) These securities are classified as investments in associates even though the Company's equity ownership is below 20%, as the Company is able to exercise significant influence over the investee.
(*2) Additional acquisitions were made for the year ended December 31, 2025.
(*3) As of December 31, 2025, although the ownership ratio over the entity is 50.1%, it is classified as a subsidiary as the Company is deemed to have control over the entity in substance in accordance with the shareholders' agreement.
(*4) As of December 31, 2025, the Company provides its investment in subsidiaries and associates marked above amounting to ₩391,647 million ($272,944 thousand) as collateral in relation to the borrowings of subsidiaries and the associates.
(*5) The book value decreased due to paid down capital reduction for the year ended December 31, 2025.
(*6) The entities were disposed of for the year ended December 31, 2025.
(*7) The entities were replaced with assets held for sale for the year ended December 31, 2025.
(*8) The entity was merged for the year ended December 31, 2025.
(*9) Newly acquired for the year ended December 31, 2025, and classified as an associate pursuant to the fund management agreement.

	December 31, 2024						
	Beginning balance	Acquisition	Transfer	Impairment	Disposal	Ending balance	Equity owner-ship (%)
<Subsidiaries>							
POSCO INTERNATIONAL AMERICA CORP.	₩ 29,590	₩ -	₩ -	₩ -	₩ -	₩ 29,590	100
POSCO INTERNATIONAL DEUTSCHLAND GMBH	9,724	-	-	-	-	9,724	100
POSCO INTERNATIONAL JAPAN CORP.	104,382	-	-	-	-	104,382	100
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	3,711	-	-	-	-	3,711	100
POSCO INTERNATIONAL ITALIA S.R.L.	3,621	-	-	-	-	3,621	100
POSCO INTERNATIONAL (CHINA) CO., LTD.	20,979	-	-	-	-	20,979	100
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	668	-	-	-	-	668	100
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	2,905	-	-	-	-	2,905	100
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	2,192	-	-	-	-	2,192	100
POSCO INTERNATIONAL SHANGHAI CO., LTD.	8,807	-	-	-	-	8,807	100
POSCO INTERNATIONAL INDIA PVT. LTD.	-	-	-	-	-	-	100
POSCO INTERNATIONAL VIETNAM CO., LTD.	4,613	-	-	-	-	4,613	100
POSCO INTERNATIONAL TEXTILE LLC.	24,808	-	-	-	-	24,808	100
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD.	57,153	-	-	-	-	57,153	100
POSCO INTERNATIONAL (THAILAND) CO., LTD.	5,785	-	-	-	-	5,785	100
PT POSCO INTERNATIONAL INDONESIA	9,314	-	-	-	-	9,314	99
AGPA PTE. LTD.	58,481	-	-	-	-	58,481	100
PI AAPC CORPORATION	5,027	-	-	-	-	5,027	100
BRASIL SAO PAULO STEEL PROCESSING CENTER	-	-	-	-	-	-	51
POSCO INTERNATIONAL POWER (PNGLAE) LTD. (*6)	14,686	-	-	-	(14,686)	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	-	-	-	-	-	60
POSCO INTERNATIONAL UKRAINE LLC.	-	-	-	-	-	-	100
GRAIN TERMINAL HOLDING PTE. LTD.	-	-	-	-	-	-	100
POSCO SOUTH EAST ASIA PTE. LTD.	-	-	-	-	-	-	100
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	924	-	-	(924)	-	-	75
POHANG SRDC CO., LTD.	4,550	-	-	-	-	4,550	51
POSCO INTERNATIONAL INDIA E-MOBILITY PVT., LTD. (*8)	861	-	-	-	-	861	73.6
POSCO MOBILITY SOLUTION CO., LTD.	548,663	-	-	-	-	548,663	100
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	45,746	-	-	(24,544)	-	21,202	50.9
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD. (*2)	11,452	5,501	-	-	-	16,953	100
SENEX HOLDINGS PTY LTD (*2) (*3)	407,971	247,427	-	-	-	655,398	50.1
POSCO INTERNATIONAL MEXICO E-MOBILITY S.A DE C.V. (*2)	45,560	33,947	-	-	-	79,507	80
ESTEEL4U	5,882	-	-	-	-	5,882	61.1
PT POSCO INTERNATIONAL E&P INDONESIA (*2)	1,848	15,072	-	-	-	16,920	100
POSCO INTERNATIONAL E&P USA Inc. (*2) (*5)	983	1,514	-	(1,013)	(1,346)	138	100
PT. KRAKATAU POSCO ENERGY	51,999	-	-	-	-	51,999	55
Tracheon E&E	22,076	-	-	-	-	22,076	100
Korea Fuel Cell (*6)	169,268	-	-	(8,114)	(60,000)	101,154	100
Shinan green energy Co., Ltd. (*4)	-	-	-	-	-	-	54.5
NEH Co., Ltd. (*2)	263,894	115,700	-	-	-	379,594	100
POSCO MOBILITY SOLUTION POLAND Sp. z o.o.,	-	37,170	-	-	-	37,170	80
	₩ 1,948,123	₩ 456,331	₩ -	₩ (34,595)	₩ (76,032)	₩ 2,293,827	

9.1 Details of investments in subsidiaries, associates and joint venture as of December 31, 2025 and 2024 are as follows: (Korean won in millions) (cont'd)

	December 31, 2024						
	Beginning balance	Acquisition	Transfer	Impairment	Disposal	Ending balance	Equity owner-ship (%)
<Associates and joint venture>							
Blue Ocean Recovery PEF No.1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	27.5
POSCO MEXICO PROCESSING CENTER HOLDING LLC. (*1)	11,509	-	-	-	-	11,509	19.6
POSCO-ESDC LTD.	1,160	-	-	-	-	1,160	20
POSCO IJPC	12,187	-	-	-	-	12,187	21.7
Shanghai Lansheng Daewoo Corp	-	-	-	-	-	-	49
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	876	-	-	-	-	876	49
GENERAL MEDICINES CO., LTD.	2,990	-	-	-	-	2,990	33
KOREA LNG LTD.	2,749	-	-	-	-	2,749	20
GLOBAL KOMSCO DAEWOO LLC.	4,445	-	-	-	-	4,445	35
SOUTH-EAST ASIA GAS PIPELINE CO., LTD. (*5)	132,906	-	-	-	(21,868)	111,038	25
HYUNSON ENGINEERING & CONSTRUCTION (*1)	281	-	-	-	-	281	4.9
YULCHON MEXICO S.A. DE C.V. (*1)	1,349	-	-	-	-	1,349	6.2
DMSA/AMSA (*1) (*4)	23,740	-	-	(23,740)	-	-	3.9
Inco tech Inc. (*1)	-	-	-	-	-	-	10
SHINPOONG DAEWOO PHARMA VIETNAM CO., LTD. (*1)	343	-	-	-	-	343	3.4
POSCO-MALAYSIA SDN. BHD. (*1)	4,247	-	-	-	-	4,247	13.6
POSCO-ITPC S.P.A (*1)	781	-	-	-	-	781	10
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD (*1)	8,412	-	-	-	-	8,412	10
Gyeonggi Green Energy Co., Ltd. (*1) (*4)	-	-	-	-	-	-	19
Noeul Green Energy Co., Ltd. (*1) (*4)	600	-	-	-	-	600	10
Samcheok Blue Power Co., Ltd. (*4)	391,047	-	-	-	-	391,047	29
AES Mong Duong Power Co., Ltd. (*7)	181,226	-	(134,277)	(46,949)	-	-	-
Mong Duong Finance Holdings B.V (*7)	861	-	(861)	-	-	-	-
ECO ENERGY SOLUTION CO., LTD.	3,000	-	-	-	-	3,000	50
	₩ 784,709	₩ -	₩ (135,138)	₩ (70,689)	₩ (21,868)	₩ 557,014	
	₩ 2,732,832	₩ 456,331	₩ (135,138)	₩ (105,284)	₩ (97,900)	₩ 2,850,841	
U.S. dollar in thousands	$ 1,904,545	$ 318,023	$ (94,179)	$ (73,374)	$ (68,228)	$ 1,986,787	

(*1) These securities are classified as investments in associates even though the Company's equity ownership is below 20%, as the Company is able to exercise significant influence over the investee.
(*2) Additionally acquired for the year ended December 31, 2024.
(*3) As of December 31, 2024, although the ownership ratio over the entity is 50.1%, it is classified as a subsidiary as the Company is deemed to have control over the entity in substance in accordance with the shareholders' agreement.
(*4) As of December 31, 2024, the Company provides its investment in subsidiaries and associates marked above amounting to ₩391,647 million ($272,944 thousand) as collateral in relation to the borrowings of subsidiaries and the associates.
(*5) The book value decreased due to paid down capital reduction for the year ended December 31, 2024.
(*6) The entities were disposed of for the year ended December 31, 2024.
(*7) The entities were replaced with assets held for sale for the year ended December 31, 2024.
(*8) For the years ended December 31, 2024, POSCO TMC INDIA PVT. LTD. changed its name to POSCO INTERNATIONAL INDIA E-MOBILITY PVT., LTD.

9.2 Impairment losses on investments in subsidiaries and associates

	Korean won in millions		
<2025>	**Book value before impairment**	**Recoverable amount**	**Impairment loss for the current period**
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD. (*1)	₩ 57,153	₩ 40,692	₩ 16,461
GOLDEN LACE POSCO INTERNATIONAL CO., LTD. (*2)	-	1,682	(1,682)
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD. (*1)	34,127	9,076	25,051
ESTEEL4U (*3)	5,882	4,331	1,551
Korea Fuel Cell (*1)	101,154	73,296	27,858
POSCO MEXICO PROCESSING CENTER HOLDING LLC. (*2)	11,509	14,004	(2,495)
	₩ 209,825	₩ 143,081	₩ 66,744
U.S. dollar in thousand	**$ 146,230**	**$ 99,715**	**$ 46,515**

(*1) The recoverable amount of the relevant equity interest is determined based on its fair value less costs of disposal.
(*2) As the recoverable amount of the relevant equity interest increased, the impairment loss previously recognized has been reversed.
(*3) An impairment test was conducted by an external expert for the year ended December 31, 2025. The recoverable amount of the relevant shares is determined based on the calculation of fair value less costs to sell with the assistance of an independent external expert.

	Korean won in millions		
<2024>	**Book value before impairment**	**Recoverable amount**	**Impairment loss for the current period**
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD. (*1)	₩ 924	₩ -	₩ 924
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD. (*2)	45,746	21,202	24,544
POSCO INTERNATIONAL E&P USA Inc.	1,151	138	1,013
Korea Fuel Cell (*3)	169,268	161,154	8,114
DMSA/AMSA (*4)	23,740	-	23,740
AES Mong Duong Power Co., Ltd. (*3)	181,226	134,277	46,949
	₩ 422,055	₩ 316,771	₩ 105,284
U.S. dollar in thousand	**$ 294,135**	**$ 220,762**	**$ 73,374**

(*1) For the year ended December 31, 2024, an external expert conducted an appraisal by considering sales cases of similar assets in the surrounding area and the profit capitalization method. The recoverable amount of the relevant stake was determined based on the calculation of fair value, and an impairment loss was recognized for the amount that was less than the book value.
(*2) An impairment test was conducted by an external expert for the year ended December 31, 2024. The recoverable amount of the relevant shares is determined based on the calculation of fair value less costs to sell with the assistance of an independent external expert.
(*3) The recoverable amount of the share is determined based on fair value less costs to sell.
(*4) As there were signs suggesting impairment of the relevant share due to changes in production plans, etc. for the year ended December 31, 2024, an impairment test was performed by an external expert. The recoverable amount of the relevant share was determined based on the calculation of value in use, and the value in use was calculated as the present value by applying a discount rate of 17.63% to the expected future cash flow from the date of impairment test, and an impairment loss was recognized.

10. Property, plant and equipment

10.1 Details of property, plant and equipment as of December 31, 2025 and 2024 are as follows:

	December 31, 2025					
	Korean won in millions					U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value	Book value
Land	₩ 358,699	₩ -	₩ (19,457)	₩ -	₩ 339,242	$ 236,422
Buildings	288,504	(175,479)	(9,575)	(233)	103,217	71,933
Structures	923,793	(432,752)	(248)	-	490,793	342,040
Machinery	2,158,717	(1,285,330)	(3,810)	-	869,577	606,019
Vehicles	3,851	(2,923)	-	(14)	914	637
Tools	4,378	(3,548)	-	-	830	579
Fixtures	65,032	(50,728)	-	(29)	14,275	9,948
Construction-in-progress	669,793	-	-	-	669,793	466,787
	₩ 4,472,767	**₩ (1,950,760)**	**₩ (33,090)**	**₩ (276)**	**₩ 2,488,641**	**$ 1,734,365**
U.S. dollar in thousands	**$ 3,117,128**	**$ (1,359,509)**	**$ (23,061)**	**$ (193)**	**$ 1,734,365**	

	December 31, 2024					
	Korean won in millions					U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value	Book value
Land	₩ 308,212	₩ -	₩ (19,458)	₩ -	₩ 288,754	$ 201,236
Buildings	288,244	(167,249)	(9,612)	(248)	111,135	77,451
Structures	923,490	(409,474)	(247)	-	513,769	358,052
Machinery	2,163,878	(1,212,400)	(3,811)	-	947,667	660,441
Vehicles	3,827	(2,906)	-	(14)	907	632
Tools	4,034	(3,339)	-	-	695	485
Fixtures	57,390	(45,711)	-	-	11,679	8,139
Construction-in-progress	11,631	-	-	-	11,631	8,106
	₩ 3,760,706	**₩ (1,841,079)**	**₩ (33,128)**	**₩ (262)**	**₩ 1,886,237**	**$ 1,314,542**
U.S. dollar in thousands	**$ 2,620,884**	**$ (1,283,071)**	**$ (23,087)**	**$ (184)**	**$ 1,314,542**	

10.2 Changes in the carrying amount of property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

	2025						
	Korean won in millions						
	Beginning balance	Increase (Decrease) due to merger	Acquisition	Disposal, etc.	Depreciation	Others (*1)	Ending balance
Land	₩ 288,754	₩ 50,488	₩ -	₩ -	₩ -	₩ -	₩ 339,242
Buildings	111,383	-	276	-	(8,265)	56	103,450
(Government grants)	(248)	-	-	-	15	-	(233)
Structures	513,769	-	232	(435)	(24,133)	1,360	490,793
Machinery	947,667	-	1,665	(4,872)	(78,856)	3,973	869,577
Vehicles	921	-	510	(70)	(433)	-	928
(Government grants)	(14)	-	(8)	-	8	-	(14)
Tools	695	-	344	-	(209)	-	830
Fixtures	11,680	-	1,777	(11)	(5,715)	6,573	14,304
(Government grants)	(1)	-	(31)	-	3	-	(29)
Construction-in-progress	11,631	467,426	213,927	-	-	(23,191)	669,793
	₩ 1,886,237	**₩ 517,914**	**₩ 218,692**	**₩ (5,388)**	**₩ (117,585)**	**₩ (11,229)**	**₩ 2,488,641**
U.S. dollar in thousands	**$ 1,314,542**	**$ 360,941**	**$ 152,409**	**$ (3,755)**	**$ (81,946)**	**$ (7,826)**	**$ 1,734,365**

(*1) Including transfers of construction-in-progress to property, plant and equipment and intangible assets.

10.2 Changes in the carrying amount of property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows: (cont'd)

	2024					
	Korean won in millions					
	Beginning balance	Acquisition	Disposal, etc.	Depreciation	Others (*1)	Ending balance
Land	₩ 288,519	₩ 235	₩ -	₩ -	₩ -	₩ 288,754
Buildings	111,982	-	-	(9,227)	8,628	111,383
(Government grants)	(210)	-	-	15	(53)	(248)
Structures	406,017	283	-	(22,467)	129,936	513,769
Machinery	1,012,492	3,514	(295)	(82,542)	14,498	947,667
Vehicles	741	463	-	(383)	100	921
(Government grants)	(24)	-	-	10	-	(14)
Tools	364	463	-	(132)	-	695
Fixtures	12,717	3,733	(4)	(5,619)	853	11,680
(Government grants)	(1)	-	-	-	-	(1)
Construction-in-progress	121,965	59,698	-	-	(170,032)	11,631
	₩ 1,954,562	₩ 68,389	₩ (299)	₩ (120,345)	₩ (16,070)	₩ 1,886,237
U.S. dollar in thousands	$ 1,362,159	$ 47,661	$ (208)	$ (83,870)	$ (11,199)	$ 1,314,542

(*1) Including transfers of construction-in-progress to property, plant and equipment and intangible assets.

10.3 As of December 31, 2025 and 2024, the Company has capitalized borrowing costs of ₩12,567 million ($8,758 thousand) and ₩2,135 million ($1,488 thousand), respectively, arising from borrowings related to the acquisition of property, plant, and equipment. The capitalization rates used to determine the amount of borrowing costs to be capitalized are 4.37% and 4.02%, respectively.

11. Leases

11.1 Company as a lessee

11.1.1 The carrying amount and changes in right-of-use assets and lease liabilities for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions)

	2025							
	Right-of-use assets							
	Building and structure	Aircraft	Facility	Vessel	Others	Total	Lease receivables (*1)	Lease liabilities (*2)
Beginning balance	₩ 10,407	₩ 16,856	₩ 27,521	₩ 18,134	₩ 3,270	₩ 76,188	₩ 85,313	₩ 101,360
Acquisition	9,566	-	-	264,508	1,232	275,306	35	275,341
Disposal (Contract	(123)	-	-	-	(2)	(125)	(407)	(683)
Depreciation	(5,923)	(4,704)	(2,706)	(16,075)	(979)	(30,387)	-	-
Interest income	-	-	-	-	-	-	5,546	-
Interest expense	-	-	-	-	-	-	-	15,975
Foreign exchange	-	-	-	-	-	-	(315)	14,839
Lease payment	-	-	-	-	-	-	-	(56,271)
Lease receipt	-	-	-	-	-	-	(18,893)	-
Ending balance	₩ 13,927	₩ 12,152	₩ 24,815	₩ 266,567	₩ 3,521	₩ 320,982	₩ 71,279	₩ 350,561
U.S. dollar in thousands	$ 9,706	$ 8,469	$ 17,294	$ 185,774	$ 2,454	$ 223,696	$ 49,675	$ 244,310

(*1) As of December 31, 2025, lease receivables comprise current lease receivables of ₩13,807 million ($9,622 thousand) and non-current lease receivables of ₩57,472 million ($40,053 thousand)
(*2) As of December 31, 2025, lease liabilities include current lease liabilities of ₩62,311 million ($43,425 thousand) and non-current lease liabilities of ₩288,251 million ($200,886 thousand).

11.1.1 The carrying amount and changes in right-of-use assets and lease liabilities for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions) (cont'd)

	2024						
	Right-of-use assets						
	Building and structure	Aircraft	Facility	Others	Total	Lease receivables (*1)	Lease liabilities (*2)
Beginning balance	₩ 12,640	₩ 21,952	₩ 29,416	₩ 24,324	₩ 88,332	₩ 93,017	₩ 118,197
Acquisition	4,848	-	725	3,371	8,944	2,364	10,473
Disposal (Contract termination)	(637)	-	-	(1)	(638)	(593)	(1,122)
Depreciation	(6,444)	(5,096)	(2,620)	(6,290)	(20,450)	-	-
Interest income	-	-	-	-	-	6,313	-
Interest expense	-	-	-	-	-	-	6,329
Foreign exchange	-	-	-	-	-	10,014	9,727
Lease payment	-	-	-	-	-	-	(42,244)
Lease receipt	-	-	-	-	-	(25,802)	-
Ending balance	₩ 10,407	₩ 16,856	₩ 27,521	₩ 21,404	₩ 76,188	₩ 85,313	₩ 101,360
U.S. dollar in thousands	$ 7,253	$ 11,747	$ 19,180	$ 14,916	$ 53,096	$ 59,456	$ 70,639

(*1) As of December 31, 2024, lease receivables comprise current lease receivables of ₩17,488 million ($12,188 thousand) and non-current lease receivables of ₩67,825 million ($47,268 thousand)
(*2) As of December 31, 2024, lease liabilities include current lease liabilities of ₩39,129 million ($27,269 thousand) and non-current lease liabilities of ₩62,231 million ($43,370 thousand).

11.1.2 The amounts recognized in profit or loss for each of the two years in the period ended December 31, 2025 in relation to leases are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
<Revenues>			
Interest income on lease receivables	₩ 5,546	₩ 6,313	$ 3,865
<Expenses>			
Depreciation of right-of-use assets	₩ (30,387)	₩ (20,450)	$ (21,177)
Interest on lease liabilities	(15,975)	(6,329)	(11,133)
Short-term lease	(4,014)	(1,230)	(2,797)
Leases of low-value assets	(620)	(1,969)	(432)
	₩ (50,996)	₩ (29,978)	$ (35,539)
Net profit or loss	**₩ (45,450)**	**₩ (23,665)**	**$ (31,674)**

11.2 Company as a lesser

11.2.1. Details of finance lease receivables as of December 31, 2025 and 2024 are as follows:

	Dec. 31, 2025		Dec. 31, 2024	
	Current	Non-current	Current	Non-current
Finance lease receivables	₩ 13,807	₩ 57,472	₩ 17,488	₩ 67,825
U.S. dollar in thousands	**$ 9,622**	**$ 40,053**	**$ 12,188**	**$ 47,268**

11.2.2 Details of the maturity profile on finance lease receivables for each of the two years in the period ended December 31, 2025 are as follows. The maturity amount is an undiscounted contractual cash flow that includes interest received.

	2025	
	Korean won in millions	U.S. dollar in thousands
Within 1 year	₩ 14,287	$ 9,957
More than 1 year and within 5 years	80,855	56,349
More than 5 years	153	107
	₩ 95,295	$ 66,413

	2024	
	Korean won in millions	U.S. dollar in thousands
Within 1 year	₩ 18,042	$ 12,574
More than 1 year and within 5 years	38,438	26,788
More than 5 years	59,208	41,263
	₩ 115,688	$ 80,625

11.2.3 The Company recognized rental income of ₩33,010 million ($23,005 thousand) and ₩12,355 million ($8,610 thousand) in relation to operating lease arrangements for each of the two years in the period ended December 31, 2025, respectively

12. Intangible assets

12.1 Intangible assets as of December 31, 2025 and 2024 are as follows:

	December 31, 2025					
	Korean won in millions					U.S. dollar in thousands
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Government grants	Book value	Book value
Exploration and evaluation intangible assets	₩ 162,323	₩ -	₩ (123,475)	₩ (1,538)	₩ 37,310	$ 26,002
Industrial property rights	4,121	(3,024)	-	-	1,097	765
Mining rights	2,575,001	(1,567,530)	-	-	1,007,471	702,119
Membership	17,382	(137)	-	-	17,245	12,018
Software	108,676	(61,076)	-	(115)	47,485	33,093
Others	9,433	-	-	-	9,433	6,574
	₩ 2,876,936	₩ (1,631,767)	₩ (123,475)	₩ (1,653)	₩ 1,120,041	$ 780,571
U.S. dollar in thousands	$ 2,004,973	$ (1,137,199)	$ (86,051)	$ (1,152)	$ 780,571	

	December 31, 2024					
	Korean won in millions					U.S. dollar in thousands
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Government grants	Book value	Book value
Exploration and evaluation intangible assets	₩ 163,004	₩ -	₩ (123,497)	₩ (2,197)	₩ 37,310	$ 26,002
Industrial property rights	3,648	(2,591)	-	-	1,057	736
Mining rights	2,417,360	(1,403,486)	-	-	1,013,874	706,581
Membership	17,163	(81)	-	-	17,082	11,905
Software	95,442	(51,556)	-	-	43,886	30,585
Others	5,923	-	-	-	5,923	4,128
	₩ 2,702,540	₩ (1,457,714)	₩ (123,497)	₩ (2,197)	₩ 1,119,132	$ 779,937
U.S. dollar in thousands	$ 1,883,434	$ (1,015,899)	$ (86,067)	$ (1,531)	$ 779,937	

(*1) Including the mining rights related to Myanmar A-1/A-3 blocks.

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

	2025													
	Korean won in million												U.S. dollar in thousands	
	Beginning balance		Acquisition		Disposal, etc.		Amortization		Others (*1)		Ending balance		Ending balance	
Exploration and evaluation intangible assets	₩	39,507	₩	−	₩	(681)	₩	−	₩	22	₩	38,848	$	27,074
(Government grants)		(2,197)		−		659		−		-		(1,538)		(1,072)
Industrial property rights		1,057		479		(2)		(437)		-		1,097		765
Mining rights (*2)		1,013,875		157,641		−		(164,045)		−		1,007,471		702,119
Membership		17,082		3,350		(3,130)		(57)		-		17,245		12,018
Software		43,886		1,990		−		(9,520)		11,244		47,600		33,173
(Government grants)		-		(123)		−		8		-		(115)		(80)
Others		5,923		-		-		-		3,510		9,433		6,574
	₩	**1,119,133**	**₩**	**163,337**	**₩**	**(3,154)**	**₩**	**(174,051)**	**₩**	**14,776**	**₩**	**1,120,041**	**$**	**780,571**
U.S. dollar in thousands	**$**	**779,938**	**$**	**113,832**	**$**	**(2,198)**	**$**	**(121,298)**	**$**	**10,297**	**$**	**780,571**		

(*1) Including decreases due to the transfer of construction in progress, the replacement of current purchased emission allowances, and the approval of exemption from the repayment obligation of contingent loans.
(*2) Including the mining rights related to Myanmar A-1/A-3 blocks.

	2024															
	Korean won in million														U.S. dollar in thousands	
	Beginning balance		Acquisition		Disposal, etc.		Amortization		Reversal		Others (*1)		Ending balance		Ending balance	
Exploration and evaluation intangible assets	₩	71,026	₩	−	₩	(764)	₩	−	₩	764	₩	(31,519)	₩	39,507	$	27,533
(Government grants)		(33,716)		−		−		−		−		31,519		(2,197)		(1,531)
Industrial property rights		960		508		−		(411)		−		-		1,057		736
Mining rights (*2)		1,071,659		101,563		−		(159,348)		−		−		1,013,874		706,581
Membership		16,610		687		(180)		(35)		−		-		17,082		11,905
Software		31,852		3,097		−		(6,407)		−		15,344		43,886		30,585
Others		-		-		-		-		−		5,923		5,923		4,128
	₩	**1,158,391**	**₩**	**105,855**	**₩**	**(944)**	**₩**	**(166,201)**	**₩**	**784**	**₩**	**21,267**	**₩**	**1,119,132**	**$**	**779,937**
U.S. dollar in thousands	**$**	**807,288**	**$**	**73,772**	**$**	**(658)**	**$**	**(115,828)**	**$**	**532**	**$**	**14,821**	**$**	**779,937**		

(*1) Including transfers from construction-in-progress and decrease due to the approval of exemption from the repayment obligation of contingent loans.
(*2) Including the mining rights related to Myanmar A-1/A-3 blocks.

12.3 Joint arrangement

The mining rights of intangible assets and the machinery of property, plant and equipment include the Company's share of the jointly held assets held under joint arrangements. The major joint arrangements of the Company as of December 31, 2025 are as follows:

	Activities	Equity interest (%)	Location
Myanmar A-1/A-3 blocks	Development and production for gas area	51	Myanmar
Offshore midstream	Gas transmission facilities	51	Myanmar

13. Investment properties

13.1 Details of investment properties as of December 31, 2025 and 2024 are as follows:

	December 31, 2025			
	Korean won in millions			U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Book value	Book value
Land	₩ 50,368	₩ -	₩ 50,368	$ 35,102
Buildings	113,658	(32,405)	81,253	56,626
	₩ 164,026	**₩ (32,405)**	**₩ 131,621**	**$ 91,728**
U.S. dollar in thousands	**$ 114,311**	**$ (22,583)**	**$ 91,728**	

	December 31, 2024			
	Korean won in millions			U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Book value	Book value
Land	₩ 50,368	₩ -	₩ 50,368	$ 35,102
Buildings	113,658	(29,563)	84,095	58,607
	₩ 164,026	**₩ (29,563)**	**₩ 134,463**	**$ 93,709**
U.S. dollar in thousands	**$ 114,312**	**$ (20,603)**	**$ 93,709**	

13.2 Changes in the book value of investment properties for each of the two years in the period ended December 31, 2025 are as follows:

	2025		
	Beginning balance	Depreciation	Ending balance
Land	₩ 50,368	₩ -	₩ 50,368
Building	84,095	(2,842)	81,253
	₩ 134,463	₩ (2,842)	₩ 131,621
U.S. dollar in thousands	**$ 93,709**	**$ (1,981)**	**$ 91,728**

	2024		
	Beginning balance	Depreciation	Ending balance
Land	₩ 50,368	₩ -	₩ 50,368
Building	86,938	(2,843)	84,095
	₩ 137,306	₩ (2,843)	₩ 134,463
U.S. dollar in thousands	**$ 95,690**	**$ (1,981)**	**$ 93,709**

13.3 The fair value of investment properties

The fair value of investment properties amounts to ₩171,743 million ($119.690 thousand) as of December 31, 2025.

13.4 Details of income and expense arising from investment properties for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Rental income	₩	12,256	₩	11,921	$	8,541
Operating expense		(6,303)		(6,391)		(4,393)
	₩	**5,953**	**₩**	**5,530**	**$**	**4,148**

13.5 Joint arrangement

The Company owns POSCO Tower Songdo, a real estate property, located in Yeonsu-gu, Incheon, under a joint arrangement. As of December 31, 2025, the Company owns 60% of the real estate property and has classified the asset as property, plant and equipment and investment properties. Such joint arrangements are accounted for as joint operations, and rental income generated and expenses incurred as a result of the joint operation are recognized as income and expenses in proportion to the Company's shares.

14. Trade and other payables

Details of trade and other payables as of December 31, 2025 and 2024 are as follows: (Korean won in millions)

	Dec. 31, 2025				Dec. 31, 2024			
	Current		Non-current		Current		Non-current	
Trade payables	₩	1,937,313	₩	-	₩	1,692,914	₩	-
Other payables		561,981		558		423,880		699
Accrued expenses		18,888		-		20,829		-
Guarantee deposits received		719		9,459		26,762		5,387
Lease liabilities		62,311		288,251		39,129		62,231
Financial guarantee liabilities		1,775		-		707		637
	₩	**2,582,987**	**₩**	**298,268**	**₩**	**2,204,221**	**₩**	**68,954**
U.S. dollar in thousands	**$**	**1,800,116**	**$**	**207,867**	**$**	**1,536,150**	**$**	**48,055**

15. Borrowings and bonds

15.1 Details of borrowings as of December 31, 2025 and 2024 are as follows:

	Creditor	Annual interest rates	The longest maturity	Korean won in millions				U.S. dollar in thousands	
				Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
<Current borrowings>									
Short-term borrowings:									
Banker's usance and others	Wooribank and others	3M TERM SOFR	2026.02.28	₩	-	₩	6,932	$	-
NEGO borrowings	Wooribank and others	3M TERM SOFR+0.46% and others	2026.02.28		704,293		503,343		490,831
General borrowings (Limit)	Wooribank and others	3M TERM SOFR+0.59% and others	2026.02.28		598,105		52,198		416,827
				₩	**1,302,398**	**'₩**	**562,473**	**$**	**907,658**
Current-portion of long-term borrowings:									
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2026.12.31		1,064		1,385		742
Forgivable borrowings	Korea Energy Agency	3year government bond yield	2026.03.15		7,045		9,113		4,910
Other borrowings (*1)	Korea EXIM Bank and others	2.12% and others	2026.11.28		119,224		432,463		83,089
Less: present value discount					-		(565)		-
				₩	**127,333**	**₩**	**442,396**	**$**	**88,741**
				₩	**1,429,731**	**₩**	**1,004,869**	**$**	**996,399**
<Non-current borrowings>									
Long-term borrowings denominated in Korean won:									
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2027.12.15	₩	133		403	$	93
Other borrowings (*1)	Korea Rural Community Cooperation and others	2.00% and others	2035.09.15		466,317		106,127		324,982
				₩	**466,450**	**₩**	**106,530**	**$**	**325,075**
Long-term borrowings denominated in foreign currency:									
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2027.12.15		231		1,050		161
Forgivable borrowings (*2)	Korea Energy Agency	3year government bond yield-1.25%	Undecided		90,367		89,863		62,978
Other borrowings (*1)	Korea EXIM Bank and others	2.12% and others	2035.09.15		322,852		294,923		225,000
				₩	413,450	₩	385,836	$	288,139
				₩	879,900	₩	492,366	$	613,214
Less: present value discount					(2,978)	₩	-	$	(2,075)
				₩	**876,922**	**₩**	**492,366**	**$**	**611,139**
Total borrowings				**₩**	**2,306,653**	**₩**	**1,497,235**	**$**	**1,607,538**

(*1) The Company's property, plant and equipment are provided as collateral for the borrowings as of December 31, 2025 (see Note 20).
(*2) Due to the nature of the exploration project, the maturity date of the contingent loans cannot be specified.

15.2 Details of bonds as of December 31, 2025 and 2024 are as follows:

	Annual interest rates	Maturity	Korean won in millions Dec. 31, 2025	Korean won in millions Dec. 31, 2024	U.S. dollar in thousands Dec. 31, 2025
Current Portion of bonds:					
17-1st unsecured bond	3.13%	2025.07.10	₩ -	₩ 70,000	$ -
24-2nd unsecured bond	1.94%	2025.05.28	-	50,000	-
24-6th unsecured bond	1.68%	2025.08.06	-	110,000	-
27th unsecured bond	Daily SOFR+1.30% p.a.	2025.03.17	-	367,500	-
28th unsecured bond	3M TERM SOFR+1.50% p.a.	2025.07.26	-	147,000	-
29th unsecured bond	Daily SORA+1.55% p.a.	2025.10.25	-	183,783	-
30-1st unsecured bond	2.86%	2025.01.27	-	160,000	-
32-1st unsecured bond	4.29%	2025.08.29	-	30,000	-
25-2nd unsecured bond	2.18%	2026.03.19	80,000	-	55,753
31th unsecured bond	4.18%	2026.05.25	200,000	-	139,383
22-3rd unsecured bond	1.96%	2026.07.04	50,000	-	34,846
22-6th unsecured bond	2.25%	2026.08.08	50,000	-	34,846
32-2nd unsecured bond	4.39%	2026.08.28	120,000	-	83,630
33-1st unsecured bond	3.28%	2026.09.11	80,000	-	55,753
			₩ 580,000	₩ 1,118,283	$ 404,211
Less: present value discount on bonds			(326)	(548)	(227)
			₩ 579,674	₩ 1,117,735	$ 403,984
Non-current bonds:					
22-3rd unsecured bond	1.95%	2026.07.04	₩ -	₩ 50,000	$ -
22-6th unsecured bond	2.25%	2026.08.08	-	50,000	-
24-4th unsecured bond	2.47%	2027.04.28	50,000	50,000	34,846
24-7th unsecured bond	1.86%	2027.08.06	40,000	40,000	27,877
25-2nd unsecured bond	2.18%	2026.03.19	-	80,000	-
25-3rd unsecured bond	2.47%	2028.03.17	50,000	50,000	34,846
30-2nd unsecured bond	3.02%	2027.01.27	40,000	40,000	27,877
30-3rd unsecured bond	4.00%	2032.05.02	100,000	100,000	69,691
31th unsecured bond	4.18%	2026.05.25	-	200,000	-
32-2nd unsecured bond	4.39%	2026.08.28	-	120,000	-
32-3rd unsecured bond	4.56%	2028.08.29	50,000	50,000	34,846
33-1st unsecured bond	3.28%	2026.09.11	-	80,000	-
33-2nd unsecured bond	3.25%	2027.09.10	190,000	190,000	132,413
33-3rd unsecured bond	3.34%	2029.09.12	30,000	30,000	20,907
34th unsecured bond	3M SOFR+1% p.a.	2027.10.08	430,470	441,000	300,000
35-1st unsecured bond	2.66%	2027.09.10	100,000	-	69,691
35-2nd unsecured bond	2.69%	2028.09.12	100,000	-	69,691
35-3rd unsecured bond	2.90%	2030.09.10	100,000	-	69,691
36th unsecured bond	3M SOFR + 0.98% p.a.	2028.10.20	430,470	-	300,000
			₩ 1,710,940	₩ 1,571,000	$ 1,192,376
Less: present value discount on bonds			(4,762)	(3,903)	(3,319)
			₩ 1,706,178	₩ 1,567,097	$ 1,189,057
			₩ 2,285,852	**₩ 2,684,832**	**$ 1,593,041**

16. Other liabilities

Details of other liabilities as of December 31, 2025 and 2024 are as follows: (Korean won in millions)

	Dec. 31, 2025		Dec. 31, 2024	
	Current	Non-current	Current	Non-current
Advances received	85,872	₩ -	53,954	₩ -
Unearned revenue	38,807	-	44,633	-
Withholdings	38,205	37,310	74,429	37,310
	₩ 162,884	**₩ 37,310**	**₩ 173,016**	**₩ 37,310**
U.S. dollar in thousands	**$ 113,516**	**$ 26,002**	**$ 120,577**	**$ 26,002**

17. Retirement benefits

The Company operates a defined benefit pension plan and a defined contribution pension plan for its employees and uses the projected unit credit method in the actuarial valuation of plan assets and the defined benefit obligation.

17.1 The amount recognized as an expense under the defined contribution pension plan for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Defined contribution retirement benefit expense	₩ 1,208	₩ 959	$ 842

17.2 Details of net defined benefit liabilities (assets) as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Present value of defined benefit obligation	₩ 227,605	₩ 208,296	$ 158,621
Fair value of plan assets	(306,678)	(258,793)	(213,728)
Net defined benefit assets	(79,073)	(50,497)	(55,107)

17.3 Changes in the present value of the defined benefit obligation for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Beginning balance	₩	208,296	₩	185,762	$	145,164
Current service cost		20,028		19,191		13,958
Interest cost		7,433		7,712		5,180
Benefits paid		(21,619)		(19,911)		(15,067)
Re-measurement loss(gain) in OCI:						
- Actuarial changes arising from changes in demographic assumptions		2,789		1,884		1,944
- Actuarial changes arising from changes in financial assumptions		(7,387)		8,368		(5,148)
- Others		18,216		5,029		12,695
Others		(151)		261		(105)
Ending balance	**₩**	**227,605**	**₩**	**208,296**	**$**	**158,621**

17.4 Changes in fair value of plan assets for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Beginning balance	₩	258,792	₩	227,180	$	180,355
Contribution by the employer		58,200		40,500		40,560
Interest income		8,963		6,679		6,246
Benefits paid		(21,684)		(19,822)		(15,112)
Re-measurement gain (loss) in OCI:						
- Actuarial changes arising from changes in financial assumptions		2,507		3,993		1,747
Others		(100)		263		(70)
Ending balance	**₩**	**306,678**	**₩**	**258,793**	**$**	**213,726**

17.5 The components of plan assets as of December 31, 2025 and 2024 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
Debt products	₩	173,057	₩	70,758	$	120,606
Deposit product		350		5,821		244
Others		133,271		182,214		92,878
	₩	**306,678**	**₩**	**258,793**	**$**	**213,728**

17.6 The Gains and losses recognized in relation to defined benefit plans for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Current service cost	₩	20,028	₩	19,191	$	13,958
Net interest on net defined benefit		(1,530)		1,033		(1,066)
	₩	**18,498**	**₩**	**20,224**	**$**	**12,892**

17.7 Details of remeasurement gain (loss) recorded in other comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Re-measurement of defined benefit obligation	₩	(13,618)	₩	(15,281)	$	(9,491)
Re-measurement of plan assets		2,507		3,993		1,747
	₩	(11,111)	₩	(11,288)	$	(7,744)
Income tax effect		2,853		2,768		1,988
Other comprehensive income	**₩**	**(8,258)**	**₩**	**(8,520)**	**$**	**(5,756)**

17.8 Principal assumptions used in actuarial valuation as of December 31, 2025 and 2024 are as follows:

	Dec. 31, 2025	Dec. 31, 2024
Discount rate	4.12%	3.70%
Expected future salary growth rate	5.00%	5.00%

The sensitivity analysis of defined benefit obligation arising from changes in principal assumptions as of December 31, 2025 is as follows:

	Discount rate				Expected future salary growth rate			
	1% point increase		1% point decrease		1% point increase		1% point decrease	
Amount (Korean won in millions)	₩	(20,133)	₩	21,199	₩	20,798	₩	(20,170)
Amount (U.S. dollar in thousands)	$	(14,031)	$	14,774	$	14,494	$	(14,057)
Rate		(8.85%)		9.31%		9.14%		(8.86%)

17.9 Details of impact on defined benefit plans for future cash flows are as follows:

The additional contributions expected to be paid for the fiscal year ending December 31, 2026 amount to ₩65,778 million ($45,842 thousand). The maturity profile of the Company's undiscounted pension benefit payments for the year ended December 31, 2025 is as follows:

	Korean won in millions				
	Less than 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total
Benefits paid	₩ 15,450	₩ 20,612	₩ 57,287	₩ 620,658	₩ 714,007
U.S. dollar in thousands	$ 10,767	$ 14,365	$ 39,924	$ 432,544	$ 497,600

The weighted average maturity of the Company's defined benefit obligations is 9.45 years.

18. Provisions

18.1 Details of provisions as of December 31, 2025 and 2024 are as follows: (Korean won in millions)

	Dec. 31, 2025		Dec. 31, 2024	
	Current	Non-current	Current	Non-current
Provision for bonus, etc.	₩ 29,727	₩ -	₩ 29,473	₩ -
Provision for REC (*1)	45,150	-	64,249	-
Provision for emission rights (*2) (see note 19)	5,750	3,510	-	5,750
Provision for contingency (see note 20)	-	22,945	-	22,056
Provision for restoration (*3) (see note 20)	-	59,332	-	59,378
Other non-current provisions	-	6,608	-	-
	₩ 80,627	**₩ 92,395**	**₩ 93,722**	**₩ 87,184**
U.S. dollar in thousands	**$ 56,190**	**$ 64,391**	**$ 65,316**	**$ 60,760**

(*1) In accordance with Article 12-5 of the *Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy*, the Company has an obligation to supply more than a certain amount of power generation using new and renewable energy. In accordance with the Act, the amount required to fulfill its obligations, including the amount of insufficient supply among the supply using new and renewable energy that the Company had to bear during the current period, was estimated and set as a provision.
(*2) The Company establishes the provision for emission rights for the obligation to submit emission rights that exceed the free emissions rights it holds.
(*3) The Company recorded provisions for restoration subject to the obligations to restore mining areas and office leases.

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

	2025						
	Korean won in millions						
	Provision for bonus	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Other non-current provisions	Total
Beginning balance	₩ 29,473	₩ 64,249	₩ 5,750	₩ 22,057	₩ 59,378	₩ -	₩ 180,907
Increase	34,168	171,152	3,510	2,500	1,320	6,608	219,258
Reversal	-	(1,074)	-	(183)	-	-	(1,257)
Used	(33,914)	(189,177)	-	(699)	-	-	(223,790)
Foreign currency translation	-	-	-	(730)	(1,366)	-	(2,096)
Ending balance	**₩ 29,727**	**₩ 45,150**	**₩ 9,260**	**₩ 22,945**	**₩ 59,332**	**₩ 6,608**	**₩ 173,022**
U.S. dollar in thousands	**$ 20,717**	**$ 31,466**	**$ 6,453**	**$ 15,991**	**$ 41,349**	**$ 4,605**	**$ 120,581**

	2024						
	Korean won in millions						
	Provision for bonus	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Provision for LTSA	Total
Beginning balance	₩ 23,994	₩ 64,166	₩ 8,695	₩ 21,902	₩ 50,583	₩ 15,369	₩ 184,709
Increase	45,878	64,249	-	9,086	2,097	1,597	122,907
Reversal	-	-	(2,945)	(8,312)	-	-	(11,257)
Used	(40,399)	(64,166)	-	(2,654)	(278)	(16,966)	(124,463)
Foreign currency translation	-	-	-	2,034	6,976	-	9,010
Ending balance	**₩ 29,473**	**₩ 64,249**	**₩ 5,750**	**₩ 22,056**	**₩ 59,378**	**₩ -**	**₩ 180,906**
U.S. dollar in thousands	**$ 20,540**	**$ 44,776**	**$ 4,007**	**$ 15,371**	**$ 41,381**	**$ -**	**$ 126,076**

19. Greenhouse gas emission rights and liabilities

19.1 Greenhouse gas emission rights held for the purpose of fulfilling obligations

19.1.1 The quantity of free emission rights allocated to the Company for the 4th plan period (2026-2030) is as follows:

	Ton (tCO2-eq)					
	For 2026 (KAU26)	For 2027 (KAU27)	For 2028 (KAU28)	For 2029 (KAU29)	For 2030 (KAU30)	Total
Free emission rights	5,057,826	4,395,550	3,530,788	2,757,895	2,076,875	17,818,934

19.1.2 Changes in quantity and book value of the emission rights for each of the two years in the period ended December 31, 2025 are as follows:

< 2025 >

	Ton (tCO2-eq)			
	For 2024 (KAU24)	For 2025 (KAU25)	For 2026 (KAU26)	Other (*1)
<Quantity>				
Beginning balance	5,340,356	5,091,720	5,057,826	-
Additional allocation and cancellation	-	-	-	-
Purchase	-	-	-	270,000
Sell	(84,882)	(474,600)	-	-
Submit emission rights	(4,831,068)	-	-	-
Carried over	(424,406)	424,406	-	-
Ending balance	-	5,041,526	5,057,826	270,000

	Korean won in millions			
	For 2024 (KAU24)	For 2025 (KAU25)	For 2026 (KAU26)	Other (*1)
<Book value>				
Beginning balance	₩ -	₩ 5,923	₩ -	₩ 5,923
Additional allocation and cancellation	-	-	-	-
Purchase	-	-	-	3,510
Sell	-	-	-	-
Submit emission rights	-	-	-	-
Carried over	-	-	-	-
Ending balance	₩ -	₩ 5,923	₩ -	₩ 9,433
U.S. dollar in thousands	**$ -**	**$ 4,128**	**$ -**	**$ 6,574**

(*1) The quantity and carrying amount of i-KOC emission rights have been reflected.

< 2024 >

	Ton (tCO2-eq)		
	For 2023 (KAU23)	For 2024 (KAU24)	For 2025 (KAU25)
<Quantity>			
Beginning balance	4,029,791	5,120,725	4,870,725
Additional allocation and cancellation	1,481,073	-	-
Purchase	-	-	220,995
Sell	(1,073,177)	-	-
Submit emission rights	(4,218,056)	-	-
Carried over	(219,631)	219,631	-
Ending balance	-	5,340,356	5,091,720

	Korean won in millions		
	For 2023 (KAU23)	For 2024 (KAU24)	For 2025 (KAU25)
<Book value>			
Beginning balance	₩ 5,923	₩ -	₩ -
Additional allocation and cancellation	-	-	-
Purchase	-	-	5,923
Sell	(5,923)	-	-
Submit emission rights	-	-	-
Carried over	-	-	-
Ending balance	₩ -	₩ -	₩ 5,923
U.S. dollar in thousands	**$ -**	**$ -**	**$ 4,128**

19.1.3 There are no emission permits provided as collateral as of December 31, 2025.

19.1.4 The Company did not hold greenhouse gas emission rights for short-term trading profits as of December 31, 2025.

19.2 Emission liabilities

19.2.1 The estimated quantity of the Company's greenhouse gas emissions as of December 31, 2025 is 4,023,978 tons (tCO2-eq) for the current compliance year 2025.

19.2.2 Changes in emission liabilities for the year ended December 31, 2025 are as follows:

	Korean won in millions			U.S. dollar in thousands
	Current	Non-current	Total	Total
Beginning balance	₩ -	₩ 5,750	₩ 5,750	$ 4,007
Provision	-	3,510	3,510	2,446
Transfer	5,750	(5,750)	-	-
Ending balance	**₩ 5,750**	**₩ 3,510**	**₩ 9,260**	**$ 6,453**
U.S. dollar in thousands	**$ 4,007**	**$ 2,446**	**$ 6,453**	

20. Commitments and contingencies

20.1 Provision for contingencies

Changes in provision for contingencies for the year ended December 31, 2025 are as follows: (Korean won in millions)

	Beginning balance	Increase	Reversal	Used	Translation	Ending balance	Principal debt amount
Daewoo Corp. (EXIM India, etc.)	₩ 6,686	₩ 355	₩ (183)	₩ -	₩ (474)	₩ 6,384	₩ 310,567
Provision for loss	15,370	2,145	-	(699)	(255)	16,561	-
	₩ 22,056	₩ 2,500	₩ (183)	₩ (699)	₩ (729)	₩ 22,945	₩ 310,567
U.S. dollar in thousands	$ 15,371	$ 1,742	$ (128)	$ (487)	$ (508)	$ 15,991	$ 216,438

20.1.1 Contingent liabilities carried over from Daewoo Corporation prior to the spin-off

On July 22, 2000, Daewoo Corporation, prior to the spin-off, approved a proposal to divide the company into one surviving company and two newly incorporated companies, each of which engages in the trade and construction sector, respectively. On December 27, 2000, the Company was newly incorporated as Daewoo International Corporation through a spin-off of Daewoo Corporation's trade sector.

IDBI, a creditor of Daewoo Motor India (DMIL), to which Daewoo Corporation provided debt guarantees, filed a lawsuit against DMIL, Daewoo Corporation, Daewoo Engineering & Construction and the Company in Delhi in May 2002 with regards to the disposal of assets and confirmation of the debt.

As of December 31, 2025, the Company has recorded ₩6,384 million ($4,449 thousand) as provision for contingent losses by reasonably estimating the enforceability and amount of the lawsuit.

20.2 Pending litigations

As of December 31, 2025, the Company is a defendant in 10 pending lawsuits (2 domestic and 8 overseas). The total amount of claims involves ₩624 million ($435 thousand) for domestic cases and ₩175,701 million ($122,448 thousand) for overseas cases (comprising USD 72,228 thousand, PKR 124,775 thousand, ARS 1,800 thousand, and INR 124,775 million). The Company has recognized ₩6,384 million ($4,449 thousand) as provisions for those cases where an outflow of resources is considered probable and can be reliably estimated. For the remaining cases, the final outcomes cannot be reasonably predicted; therefore, no further impact has been reflected in the financial statements. Separately, as of December 31, 2025, there are 9 pending lawsuits in which the Company is the plaintiff.

20.3 Credit facilities

As of December 31, 2025, the Company has entered into an agreement with Woori Bank and others for the opening of L/C as follows: (Korean won in millions, USD in thousands)

Description	Description	Currency	Credit line amount
Local L/C	Woori Bank and others	USD	111,506
Import L/C	Woori Bank and others	USD	745,800
Credit line in foreign currency	Woori Bank and others	USD	2,286,770
Purchased foreign exchanges (Sale of receivables)	Woori Bank and others	USD	1,462,500
P bond and others	Woori Bank and others	USD	376,560
Overdraft and others	Standard Chartered Bank Korea	KRW	5,000
Credit line in Korean won	Woori Bank and others	KRW	350,000
Supply Chain Finance	Korea EXIM Bank	USD	120,000

20.4 Collateral

The Company has pledged 19 blank promissory notes and 12 blank checks as collateral to Korea Energy Agency for the contract performance guarantees as of December 31, 2025.

20.5 Derivatives

20.5.1 Details of unsettled derivatives: (Korean won in millions)

		Unsettled contractual amount		
Contract	**Currency unit**	**Long position**	**Short position**	**Accumulated valuation gain(loss)**
Currency forwards	USD	669,477	5,237	(11,803)
	EUR	89,901	1,188,168	(4,952)
	JPY	53,673	213,145	1,721
	CNY	29,506	18,058	(11)
	THB	5,252	24,956	(550)
	GBP	27,382	89,515	(505)
	AUD	9,513	144,874	(1,686)
	PLN	6,299	33,436	(437)
				(18,223)
Commodity futures	COPPER	-	2,915	(202)
	CORN	65,978	34,952	(197)
	GASOIL	3,068	-	(307)
	HSFO	385	-	(7)
	MARINE FUEL	3,160	535	(34)
	NICKEL	50,368	131,190	(7,065)
	PX	17,547	43,704	(3,039)
	SOYBEAN	72,764	1,874	799
				(10,052)

20.5.1 Details of unsettled derivatives: (Korean won in millions) (cont'd)

Details of unsettled currency swaps as of December 31, 2025 are as follows: (Korean won in millions, USD in thousands and EUR in thousands)

Bank	Payment		Receipt		Expiration date	Interest rate	Accumulated valuation gain (loss)	
Credit Agricole CIB	KRW	19,340	EUR	14,041	2026.10.22	Receive Euribor(6M) + 0.86%	₩	4,569
Credit Agricole CIB	KRW	65,498	USD	45,000	2027.06.25	Receive USD TERM SOFR 3M + 1.15%		(838)
ING	KRW	149,817	USD	111,000	2027.06.25	Receive USD TERM SOFR 3M + 1.15%		9,677
KB Bank	KRW	64,042	USD	44,000	2027.06.25	Receive USD TERM SOFR 3M + 1.15%		(821)
							₩	12,587
U. S. dollar in thousands							**$**	**8,772**

As of December 31, 2025, the Company has entered into currency forward contracts and commodity futures contracts with financial institutions for the purpose of hedging foreign exchange risks related to foreign currency debt obligations and fair value risks associated with the purchase and sale of inventory assets.

20.5.2 Derivatives trading and valuation gains and losses

Changes in the book value of derivative financial assets (liabilities) for the year ended December 31, 2025 are as follows:

	Korean won in millions							
	Beginning balance		**Settlement**		**Valuation gain (loss)**		**Ending balance**	
Currency forwards	₩	(10,638)	₩	18,932	₩	(26,517)	₩	(18,223)
Commodity futures		10,649		(10,649)		(10,052)		(10,052)
Firm commitment contracts		(7,754)		(3,373)		18,533		7,406
Currency swap		28,759		(11,506)		(4,666)		12,587
	₩	**21,016**	**₩**	**(6,596)**	**₩**	**(22,702)**	**₩**	**(8,282)**
U.S. dollar in thousands	**$**	**14,646**	**$**	**(4,597)**	**$**	**(15,821)**	**$**	**(5,772)**

The Company has entered into product futures and other commitments for fair value hedges when hedging the exposure to changes in the fair value of firm sales and purchase contracts arising from fluctuations in product price, and applied fair value hedges using firm commitments as hedging methods and product futures and other commitments as hedging targets.

20.6 Guarantee obligations

20.6.1 Details of guarantees provided by the Company to certain creditors on behalf of associates/debtors as of December 31, 2025 are as follows: (Korean won in millions, U.S. dollar in thousands and Indonesian rupiah in millions)

Debtor	Creditor	Limit amount			outstanding balance			Year of expiration
		Foreign currency amounts		Korean won equivalent	Foreign currency amounts		Korean won equivalent	
PT. BIO INTI AGRINDO	Hana Bank (Indonesia)	IDR	360,000	30,816	IDR	360,000	30,816	2026
	SMBC (Indonesia)	IDR	271,200	23,215	IDR	271,200	23,215	2026
GLOBAL KOMSCO DAEWOO LLC.	Hana Bank (Bahrain)	USD	6,650	9,542	USD	4,200	6,027	2028
POSCO ASSAN TST STEEL INDUSTRY	Woori Bank (hongkong) and others	USD	13,650	19,586	USD	13,650	19,586	2026
PT POSCO INTERNATIONAL E&P INDONESIA	PT Bank Negara Indonesia	USD	750	1,076	USD	750	1,076	2027
POSCO INTERNATIONAL SINGAPORE PTE., LTD.	BMG (Bank Mendes Gans) (*1)	USD	50,000	71,745	USD	-	-	
POSCO INTERNATIONAL DEUTSCHLAND GmbH		USD			USD	-	-	
POSCO INTERNATIONAL AMERICA CORP.		USD			USD	-	-	
POSCO INTERNATIONAL JAPAN CORP.		USD			USD	15,988	22,941	2026
POSCO INTERNATIONAL MALAYSIA SDN. BHD.		USD			USD	-	-	
POSCO INTERNATIONAL ITALIA S.R.L.		USD			USD	-	-	
POSCO INTERNATIONAL MEXICO S.A. de C.V.		USD			USD	-	-	
POSCO INTERNATIONAL MEXICO E-MOBILITY		USD			USD	-	-	
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z O.O.		USD			USD	-	-	
POSCO INTERNATIONAL AUSTRALIA HOLDINGS		USD			USD	-	-	
POSCO INTERNATIONAL MEXICO E-MOBILITY	Korea EXIM Bank	USD	27,000	38,742	USD	27,000	38,742	2026
	POSCO-ASIA		4,055	5,818		3,379	4,849	2026
	Shinhan Bank (London)	USD	21,000	30,133	USD	21,000	30,133	2027
PT.KRAKATAU POSCO ENERGY	PT. Bank Shinhan Indonesia	USD	18,903	27,124	USD	3,150	4,520	2026
	POSCO-ASIA	USD	84,000	120,532	USD	26,250	37,666	2028
POSCO INTERNATIONAL ALASKA ENERGY LCC	Glenfarne Alaska Partners, LLC	USD	45,000	64,571	USD	45,000	64,571	2028
AGPA PTE. LTD.	SMBC (Singapore)	USD	20,880	29,961	USD	20,880	29,961	2027
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z O.O.	BNP Paribas Polska S.A.	EUR	23,678	39,914	EUR	23,678	39,914	2028
		IDR	631,200	54,031	IDR	631,200	54,031	
		USD	291,888	418,830	USD	181,247	260,072	
		EUR	23,678	39,914	EUR	23,678	39,914	

(*1) As of December 31, 2025 and 2024, the Company's cash and cash equivalents amounting to ₩22,941 million ($15,988 thousand) and ₩36,882 million ($25,704 thousand), respectively, are restricted from use due to financial arrangements and the provision of collateral.

20.7 Other commitments

20.7.1 Commitments to supplement funds for Korea Ambatovy Consortium (KAC)

The Company invested in the Ambatovy Nickel Project ("DMSA / ASMA") in Madagascar through Korea Ambatovy Consortium ("KAC"), which is composed of Korea Mine Rehabilitation and Mineral Resources Corporation ("KOMIR") and STX Co., Ltd. Sherritt International Corp., the operator, transferred part of the project shares to Sumitomo and Ambatovy Holdings Limited ("AHL") in December 2017, and in August 2020 and the remaining shares were transferred to Sumitomo and Ambatovy Holdings Ⅱ Limited ("AHL2"). KAC has the rights and obligations for the 15.33% stake in the project held by AHL and AHL2.

20.7.2 Environment restoration expenses of Peru Block 8 and termination of mining contract

The Operator entered into a contract on the ratio of paying for environmental restoration cost with former operators. However, as the cost of environment restoration is expected to increase due to the revision of the local environmental law, the former operator refused to pay, and the Company applied for an arbitration. As a result of the arbitration in June 2018, the former operator is obligated for 94% of the cost for the pollution-prone areas where the responsibility of the former operator has already been proven and areas where the responsibility for pollution is proven in the future. As the procedure to obtain approval from the Peruvian government is in progress, the environment restoration cost to be borne by the Company, the other participant and the former operator has not yet been determined.

The Peruvian Environmental Supervision Authority (El Organismo de Evaluación Fiscalización Ambiental, OEFA) has been imposing fines for environmental pollution on operators from 2020, and the fines imposed are shared by the participating companies if the operator makes a claim to the participating companies in proportion to their shares. The operator is not responsible for the pollution and is taking legal action arguing that the Environmental Supervision Administration unreasonably demands restoration and imposes a fine, but the fine continues to be imposed.

Perupetro, a Peruvian government agency responsible for managing hydrocarbon rights, opposed the termination of the license agreement and filed for international arbitration with the International Chamber of Commerce (ICC) against the participating interest holders. In February 2023, the ICC tribunal issued a partial award acknowledging the liquidation of the operator and the subsequent termination of the Block 8 license. In December 2023, a further partial award was issued, ordering the return of Block 8 to Perupetro.

The Korean participating interest holders have jointly appointed legal counsel and are continuously responding to the issues related to the operator's liquidation. Additionally, in February 2023, the Korean participants initiated a separate ICC arbitration against the operator's parent company to enforce joint liability for environmental restoration obligations. In October 2025, the Korean participants received an adverse ruling (lost the case) and are currently collaborating on alternative measures while awaiting the final award.

The Company has recognized provisions for losses in anticipation of potential demands for joint payment of fines by the operator according to its equity interest, as well as provisions for restoration in accordance with the license agreement.

20.7.3 Capital Investment Agreement

In connection with the construction of the Samcheok Thermal Power Plant, the Company provides funding obligations under the Shareholders' Agreement executed with Samcheok Blue Power Co., Ltd. These obligations include the duty to contribute capital for disallowed investment costs, excess project costs, and funding requirements in the event of an acceleration of maturity (loss of benefit of time) under the relevant financing documents.

20-7-4. Long-term Purchase Agreement

The Company has entered into a long-term natural gas purchase agreement with Korea Gas Corporation (KOGAS). Under this agreement, the Company receives its entire supply of natural gas required for the operation of the Incheon Combined Cycle Power Plant Units 5 through 9 from KOGAS.

20-7-5. Supplier Finance Arrangements

The Company has entered into supplier finance arrangements for its trade payables through digital supply chain factoring. Under these arrangements, suppliers may receive early payment for trade payables, while the Company settles the corresponding amounts with the financial institutions at the agreed-upon maturity dates. The key details of the Company's supplier finance arrangements as of the end of the reporting period are as follows: (Korean won in millions)

	December 31, 2025	
	BNP Paribas	Export-Import Bank of Korea
ECOPRO BM	₩ 15,231	₩ 27,124
HANMEA ADM	-	1,656
Total (*1)	**₩ 15,231**	**₩ 28,780**
U.S. dollar in thousands	**$ 10,615**	**$ 20,057**

(*1) As of December 31, 2025, the entire committed amount of ₩44,011 million ($30,672 thousand) has been utilized by suppliers and subsequently settled by financial institutions. The repayment dates to the financial institutions are similar to or slightly extended from the original transaction dates, with most transactions being settled within approximately 60 days from the end of the reporting period.

20.8 Assets provided as collateral

20.8.1 Assets pledged as collateral for borrowings and guarantees

Details of assets provided as collateral in relation to borrowings as of December 31, 2025 are as follows: (Korean won in millions)

Collateral provided by	Assets provided as collateral	Collateral amount	Creditor	Reason for providing collateral
POSCO INTERNATIONAL	Property, plant and equipment (Land, Buildings, etc.)	₩ 1,038,433	Korea Development Bank, Korea EXIM Bank, Nord LB and KfW-IPEX Bank	Raising facility funds and operating funds
U.S. dollar in thousands		**$ 723,697**		

20-8-2. Assets Pledged as Collateral for Related Parties

Details of the assets pledged as collateral by the Company for the benefit of related parties as of December 31, 2025 are as follows: (Korean won in millions)

Collateral provided by	Assets provided as collateral	Collateral amount	Creditor	Reason for providing collateral
POSCO INTERNATIONAL	Investments in associates	₩ 391,647	PF Lenders, including KEB Hana Bank, Korea Development Bank, and other financial institutions	Financial arrangements and collateral for borrowings
U.S. dollar in thousands		**$ 272,944**		

21. Issued capital, capital surplus and other capital components

21.1 Details of issued capital as of December 31, 2025 are as follows (Korean won in millions, Korean won for Par Value amount):

	Number of shares authorized	Number of shares issued	Par value	Issued capital	Paid-in capital in excess of par value (capital surplus)
Ordinary shares	500,000,000	175,922,788	₩ 5,000	₩ 879,614	₩ 523,521
U.S. dollar in thousands				$ 613,014	$ 364,848

21.2 Changes in the number of issued shares of the Company for each of the two years in the period ended December 31, 2025 are as follows:

	2025			2024		
	Number of shares issued	Treasury stock	Number of outstanding shares	Number of shares issued	Treasury stock	Number of outstanding shares
Beginning	175,922,788	5,478,301	170,444,487	175,922,788	5,769,021	170,153,767
Disposal of treasury stock	-	-	-	-	(290,720)	290,720
Ending	175,922,788	5,478,301	170,444,487	175,922,788	5,478,301	170,444,487

21.3 Details of capital surplus as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Paid-in capital in excess of par value	523,521	₩ 517,586	$ 364,848
Loss on disposal of hybrid bonds	(429)	(429)	(299)
Other capital surplus	1,342,994	1,364,051	935,950
	1,866,086	**₩ 1,881,208**	**$ 1,300,499**

21.4 Other capital components as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Treasury stock	(27,695)	₩ (27,695)	$ (19,301)
Other capital adjustments	2,222	2,222	1,549
	(25,473)	**₩ (25,473)**	**$ (17,752)**

21.5 Treasury stock

The Company holds its treasury stock for purposes such as stabilizing the stock price in accordance with the resolution of the Board of Directors. Changes in the treasury stock of the Company for each of the two years in the period ended December 31, 2025 are as follows:

	2025		
	Number of Shares	Amount (Korean won in millions)	Amount (U.S. dollar in thousands)
Beginning	5,478,301	₩ (27,695)	$ (19,301)
Disposal of treasury stock	-	-	-
Ending	**5,478,301**	**₩ (27,695)**	**$ (19,301)**

	2024		
	Number of Shares	Amount (Korean won in millions)	Amount (U.S. dollar in thousands)
Beginning	5,769,021	₩ (29,164)	$ (20,325)
Disposal of treasury stock	(290,720)	1,469	1,024
Ending	**5,478,301**	**₩ (27,695)**	**$ (19,301)**

22. Accumulated Other Comprehensive Income

Changes in equity instrument valuation gains and losses for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Beginning balance	₩	(17,808)	₩	(36,931)	$	(12,411)
Gain(loss) on valuation of financial assets at FVOCI		2,908		(17,286)		2,027
Reclassification due to disposal of financial assets at FVOCI		-		42,621		-
Corporate tax effect		(747)		(6,212)		(521)
Ending balance	**₩**	**(15,647)**	**₩**	**(17,808)**	**$**	**(10,905)**

23. Retained earnings

23.1 Details of retained earnings as of December 31, 2025 and 2024 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
Legal reserve (*1)	₩	150,173	₩	109,266	$	104,657
Voluntary reserve (*2)		2,412,400		2,412,400		1,681,232
Unappropriated retained earnings		526,809		471,210		367,140
	₩	**3,089,382**	**₩**	**2,992,876**	**$**	**2,153,029**

(*1) In accordance with the Commercial Act of the Republic of Korea, the Company is required to accumulate at least 10% of the dividend from cash dividends in the consolidated statement of financial position as reserve for profits until the balance reaches 50% of the paid-in capital. It can be used to transfer capital or to protect deficits.
(*2) The voluntary reserve for the Company is the full amount of the business expansion reserves.

23.2 The statements of appropriation of retained earnings for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in thousands				U.S. dollar in thousands	
	2025		2024		2025	
Undistributed retained earnings:						
Unappropriated retained earnings carried forward from prior years	₩	180,601,930	₩	1,158,038	$	125,863,774
Remeasurement of net defined benefit assets		(8,257,625)		(8,520,007)		(5,754,844)
Loss on disposal of equity securities		-		(32,358,047)		-
Interim Dividend		(144,877,814)		-		(100,967,185)
Legal reserve		(14,487,781)		-		(10,096,718)
Net income		513,830,081		510,929,797		358,094,697
	₩	526,808,791	₩	471,209,781	$	367,139,724
Appropriations of retained earnings:						
Legal reserve	₩	17,044,449	₩	26,418,896	$	11,878,493
Business expansion reserves		100,000,000		-		69,691,268
Dividends:						
Cash dividends		170,444,487		264,188,955		118,784,924
	₩	287,488,936	₩	290,607,851	$	200,354,685
Unappropriated retained earnings to be carried over forward to subsequent year	**₩**	**239,319,855**	**₩**	**180,601,930**	**$**	**166,785,039**

The expected date of appropriations of the above retained earnings for the year ended December 31, 2025 is March 26, 2026, and the final date of appropriations for the year ended December 31, 2024 is March 24, 2025.

23.3 Details of dividends declared for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in thousands				U.S. dollar in thousands	
	2025		2024		2025	
Dividends per share (Korean won and %)	₩	1,850(37%)	₩	1,550(31%)	$	1.29(37%)
Number of shares		170,444,487		170,444,487		170,444,487
Dividends	**₩**	**315,322,301**	**₩**	**264,188,955**	**$**	**219,752,109**

24. Revenue

24.1 Revenue from the contract with customers

Details of classification of sales except for rental revenue from investment properties of ₩33,010 million ($23,005 thousand) for the year ended December 31, 2025 (2024: ₩12,355 million ($8,610 thousand)) for each of the two years in the period ended December 31, 2025 are as follows:

24.1.1 Categorization of sales based on the geographical locations

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Domestic	₩	5,127,551	₩	6,241,092	$	3,573,455
Asia (excluding China)		10,029,827		10,843,349		6,989,914
China		2,890,330		2,591,178		2,014,308
Europe		3,615,928		2,906,428		2,519,986
North America		2,390,965		2,393,516		1,666,294
Others		2,868,987		2,400,821		1,999,433
Total sales	**₩**	**26,923,588**	**₩**	**27,376,384**	**$**	**18,763,390**

24.1.2 Categorization of sales based on the major product and services

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Steel	₩	18,410,731	₩	19,765,637	$	12,830,672
Energy		3,934,768		3,777,284		2,742,190
Food and material		4,553,898		3,808,927		3,173,669
Others		24,191		24,536		16,859
Total sales	**₩**	**26,923,588**	**₩**	**27,376,384**	**$**	**18,763,390**

24.1.3 Categorization of sales based on the type of transactions

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Export	₩	11,579,534	₩	12,416,073	$	8,069,924
Domestic		4,848,793		5,982,614		3,379,185
Triangular (*)		10,495,261		8,977,697		7,314,280
Total sales	**₩**	**26,923,588**	**₩**	**27,376,384**	**$**	**18,763,389**

(*1) Triangular transactions mean the transaction where the Company purchases products from a supplier in a country other than Korea and sells them to customers located oversea.

24.1.4 Categorization of sales based on the timing of revenue recognition

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Sales at a point in time	₩	23,837,354	₩	23,909,113	$	16,612,554
Sales over period		3,086,234		3,467,271		2,150,836
Total sales	**₩**	**26,923,588**	**₩**	**27,376,384**	**$**	**18,763,390**

24.2 Information about key customers

There are no external customers accounting for more than 10% of the Company's sales for each of the two years in the period ended December 31, 2025.

24.3 Details of contract assets and liabilities arising from revenue from contracts with customers for each of the two years in the period ended December 31, 2025 are as follows:

		Korean won in millions			U.S. dollar in thousands
		2025			2025
		Beginning balance	Increase (Decrease)	Ending balance	Ending balance
Contract assets	Due from customers	₩ 3,370	₩ (1,888)	₩ 1,482	$ 1,033
Contract liabilities	Advances received	53,954	31,918	85,872	59,845
	Unearned revenues	44,633	(5,825)	38,808	27,046

		Korean won in millions			U.S. dollar in thousands
		2024			2024
		Beginning balance	Increase (Decrease)	Ending balance	Ending balance
Contract assets	Due from customers	₩ 14,855	₩ (11,485)	₩ 3,370	$ 2,349
Contract liabilities	Advances received	51,367	2,587	53,954	37,601
	Unearned revenues	34,395	10,238	44,633	31,105

25. Expenses by nature

The classifications of expenses by nature for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Raw materials used and changes in inventory assets, etc.	₩ 24,709,191	₩ 25,196,726	$ 17,220,148
Employee benefits	273,635	264,905	190,700
Transportation and storage costs	303,414	257,932	211,453
Depreciation (*1)	150,814	143,639	105,104
Amortization	174,050	166,201	121,298
Water cost for electricity	31,022	27,788	21,620
Commissions	145,158	120,340	101,162
Others	314,676	329,691	219,302
	₩ 26,101,960	**₩ 26,507,222**	**$ 18,190,787**

(*1) Including the depreciation of investment property.

26. Selling and administrative expenses

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Salaries	₩ 204,070	₩ 197,690	$ 142,219
Retirement benefits	16,380	17,328	11,415
Employee welfare	59,151	48,051	41,223
Travel	11,822	9,426	8,239
Communication	5,963	5,416	4,156
Utilities	176	127	123
Taxes and dues	4,259	4,096	2,968
Rents	14,248	13,466	9,930
Depreciation	7,372	7,084	5,138
Amortization	9,650	6,705	6,725
Depreciation of right-of-use assets	5,666	5,281	3,949
Repairs	1,250	1,163	871
Insurance	23,942	20,237	16,685
Entertainment	845	843	589
Advertising	4,537	4,586	3,162
packaging	3,003	5,385	2,093
Shipping	18,605	22,366	12,966
Commissions	130,035	108,396	90,623
Bad debt expenses (reversal)	293	(15,412)	204
Supplies expenses	1,092	574	761
Vehicles maintenance	692	2,139	482
Publication expenses	181	412	126
Training expenses	3,582	3,407	2,496
Sales promotional expenses	2,404	2,352	1,675
Others	5,588	4,575	3,894
	₩ 534,806	**₩ 475,693**	**$ 372,712**

27. Finance income and costs

27.1 Details of finance income for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
<Finance income>			
Interest income	₩ 45,920	₩ 36,760	$ 32,002
Financial guarantee income	1,386	1,308	966
Dividends income	48,265	129,673	33,636
Gains on foreign currency transactions	627,541	584,966	437,341
Gains on foreign currency translation	139,031	236,581	96,892
Gains on valuation of derivatives	50,325	162,515	35,072
Gains on settlement of derivatives	277,566	277,164	193,439
Gains on valuation of trade receivables	4,268	38	2,974
Gains on valuation of financial assets at FVPL	1,055	3,175	735
Gains on disposal of financial assets at FVPL	357	7,811	249
	₩ 1,195,714	**₩ 1,439,991**	**$ 833,306**
<Finance cost>			
Losses on disposal of trade receivables	₩ 64,644	₩ 60,919	45,051
Interest expenses	170,446	199,414	118,786
Losses on foreign currency transactions	594,744	502,052	414,485
Losses on foreign currency translation	125,285	329,267	87,313
Losses on valuation of derivatives	73,027	121,723	50,893
Losses on settlement of derivatives	355,063	282,048	247,448
Losses on valuation on trade receivables	2,047	1,657	1,427
Losses on valuation on financial assets at FVPL	16	259	11
Losses on disposal of financial assets at FVPL	19	26	13
	₩ 1,385,291	**₩ 1,497,365**	**$ 965,427**

27.2 Details of interest income for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Interest income on cash equivalents	₩ 15,642	₩ 14,174	$ 10,901
Other interest income	30,278	22,586	21,101
	₩ 45,920	**₩ 36,760**	**$ 32,002**

27.3 Details of interest expenses for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Interest on borrowings and bonds	₩ 166,247	₩ 194,196	$ 115,860
Interest on lease liability	15,975	6,329	11,133
Interest on others	792	1,024	552
Less: amount included in the cost of qualifying assets	(12,568)	(2,135)	(8,759)
	₩ 170,446	**₩ 199,414**	**$ 118,786**

28. Other income and expenses

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
<Other income>			
Commission income	₩ 202	₩ 263	$ 141
Reversal of allowance for doubtful accounts (others)	3,003	316	2,093
Gain on disposal of property, plant and equipment	1,167	-	813
Gain on disposal of intangible assets	2	241	1
Reversal of impairment loss of intangible asset	22	927	15
Reversal of provisions	184	764	128
Gain on disposal of investments in subsidiaries	10,726	8,481	7,475
Reversal of impairment loss on investments in associates	6,564	13,837	4,575
Miscellaneous income	12,195	9,893	8,499
	₩ 34,065	**₩ 34,722**	**$ 23,740**
<Other expenses>			
Contribution to provisions for restoration	₩ 1,320	₩ 2,098	$ 920
Other bad debt expenses	21,680	70,406	15,109
Loss on disposal of property, plant and equipment	1,362	297	949
Loss on disposal of intangible assets	27	13	19
Donations	5,113	16,603	3,563
Contingencies	2,500	10,683	1,742
Impairment loss on investment in subsidiaries and associates	73,308	105,283	51,089
Impairment loss on assets held for sale	780	-	544
Loss on disposal of assets held for sale	1,454	-	1,013
Miscellaneous expenses	12,690	3,383	8,844
	₩ 120,234	**₩ 208,766**	**$ 83,792**

29. Income taxes

29.1 The major components of income tax expenses for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Current income taxes	₩	143,947	₩	144,334	$	100,318
Changes in deferred income tax arising from temporary differences and others		(84,790)		(6,915)		(59,091)
Carryover tax deduction and others		(2,135)		(1,871)		(1,488)
Income tax charged directly to equity		8,040		3,622		5,603
Income tax expenses	**₩**	**65,062**	**₩**	**139,170**	**$**	**45,342**

29.2 A reconciliation between income tax expenses at the effective income tax rates of the Company and income before income taxes at the statutory tax rate of the Republic of Korea for each of the two years in the period ended December 31, 2025 is as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Accounting profit before income tax	₩	578,892	₩	650,100	$	403,437
Tax at the statutory tax rate	₩	140,230	₩	156,546	$	97,728
Adjustments:						
Non-taxable income		(17,360)		(22,206)		(12,098)
Non-deductible expenses		1,667		284		1,162
Tax credits		(91,851)		(63,809)		(64,012)
Others (*1)		32,376		68,355		22,563
Income tax expense	**₩**	**65,062**	**₩**	**139,170**	**$**	**45,343**
Effective income tax rates		**11.24%**		**21.41%**		**11.24%**

(*1) Including direct foreign taxes paid.

29.3 Details of income taxes charged directly to equity for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Loss (gain) on valuation of financial assets at FVOCI	₩	(747)	₩	(6,212)	$	(521)
Re-measurement loss on defined benefit liabilities		2,853		2,768		1,988
Loss on disposal of financial assets at FVOCI		-		10,263		-
Gain from disposal of treasury stock		-		(3,197)		-
Business combination under common control		5,934		-		4,135
	₩	**8,040**	**₩**	**3,622**	**$**	**5,602**

29.4 Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions)

	2025			
	Beginning balance	Recognized in profit or loss	Recognized directly to equity	Ending balance
Valuation of derivatives	₩ (9,026)	₩ 6,254	₩ -	₩ (2,772)
Impairment loss on investment assets	31,736	333	-	32,069
Investments in associates	206,180	11,075	-	217,255
Provisions of retirement benefits	51,074	4,522	2,853	58,449
Retirement insurance deposits	(63,455)	5,043	-	(58,412)
Debt restructuring	(3,988)	(188)	-	(4,176)
Extraordinary loss	5,408	484	-	5,892
Allowance for doubtful accounts	39,243	5,148	-	44,391
Depreciation	100,953	25,535	-	126,488
Capitalized borrowing costs	(4,542)	3,449	-	(1,093)
Accrued expenses	19,560	945	-	20,505
Foreign currency translation	(79)	(653)	-	(732)
Equity instruments valuation at FVOCI	6,049	(3)	(747)	5,299
Financial guarantee liabilities	2,821	435	-	3,256
Borrowings with low interest rates	-	-	-	-
Contingent loans	24,269	718	-	24,987
Accrued revenue	(6,529)	(6,820)	-	(13,349)
Provisions	31,723	(2,514)	-	29,209
Treasury stock (merger of energy)	20,204	956	-	21,160
Others	27,305	8,487	5,934	41,726
	₩ 478,906	₩ 63,206	₩ 8,040	₩ 550,152
Tax credit carryforwards	(78,313)	15,680	-	(62,633)
	₩ 400,593	**₩ 78,886**	**₩ 8,040**	**₩ 487,519**
U.S. dollar in thousands	**$ 279,178**	**$ 54,977**	**$ 5,603**	**$ 339,758**

	2024			
	Beginning balance	Recognized in profit or loss	Recognized directly to equity	Ending balance
Valuation of derivatives	₩ 5,381	₩ (14,407)	₩ -	₩ (9,026)
Loss on impairment of investments	48,368	(16,632)	-	31,736
Equity in subsidiaries and associates	169,416	36,764	-	206,180
Provisions of retirement benefits	44,711	3,595	2,768	51,074
Retirement insurance deposits	(47,250)	(16,205)	-	(63,455)
Debt restructuring	(4,007)	19	-	(3,988)
Extraordinary loss	5,397	11	-	5,408
Allowance for doubtful accounts	30,959	8,284	-	39,243
Depreciation	94,982	5,971	-	100,953
Capitalized borrowing costs	(7,855)	3,313	-	(4,542)
Accrued expenses	15,372	4,188	-	19,560
Foreign currency translation	(517)	438	-	(79)
Equity instruments valuation at FVOCI	12,039	222	(6,212)	6,049
Financial guarantee liabilities	1,797	1,024	-	2,821
Borrowings with low interest rates	-	-	-	-
Contingent loans	17,593	6,676	-	24,269
Accrued revenue	(7,748)	1,219	-	(6,529)
Provisions	34,204	(2,481)	-	31,723
Treasury stock (merger of energy)	21,448	(1,244)	-	20,204
Others	34,541	(7,236)	-	27,305
	₩ 468,831	₩ 13,519	₩ (3,444)	₩ 478,906
Tax credit carryforwards	(75,153)	(3,160)	-	(78,313)
	₩ 393,678	**₩ 10,359**	**₩ (3,444)**	**₩ 400,593**
U.S. dollar in thousands	**$ 274,359**	**$ 7,219**	**$ (2,400)**	**$ 279,178**

29.4 Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions) (cont'd)

As of December 31, 2025 and 2024, the amounts related to investments in subsidiaries and associates that are not recognized as deferred tax assets and liabilities are deductible temporary differences of ₩243,897 million ($169,975 thousand) and ₩319,386 million ($233,584 thousand), respectively.

29.5 The effect of uncertain income tax is considered in current tax assets and current tax liabilities.

29.6 The Global Anti-Base Erosion Model Rules (Pillar Two Model Rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements. Under the Minimum Top-up tax subject to Pillar Two Model Rules, such taxes shall be paid to the authorities in the jurisdiction where the parent company is domiciled. The Pillar Two Model Rules were adopted in the Republic of Korea where the Company is located at the end of 2023 and are applicable starting from January 1, 2024.

The Company does not recognize deferred tax assets and liabilities related to the Pillar Two income taxes and does not disclose the information related to deferred taxes by applying the temporary exception provisions for recognition and disclosure of deferred tax assets and liabilities related thereto. Meanwhile, the Company reviewed its corporate structure in consideration of the introduction of the Pillar Two legislation in various jurisdictions and found that the Pillar Two income tax has no impact on the financial statements.

30. Earnings per share

30.1 Earnings per share

Details of earnings per share for each of the two years in the period ended December 31, 2025 are as follows (Korean won in millions, except for per share amounts):

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Profit for the year attributable to ordinary equity holders	₩ 513,830	₩ 510,930	$ 358,095
Weighted average number of ordinary shares outstanding (*1)	170,444,487	170,411,495	170,444,487
Basic earnings per share (Korean won, U.S dollar)	3,015	2,998	2.10

(*1) The weighted average number of ordinary shares outstanding used to calculate basic earnings per share is as follows:

	2025	2024
Number of shares issued	175,922,788	175,922,788
Weighted average number of treasury stock	(5,478,301)	(5,511,293)
Weighted average number of ordinary shares outstanding	170,444,487	170,411,495

30.2 Diluted earnings per share

Diluted earnings per share are consistent with basic earnings per share because there is no potential common stock that can be converted into common stock for each of the two years in the period ended December 31, 2025.

31. Fair value measurement

31.1 Fair value hierarchy

The following are the criteria for classifying fair value from Level 1 to Level 3, depending on how observable it is in the market.

Level1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level2 - Input variables for assets or liabilities observable either directly (e.g., price) or indirectly (e.g., derived from the price), except for the quoted prices included in Level
Level3 - Input variables for assets or liabilities that are not based on observable market data (unobservable inputs)

31.2 Assumption used for fair value valuation technique

The fair value of financial instruments that are traded in active markets is determined based on quoted market prices at the end of reporting period. These instruments are included in Level 1, mostly are classified into financial assets at fair value which are listed stocks.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. This valuation technique fully makes use of observable market information as possible and internal information at minimum. When every significant input variable required for measuring fair value of the instrument is observable, the instrument is classified into Level 2.

31.2 Assumption used for fair value valuation technique

When one or more significant input variables are not based on observable market information, the instrument is classified into Level 3.

Valuation techniques used to measure fair values of instruments are:

- Quoted prices or dealer prices of similar instrument
- Present value discounted by forward exchange rate as the end of reporting period is used for fair value of derivative instrument
- Discounted cash flow and other techniques are used for other instruments

Book values of instruments which are classified into same category with trade and other receivables are estimated as reasonable approximate values of fair value.

The Company considered the maturity interest rate of the Company in determining the fair value of the derivative financial assets, liabilities and bonds valued at Level 2 hierarchy.

31.3 Financial instruments by category

The carrying amounts and fair values of financial instruments of the Company as of December 31, 2025 and 2024 are as follows:

	December 31, 2025					
	Korean won in millions					U.S. dollar in thousand
	Book value	Level 1	Level 2	Level 3	Total	Total
<Financial assets>						
Financial assets at FVPL						
Trade and other receivables	₩ 62,103	₩ -	₩ 62,103	₩ -	₩ 62,103	$ 43,280
Long-term investment (*1)	310	-	-	310	310	216
Other financial assets	12,435	-	12,435	-	12,435	8,666
Derivative financial assets	35,821	-	35,821	-	35,821	24,964
Financial assets at FVOCI						
Equity instruments (*1)	41,178	9,267	-	31,911	41,178	28,697
Financial assets at amortized costs (*2)						
Cash and Cash equivalents	410,278	-	-	-	-	-
Trade and other receivables (*3)	4,496,646	-	-	-	-	-
Other securities	7,452	-	-	-	-	-
<Financial liabilities>						
Financial liabilities at FVPL						
Derivative financial liabilities	₩ 44,104	₩ -	₩ 44,104	₩ -	₩ 44,104	$ 30,737
Financial liabilities at amortized costs (*2)						
Trade and other receivables (*4)	2,881,255	-	-	-	-	-
Borrowings	2,306,653	-	-	-	-	-
Bonds	2,285,852	-	-	-	-	-

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the current period and there was no clear evidence of value changes for each of the two years in the period ended December 31, 2025.
(*2) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value.
(*3) Trade and other receivables and long-term trade and other receivables include ₩13,807 million ($9,622 thousand) of current portion of lease receivables and ₩57,472 million ($40,053 thousand) of long-term lease receivables, respectively.
(*4) Trade and other payables and long-term trade and other payables include ₩62,311 million ($43,425 thousand) of current portion of lease liabilities and ₩288,251 million ($200,886 thousand) of long-term lease liabilities, respectively.

31.3 Financial instruments by category (cont'd)

	December 31, 2024					
	Korean won in millions					U.S. dollar in thousand
	Book value	Level 1	Level 2	Level 3	Total	Total
<Financial assets>						
Financial assets at FVPL						
Trade and other receivables	₩ 39,445	₩ -	₩ 39,445	₩ -	₩ 39,445	$ 27,490
Long-term investment (*1)	310	-	-	310	310	216
Other financial assets	67,391	-	67,391	-	67,391	46,966
Derivative financial assets	119,862	-	119,862	-	119,862	83,533
Financial assets at FVOCI						
Equity instruments (*1)	37,270	7,282	-	29,988	37,270	25,974
Financial assets at amortized costs (*2)						
Cash and Cash equivalents	457,192	-	-	-	-	-
Trade and other receivables (*3)	4,532,346	-	-	-	-	-
Other securities	5,888	-	-	-	-	-
<Financial liabilities>						
Financial liabilities at FVPL						
Derivative financial liabilities	₩ 98,847	₩ -	₩ 98,847	₩ -	₩ 98,847	$ 68,888
Financial liabilities at amortized costs (*2)						
Trade and other receivables (*4)	2,273,175	-	-	-	-	-
Borrowings	1,497,235	-	-	-	-	-
Bonds	2,684,832	-	-	-	-	-

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the current period and there was no clear evidence of value changes for each of the two years in the period ended December 31, 2024.
(*2) For financial assets and financial liabilities measured at amortized cost, their carrying amounts are a reasonable approximation of their fair values, and thus their fair values have not been separately disclosed.
(*3) Trade and other receivables and long-term trade and other receivables include ₩17,488 million ($12,188 thousand) of current portion of lease receivables and ₩67,825 million ($47,268 thousand) of long-term lease receivables, respectively.
(*4) Trade and other payables and long-term trade and other payables include ₩39,129 million ($27,269 thousand) of current portion of lease liabilities and ₩62,231 million ($43,370 thousand) of long-term lease liabilities, respectively.

31.4. Financial income (loss) by category of financial instruments

The Company's financial income and losses by category of financial instruments for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions)

	Financial income (loss)							
	Interest income (expenses) (*1)	Foreign exchange gain (loss)	Disposal gain (loss)	Valuation gain (loss)	Dividend income	Others	Total	Other comprehensive income
<2025>								
Financial assets at FVPL	₩ -	₩ -	₩ 277,905	₩ 55,631	₩ 1	₩ -	₩ 333,537	₩ -
Financial assets at FVOCI	-	-	-	-	334	-	334	2,908
Financial assets at amortized costs	45,920	22,084	(64,644)	-	-	-	3,360	-
Financial liabilities at FVPL	-	-	(355,064)	(75,074)	-	-	(430,138)	-
Financial liabilities at amortized costs	(170,446)	24,036	-	-	-	1,386	(145,024)	-
Total	**₩ (124,526)**	**₩ 46,120**	**₩ (141,803)**	**₩ (19,443)**	**₩ 335**	**₩ 1,386**	**₩ (237,931)**	**₩ 2,908**
U.S. dollar in thousands	**$ (86,784)**	**$ 32,142**	**$ (98,824)**	**$ (13,550)**	**$ 234**	**$ 966**	**$ (165,817)**	**$ 2,027**
<2024>								
Financial assets at FVPL	₩ -	₩ -	₩ 284,949	₩ 165,469	₩ 1	₩ -	₩ 450,419	₩ -
Financial assets at FVOCI	-	-	-	-	301	-	301	(17,286)
Financial assets at amortized costs	36,760	434,743	(60,919)	-	-	-	410,584	-
Financial liabilities at FVPL	-	-	(282,048)	(123,380)	-	-	(405,428)	-
Financial liabilities at amortized costs	(199,414)	(436,110)	-	-	-	1,308	(634,216)	-
Total	**₩ (162,654)**	**₩ (1,367)**	**₩ (58,018)**	**₩ 42,089**	**₩ 302**	**₩ 1,308**	**₩ (178,340)**	**₩ (17,286)**
U.S. dollar in thousands	**$ (113,356)**	**$ (953)**	**$ (40,433)**	**$ 29,332**	**$ 211**	**$ 912**	**$ (124,287)**	**$ (12,047)**

31.4. Financial income (loss) by category of financial instruments (cont'd)

(*1) Amounts of above financial income and losses by category of financial instruments include income and losses related to lease liabilities.

32. Financial instruments risk management

32.1 Capital risk management

The purpose of the Company's capital management is to maintain an optimal capital structure to protect the ability to continue to provide benefits to shareholders and stakeholders as a continuing entity and to reduce capital costs. In order to maintain or adjust the capital structure, the Company applies policies such as adjusting dividends.

Capital structure of the Company is composed of net borrowings, which are borrowings less cash and cash equivalents and equity. For the year ended December 31, 2025, the Company maintains the same capital risk management policies as those for the year ended December 31, 2024. Details of the capital components managed by the Company as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Total Borrowings	₩ 4,592,504	₩ 4,182,068	$ 3,200,574
Less: Cash and cash equivalents	(410,278)	(457,192)	(285,928)
Net borrowings	**₩ 4,182,226**	**₩ 3,724,876**	**$ 2,914,646**
Total equity	**₩ 5,793,962**	**₩ 5,710,417**	**$ 4,037,886**
Gearing ratio	**72.18%**	**65.23%**	**72.18%**

32.2 Financial risk management

The Company is exposed to market risk (foreign currency risk and interest rate risk), credit risk, and liquidity risk. The purpose of Company's financial risk management is to detect potential risk which could decrease the Company's profit and to eliminate, reduce and hedge such risk to an acceptable level. The Company uses derivative financial instruments for hedging specific risk such as foreign currency risk. Financial risk management policy of the Company for the year ended December 31, 2025 is consistent with that for the year ended December 31, 2024.

32.2.1 Market risk

Market risk is the risk that the fair value of financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: foreign currency risk, interest rate risk and other price risk.

32.2.1.1 Foreign currency risk

The Company is exposed to the risk of exchange rate fluctuations because it has transactions denominated in foreign currency. The book values of monetary assets and liabilities denominated in major foreign currencies other than functional currencies as of December 31, 2025 and 2024 are as follows:

	Korean won in million				U.S. dollar in thousand	
	December 31, 2025		December 31, 2024		December 31, 2025	
	Asset	Liability	Asset	Liability	Asset	Liability
USD	₩ 2,796,109	₩ 4,415,669	₩ 2,876,606	₩ 3,173,703	$ 1,948,644	$ 3,077,336
JPY	121,115	32,166	227,509	194,496	84,407	22,417
EUR	804,388	458,644	642,089	311,956	560,588	319,635
CNY	130,130	172,332	114,363	180,853	90,689	120,100

32.2.1.1 Foreign currency risk (cont'd)

The effect that fluctuation in the exchange rate of 10% of the functional currency on each foreign currency has on profit or loss as of December 31, 2025 is as follows:

	Korean won in million		U.S. dollar in thousand	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	₩ (161,956)	₩ 161,956	$ (112,869)	$ 112,869
JPY	8,895	(8,895)	6,199	(6,199)
EUR	34,574	(34,574)	24,095	(24,095)
CNY	(4,220)	4,220	(2,941)	2,941

32.2.1.2 Interest rate risk

The interest rate risk of the Company arises from borrowings and bonds. Due to short-term borrowings issued at floating interest rates, the Company is exposed to cash flow interest rate risk.

As of December 31, 2025, with all other variables remain constant, a change of 1% in the floating interest rate on borrowings will have an effect of ₩25,473 million ($17,752 thousand) decrease or increase in the Company's income before income taxes.

32.2.2 Credit risk

Credit risk is the risk that counterparties will not meet their obligations under a financial instrument or customer contract, leading to a financial loss to the Company. The Company's exposure to the credit risk relates to operating and financial activities.

32.2.2.1 Trade and other receivables

It is the principle for the Company to conduct transactions only with those with sound financial status by performing credit verification procedures for all counterparties that desire credit transactions with the Company. In addition, the Company manages the balance of accounts receivable by continuously reevaluating credit ratings so that the level of the Company's exposure to the credit risk is maintained at an insignificant level.

32.2.2.2 Other assets

Credit risks associated with the Company's other assets which consist of cash, short-term deposits and short-term and long-term loans arise from the default by the counterparties. Maximum exposure to credit risks will be the book value of the other assets. The Company deposits cash and cash equivalents and short-term financial products at financial institutions such as Woori Bank, and deals with financial institutions with excellent credit ratings. So, credit risk from financial institutions is limited.

32.2.2.3 Maximum exposure to credit risk

The book value of a financial asset represents the maximum exposure to a credit risk. If a financial guarantee is provided, the maximum exposure to credit risk is the maximum amount due on the claims of the guaranteed. For borrowing arrangements, the maximum exposure to credit risk is the total commitment amount. In addition, in the case of a borrowing agreement, the maximum exposure amount of credit risk is the balance of the applicable borrowing as of the end of the current year, and the limit of the agreement amount is detailed in Note 20.

32.2.2.4 Aging analysis of non-derivative financial instruments

Aging analysis of non-derivative financial instruments as of December 31, 2025 is as follows: (Korean won in millions)

	Not Past due	Past due: Within 1 month	Past due: 1 to 3 months	Past due: 3 to 12 months	Past due: Over 12 months	Total
Trade and other receivables (*1)	₩ 4,214,417	₩ 124,208	₩ 238,863	₩ 35,190	₩ 167,032	₩ 4,779,710
Other financial assets	61,374	-	-	-	-	61,374
	₩ 4,275,791	**₩ 124,208**	**₩ 238,863**	**₩ 35,190**	**₩ 167,032**	**₩ 4,841,084**
U.S. dollar in thousand	**$ 2,979,853**	**$ 86,562**	**$ 166,467**	**$ 24,524**	**$ 116,407**	**$ 3,373,813**

(*1) Trade and other receivables and long-term trade and other receivables include ₩13,807 million ($9,622 thousand) of current lease receivables and ₩57,472 million ($40,053 thousand) of long-term lease receivables, respectively.

32.2.3 Liquidity risk

The Company establishes short and long-term capital management plans and analyzes and reviews cash flow budgets against actual cash outflows in order to match the maturity of financial liabilities and financial assets. The Company believes that it has sufficient cash inflows from operating activities and financial assets to redeem financial liabilities that become due.

32.2.3.1 The maturity analysis based on the maturity of the remaining contract of the financial liability outstanding as of December 31, 2025 is as follows. The maturity amount is an undiscounted contractual cash flow that includes interest payments. (Korean won in millions)

	Within 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables (*1)	₩ 2,581,117	₩ 183,421	₩ 286,009	₩ 3,050,547
Derivative financial liabilities (*2)	39,021	5,083	-	44,104
Borrowings and bonds	2,009,405	2,133,714	449,385	4,592,504
	₩ 4,629,543	**₩ 2,322,218**	**₩ 735,394**	**₩ 7,687,155**
U.S. dollar in thousand	**$ 3,226,387**	**$ 1,618,383**	**$ 512,505**	**$ 5,357,276**

(*1) The trade and other payables and the long-term trade and other payables include ₩60,411 million ($42,101 thousand) of current portion of lease liabilities and ₩469,430 million ($327,152 thousand) of long-term lease liabilities, respectively.
(*2) Derivative financial liabilities are settled on a net basis.

32.2.3.2 The maturity analysis based on the guarantee period of the financial guarantee contract as of December 31, 2025 is as follows: (Korean won in millions)

	Within 1 year	1 to 5 years	Over 5 years	Total
Financial guarantee contract (*1)	₩ 144,669	₩ 209,348	₩ -	₩ 354,017
U.S. dollar in thousand	$ 100,822	$ 145,897	$ -	$ 246,719

(*1) The Company provides payment guarantees and Cash Deficiency Support to its associates and other related parties. For further information, see Note 20.

33. Related party transactions

33.1 Details of related parties as of December 31, 2025 are as follows:

	Company Name
Parent	POSCO Holdings Inc.
Subsidiaries	DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD., PT. BIO INTI AGRINDO, POSCO INTERNATIONAL VIETNAM CO., LTD., POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD., POSCO SOUTH EAST ASIA PTE. LTD., POSCO INTERNATIONAL UKRAINE, LLC., GRAIN TERMINAL HOLDING PTE. LTD., MYKOLAIV MILLING WORKS PJSC., POSCO INTERNATIONAL (THAILAND) CO., LTD., PT. POSCO INTERNATIONAL INDONESIA, POSCO MOBILITY SOLUTION CO., LTD., POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD., SENEX HOLDINGS PTY LTD, POSCO INTERNATIONAL MEXICO E-MOBILITY S.A DE C.V., POSCO INTERNATIONAL AMERICA CORP., POSCO INTERNATIONAL INDIA E-MOBILITY, POSCO INTERNATIONAL DEUTSCHLAND GMBH, POSCO INTERNATIONAL JAPAN CORP., POSCO INTERNATIONAL SINGAPORE PTE. LTD., POSCO INTERNATIONAL ITALIA S.R.L., POSCO INTERNATIONAL (CHINA) CO., LTD., POSCO INTERNATIONAL TEXTILE LLC., POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD, POSCO INTERNATIONAL MEXICO S.A. DE C.V., POSCO INTERNATIONAL MALAYSIA SDN. BHD., GOLDEN LACE POSCO INTERNATIONAL CO., LTD. (*1), POSCO INTERNATIONAL SHANGHAI CO., LTD., PT PRIME AGRI RESOURCES, POSCO INTERNATIONAL INDIA PVT. LTD., PT POSCO INTERNATIONAL E&P INDONESIA, POSCO INTERNATIONAL ALASKA ENERGY LLC, Tnacheon E&E, Korea Fuel Cell, Shinan green energy Co., Ltd., PT. KRAKATAU POSCO ENERGY, POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED., AGPA PTE. LTD., POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O., etc.
Associates and joint ventures	POSCO MEXICO PROCESSING CENTER HOLDING LLC., POSCO-MALAYSIA SDN. BHD., POSCO-ITPC S.P.A, YULCHON MEXICO S.A. DE C.V., POSCO IJPC, Inco tech Inc., Shanghai Lansheng DAEWOO Corp, Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd., GENERAL MEDICINES CO., LTD., KOREA LNG LTD., DMSA/AMSA, SOUTH-EAST ASIA GAS PIPELINE CO., LTD., GLOBAL KOMSCO DAEWOO LLC., Gyeonggi Green Energy Co., Ltd., Noeul Green Energy Co., Ltd., Samcheok Blue Power Co., Ltd., ECO ENERGY SOLUTION CO., LTD., POSCO International CVC No. 1, etc.
Other related parties (*2)	POSCO, PT. KRAKATAU POSCO, POSCO-THAINOX, POSCO ASSAN TST STEEL INDUSTRY, POSCO STEELEON Co., Ltd., POSCO-CSPC, POSCO VST CO., LTD., POSCO FLOW CO., LTD., ESTEEL4U, POHANG SRDC CO., LTD., POSCO-MKPC, POSCO ASIA CO., LTD., POSCO-TNPC, POSCO-FOSHAN STEEL PROCESSING CENTER CO., LTD., POSCO VIETNAM HOLDINGS, POSCO-CTPC, POSCO Eco & Challenge Co., Ltd., POSCO-VIETNAM CO., LTD., PT NICOLE METAL INDUSTRY, POSCO MAHARASHTRA STEEL PVT. LTD., POSCO INDIA PC, POSCO-ICPC, etc.

(*1) Investments in the associates and joint ventures marked above are reclassified as assets held for sale for the year ended December 31, 2025.
(*2) Other related parties are subsidiaries, associates, and joint ventures of POSCO Holdings Inc., the parent company.

33.2 Details of significant transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions)

	2025					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ -	₩ -	₩ -	₩ 225	₩ 5,811	₩ 6,036
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD.	₩ 5,716	₩ -	₩ 5,716	₩ 405	₩ -	₩ 405
PT. BIO INTI AGRINDO	2	1,864	1,866	-	-	-
POSCO INTERNATIONAL VIETNAM CO. LTD.	6,683	-	6,683	-	4,564	4,564
SUZHOU POSCO-CORE TECHNOLOGY CO.LTD. (*2)	4,830	-	4,830	-	-	-
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	2	-	2	-	11	11
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	-	9,794	9,794	-	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	37	37	2,399	-	2,399
Tracheon E&E	-	3,000	3,000	-	-	-
POSCO INTERNATIONAL UKRAINE, LLC.	277	-	277	-	396	396
GRAIN TERMINAL HOLDING PTE. LTD.	-	2,355	2,355	-	-	-
POSCO INTERNATIONAL INDIA E-MOBILITY	2,952	-	2,952	-	-	-
POSCO INTERNATIONAL (THAILAND) CO., LTD.	90,895	-	90,895	-	3,518	3,518
PT. POSCO INTERNATIONAL INDONESIA	1,069	-	1,069	-	9,990	9,990
POSCO MOBILITY SOLUTION CO., LTD.	529	-	529	382,648	16,767	399,415
NEH Co., Ltd. (*2)	17,121	195	17,316	-	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	202	18	220	-	-	-
AGPA PTE. LTD.	-	74	74	-	-	-
Shinan green energy Co., Ltd.	-	-	-	-	2,101	2,101
SENEX HOLDINGS PTY LTD	-	8,494	8,494	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY	20,469	198	20,667	-	-	-
POSCO INTERNATIONAL ALASKA ENERGY LLC	-	29	29	-	-	-
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.	9,368	72	9,440	79	-	79
PT POSCO INTERNATIONAL E&P INDONESIA	-	7	7	-	-	-
PT.KRAKATAU POSCO ENERGY	1	469	470	-	-	-
POSCO INTERNATIONAL AMERICA CORP.	2,270,595	-	2,270,595	45,778	6,700	52,478
POSCO INTERNATIONAL DEUTSCHLAND GMBH	1,183,423	-	1,183,423	37	5,028	5,065
POSCO INTERNATIONAL JAPAN CORP.	2,059,536	-	2,059,536	139,626	2,516	142,142
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	2,046,855	1,527	2,048,382	500,034	4,455	504,489
POSCO INTERNATIONAL ITALIA S.R.L.	905,179	-	905,179	-	1,572	1,572
POSCO INTERNATIONAL (CHINA) CO.,LTD.	153,635	-	153,635	39,950	4,175	44,125
POSCO INTERNATIONAL TEXTILE LLC.	2,011	1	2,012	4,701	-	4,701
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	64	-	64	-	-	-
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	109,980	-	109,980	-	6,318	6,318
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	30,985	-	30,985	-	3,009	3,009
POSCO INTERNATIONAL SHANGHAI CO.,LTD.	9,761	-	9,761	-	14,445	14,445
POSCO INTERNATIONAL INDIA PVT. LTD.	54	895	949	-	4,414	4,414
Associates and joint venture:						
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	₩ 336,436	₩ -	₩ 336,436	₩ 3	₩ 10	₩ 13
Gyeonggi Green Energy Co., Ltd.	-	-	-	-	3,438	3,438
POSCO-MALAYSIA SDN. BHD.	94,866	-	94,866	12,247	-	12,247
POSCO-ITPC S.P.A	93,838	-	93,838	79	-	79
Noeul Green Energy Co., Ltd.	-	128	128	-	2,274	2,274
YULCHON MEXICO S.A. DE C.V.	725	-	725	-	-	-
POSCO UPC	230,070	-	230,070	36	-	36
Samcheok Blue Power Co., Ltd.	220,909	2,443	223,352	-	24	24
KOREA LNG LTD.	-	5,040	5,040	-	-	-
AES MONG DUONG Power Co., LTD. (*2)	786	-	786	-	-	-
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	37,273	37,273	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	27	27	28,826	-	28,826
Others:						
POSCO (*3)	₩ 664,399	₩ 30,246	₩ 694,645	₩ 9,316,591	₩ 365,967	₩ 9,682,558
PT. KRAKATAU POSCO	1,095,548	-	1,095,548	382,810	2,655	385,465
POSCO VST CO. LTD.	243,989	-	243,989	65,088	-	65,088
PT NICOLE METAL INDUSTRY	-	-	-	306,682	-	306,682
POSCO FLOW CO., LTD. (*4)	-	2,133	2,133	-	288,678	288,678
POSCO-THAINOX	190,956	-	190,956	80,502	-	80,502
POSCO STEELEON Co., Ltd.	36,670	-	36,670	231,873	36	231,909
POSCO-CSPC	210,138	-	210,138	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	64,743	54	64,797	119,279	-	119,279
POSCO Eco & Challenge Co., Ltd. (*5)	20,141	-	20,141	-	193,997	193,997
Others (*6)(*7)	1,462,241	220	1,462,461	447,379	101,229	548,608
	₩ 13,898,649	₩ 106,593	₩ 14,005,242	₩ 12,107,277	₩ 1,054,098	₩ 13,161,375
U.S. dollar in thousands	$ 9,686,145	$ 74,286	$ 9,760,431	$ 8,437,715	$ 734,614	$ 9,172,329

33.2 Details of significant transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions) (cont'd)

	2024					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ 47	₩ 6	₩ 53	₩ 150	₩ 6,499	₩ 6,649
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD.	₩ 5,779	₩ -	₩ 5,779	₩ 54	₩ -	₩ 54
PT. BIO INTI AGRINDO	792	2,076	2,868	-	-	-
POSCO INTERNATIONAL VIETNAM CO. LTD.	11,454	-	11,454	-	3,982	3,982
SUZHOU POSCO-CORE TECHNOLOGY CO.LTD.	18,073	-	18,073	-	8	8
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	2	-	2	-	89	89
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE.LTD.	-	1,338	1,338	-	-	-
POSCO INTERNATIONAL POWER (PNGLAE) LTD.	281	-	281	-	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	53	53	12,407	-	12,407
Taecheon E&E	-	2,301	2,301	-	-	-
POSCO INTERNATIONAL UKRAINE, LLC.	288	-	288	-	176	176
GRAIN TERMINAL HOLDING PTE. LTD.	-	1,342	1,342	-	-	-
Korea Fuel Cell	-	-	-	-	1	1
POSCO INTERNATIONAL (THAILAND) CO., LTD.	75,128	-	75,128	-	2,381	2,381
PT. POSCO INTERNATIONAL INDONESIA	10	-	10	-	6,417	6,417
POSCO MOBILITY SOLUTION CO., LTD.	-	-	-	404,746	104	404,850
NEH Co., Ltd.	46,335	-	46,335	-	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	59	16	75	-	-	-
Shinan green energy Co., Ltd.	-	-	-	-	746	746
SENEX HOLDINGS PTY LTD	-	8,909	8,909	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY	30,930	120	31,050	-	-	-
ESTEEL4U	43	138	181	4,805	20	4,825
PT.KRAKATAU POSCO ENERGY	-	639	639	-	-	-
POSCO INTERNATIONAL AMERICA CORP.	2,208,226	-	2,208,226	123,456	5,375	128,831
POSCO INTERNATIONAL DEUTSCHLAND GMBH	1,099,399	-	1,099,399	-	1,097	1,097
POSCO INTERNATIONAL JAPAN CORP.	2,679,362	-	2,679,362	153,261	1,813	155,074
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	2,147,958	-	2,147,958	422,833	10,128	432,961
POSCO INTERNATIONAL ITALIA S.R.L.	835,579	-	835,579	-	1,431	1,431
POSCO INTERNATIONAL (CHINA) CO.,LTD.	141,448	-	141,448	1,800	3,062	4,862
POSCO INTERNATIONAL TEXTILE LLC.	2,945	-	2,945	8,391	44	8,435
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	60	-	60	-	-	-
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	174,589	-	174,589	-	7,217	7,217
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	62,151	-	62,151	-	2,700	2,700
POSCO INTERNATIONAL SHANGHAI CO.,LTD.	10,265	-	10,265	-	8,396	8,396
POSCO INTERNATIONAL INDIA PVT. LTD.	12	902	914	-	3,094	3,094
POHANG SRDC CO., LTD.	-	77	77	71	7,206	7,277
Associates and joint venture:						
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	₩ 409,924	₩ -	₩ 409,924	₩ -	₩ -	₩ -
Gyeonggi Green Energy Co., Ltd.	-	-	-	-	5,259	5,259
POSCO-MALAYSIA SDN. BHD.	107,399	-	107,399	9,993	-	9,993
POSCO-ITPC S.P.A	114,707	-	114,707	-	-	-
Noeul Green Energy Co., Ltd.	-	82	82	-	2,658	2,658
YULCHON MEXICO S.A. DE C.V.	1,279	-	1,279	-	-	-
POSCO-ESDC LTD.	-	89	89	-	1,307	1,307
POSCO LIPC	267,584	-	267,584	16	-	16
Samcheok Blue Power Co., Ltd.	179,072	10,048	189,120	-	-	-
GENERAL MEDICINES CO., LTD.	329	-	329	-	-	-
KOREA LNG LTD.	-	17,829	17,829	-	-	-
AES MONG DUONG Power Co., LTD	2,152	34,820	36,972	-	969	969
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	64,208	64,208	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	26	26	32,814	-	32,814
Others:						
POSCO	₩ 1,196,876	₩ 2	₩ 1,196,878	₩ 10,298,864	₩ 489,936	₩ 10,788,800
PT. KRAKATAU POSCO	1,152,156	-	1,152,156	242,469	3,400	245,869
POSCO STEELEON Co., Ltd.	52,272	-	52,272	255,051	674	255,725
POSCO-THAINOX	180,070	-	180,070	66,978	-	66,978
POSCO VST CO. LTD.	190,558	-	190,558	46,747	1,182	47,929
POSCO FLOW CO., LTD.	-	-	-	124	237,503	237,627
POSCO-CSPC	206,566	-	206,566	-	-	-
POSCO INDIA PC	202,787	-	202,787	-	-	-
POSCO VIETNAM PC	186,266	-	186,266	-	-	-
POSCO-MKPC	175,191	-	175,191	-	-	-
Others	1,099,858	1,017	1,100,875	492,466	64,315	556,781
	₩ 15,296,261	₩ 146,038	₩ 15,442,299	₩ 12,577,496	₩ 879,189	₩ 13,456,685
U.S. dollar in thousands	$ 10,660,158	$ 101,776	$ 10,761,934	$ 8,765,416	$ 612,718	$ 9,378,134

33.2 Details of significant transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions) (cont'd)

(*1) In addition to the above transactions, dividends paid to POSCO Holdings Inc. for each of the two years in the period ended December 31, 2025 amount to ₩298,511 million ($208,036 thousand) and ₩124,396 million ($86,693 thousand), respectively.
(*2) The amount before being excluded from subsidiaries and associates.
(*3) Other revenue includes the disposal amounts of ₩7,753 million ($5,403 thousand) for POHANG SRDC CO., LTD. and ₩4,330 million ($3,018 thousand) for ESTEEL4U.
(*4) Other revenue includes the disposal amount of ₩2,133 million ($1,487 thousand) for POSCO-ESDC LTD.
(*5) Other purchases include the acquisition amount of ₩60,413 million ($42,103 thousand) for Samcheok Blue Power Co., Ltd.
(*6) For the year ended 2025, POHANG SRDC CO., LTD. and ESTEEL4U were excluded from subsidiaries and reclassified as other related parties; transactions with these entities are included in 'Other' items.
(*7) For the year ended 2025, POSCO-ESDC LTD. was excluded from associates and reclassified as other related parties; transactions with this entity are included in 'Other' items.

33.3 Details of significant outstanding balances of receivables from and payables to the related parties as of December 31, 2025 and 2024 are as follows: (Korean won in millions)

	December 31, 2025					
	Receivables (*1)			Payables		
	Trade	Others (*2)	Total	Trade	Others	Total
Parent company:						
POSCO Holdings Inc.	₩ -	₩ 508	₩ 508	₩ -	₩ 6,176	₩ 6,176
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD.	₩ 217	₩ -	₩ 217	₩ -	₩ -	₩ -
PT. BIO INTI AGRINDO	2	33,911	33,913	-	112	112
POSCO INTERNATIONAL VIETNAM CO. LTD.	-	60	60	-	392	392
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	-	26,650	26,650	-	1,939	1,939
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE.LTD.	-	226,465	226,465	-	-	-
POS-SEA PTE LTD	-	14,349	14,349	-	-	-
POSCO INTERNATIONAL UKRAINE, LLC.	809	5,096	5,905	-	35	35
GRAIN TERMINAL HOLDING PTE. LTD.	-	70,801	70,801	-	-	-
MYKOLAIV MILLING WORKS PJSC.	-	882	882	627	-	627
POSCO INTERNATIONAL (THAILAND) CO., LTD.	18,999	-	18,999	-	228	228
PT. POSCO INTERNATIONAL INDONESIA	16	-	16	-	447	447
POSCO MOBILITY SOLUTION CO., LTD.	-	756	756	96,046	16,607	112,653
Shinan green energy Co., Ltd.	-	21	21	-	-	-
SENEX HOLDINGS PTY LTD	-	144,389	144,389	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY	9,780	226	10,006	-	154	154
PT.KRAKATAU POSCO ENERGY	1	864	865	-	464	464
POSCO INTERNATIONAL AMERICA CORP.	374,510	-	374,510	-	441	441
POSCO INTERNATIONAL DEUTSCHLAND GMBH	449,732	-	449,732	36	2,255	2,291
POSCO INTERNATIONAL JAPAN CORP.	157,243	15,968	173,211	6,659	256	6,915
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	268,240	1,778	270,018	14,675	6,679	21,354
POSCO INTERNATIONAL ITALIA S.R.L.	343,354	-	343,354	-	73	73
POSCO INTERNATIONAL (CHINA) CO.,LTD.	54,273	656	54,929	7,715	900	8,615
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	49,751	-	49,751	-	288	288
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	449	-	449	-	217	217
POSCO INTERNATIONAL SHANGHAI CO.,LTD.	544	5,867	6,411	-	2,726	2,726
POSCO INTERNATIONAL INDIA PVT. LTD.	54	16,268	16,322	-	378	378
Korea Fuel Cell	-	-	-	-	22	22
POSCO INTERNATIONAL INDIA E-MOBILITY	32	-	32	-	-	-
AGPA PTE. LTD.	-	129	129	-	108	108
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.,	7,977	360	8,337	77	262	339
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	63	-	63	-	-	-
POSCO INTERNATIONAL ALASKA ENERGY LLC	-	587	587	-	557	557
PT POSCO INTERNATIONAL E&P INDONESIA	-	12	12	-	4	4

33.3 Details of significant outstanding balances of receivables from and payables to the related parties as of December 31, 2024 and 2023 are as follows: (Korean won in millions) (cont'd)

	December 31, 2025					
	Receivables (*1)			Payables		
	Trade	Others (*2)	Total	Trade	Others	Total
Associates and joint venture:						
DMSA/AMSA	-	114,640	114,640	-	-	-
Gyeonggi Green Energy Co., Ltd.	-	14,832	14,832	-	-	-
POSCO-MALAYSIA SDN. BHD.	18,479	-	18,479	44	-	44
POSCO-ITPC S.P.A	31,280	-	31,280	-	-	-
Noeul Green Energy Co., Ltd.	-	4,601	4,601	-	-	-
POSCO IJPC	30,146	-	30,146	-	-	-
Samcheok Blue Power Co., Ltd. 워(주)	85,186	190	85,376	-	-	-
Shanghai Lansheng DAEWOO Corp	2,606	-	2,606	-	427	427
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	-	-	-	-	704	704
GENERAL MEDICINES CO., LTD.	592	474	1,066	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	2,086	2,086	-	67	67
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	80,256	-	80,256	-	9	9
KOREA LNG LTD.	-	123	123	-	-	-
Others:						
POSCO	₩ 8,968	₩ 4,805	₩ 13,773	₩ 877,740	₩ 42,522	₩ 920,262
PT. KRAKATAU POSCO	112,900	-	112,900	14,124	58	14,182
POSCO INDIA PC	56,604	-	56,604	-	-	-
POSCO-TNPC	52,466	-	52,466	-	113	113
POSCO-ICPC	44,178	-	44,178	-	-	-
POSCO Eco & Challenge Co., Ltd.	14,225	4,741	18,966	-	24,663	24,663
PT NICOLE METAL INDUSTRY	-	-	-	43,053	-	43,053
POSCO ASSAN TST STEEL INDUSTRY	32,626	109	32,735	3,490	47	3,537
POSCO-MKPC	30,057	-	30,057	-	-	-
POSCO VIETNAM PC	29,441	-	29,441	-	-	-
Others (*3)	180,684	626	181,310	36,123	32,017	68,140
	₩ 2,546,740	₩ 713,830	₩ 3,260,570	₩ 1,100,409	₩ 142,347	₩ 1,242,756
U.S. dollar in thousands	$ 1,774,855	$ 497,477	$ 2,272,332	$ 766,889	$ 99,203	$ 866,092

	December 31, 2024					
	Receivables (*1)			Payables		
	Trade	Others (*2)	Total	Trade	Others	Total
Parent company:						
POSCO Holdings Inc.	₩ -	₩ 364	₩ 364	₩ -	₩ 6,664	₩ 6,664
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD.	₩ 1,892	₩ -	₩ 1,892	₩ -	₩ -	₩ -
PT. BIO INTI AGRINDO	-	39,271	39,271	-	179	179
POSCO INTERNATIONAL VIETNAM CO. LTD.	4,000	61	4,061	-	311	311
SUZHOU POSCO-CORE TECHNOLOGY CO.LTD.	1,714	-	1,714	-	-	-
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	-	-	-	-	49	49
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE.LTD.	-	221,862	221,862	-	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	5,370	5,370	-	31	31
POS-SEA PTE LTD	-	14,700	14,700	-	-	-
POSCO INTERNATIONAL UKRAINE, LLC.	543	5,100	5,643	-	2	2
GRAIN TERMINAL HOLDING PTE. LTD.	-	70,112	70,112	-	-	-
POSCO INTERNATIONAL UKRAINE LLC.	-	882	882	642	-	642
POSCO INTERNATIONAL (THAILAND) CO., LTD.	25,023	-	25,023	-	188	188
PT. POSCO INTERNATIONAL INDONESIA	-	-	-	-	753	753
POSCO MOBILITY SOLUTION CO., LTD.	-	282	282	100,801	342	101,143
NEH Co., Ltd.	5,545	-	5,545	-	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	-	15	15	-	6	6
Shinan green energy Co., Ltd.	-	62	62	-	-	-
SENEX HOLDINGS PTY LTD	-	137,077	137,077	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY	28,277	234	28,511	-	153	153
ESTEEL4U	4	-	4	417	82	499
PT.KRAKATAU POSCO ENERGY	-	1,400	1,400	-	863	863
POSCO INTERNATIONAL AMERICA CORP.	407,181	10,375	417,556	16,175	3,252	19,427
POSCO INTERNATIONAL DEUTSCHLAND GMBH	441,080	-	441,080	-	350	350
POSCO INTERNATIONAL JAPAN CORP.	233,874	11,197	245,071	8,932	1,010	9,942
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	115,594	160	115,754	-	202	202
POSCO INTERNATIONAL ITALIA S.R.L.	264,058	-	264,058	-	87	87
POSCO INTERNATIONAL (CHINA) CO.,LTD.	1,368	645	2,013	1,601	129	1,730
POSCO INTERNATIONAL TEXTILE LLC.	164	33,349	33,513	-	-	-
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	62	-	62	-	-	-
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	64,914	-	64,914	-	539	539
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	14,240	-	14,240	-	112	112
POSCO INTERNATIONAL SHANGHAI CO.,LTD.	1,887	5,768	7,655	-	1,203	1,203
POSCO INTERNATIONAL INDIA PVT. LTD.	-	18,767	18,767	-	353	353
POHANG SRDC CO., LTD.	-	-	-	-	821	821
Korea Fuel Cell	-	-	-	-	3	3

33.3 Details of significant outstanding balances of receivables from and payables to the related parties as of December 31, 2024 and 2023 are as follows: (Korean won in millions) (cont'd)

	December 31, 2024					
	Receivables (*1)			Payables		
	Trade	Others (*2)	Total	Trade	Others	Total
Associates and joint venture:						
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	₩ 31,399	₩ -	₩ 31,399	₩ -	₩ -	₩ -
DMSA/AMSA	-	117,444	117,444	-	-	-
Gyeonggi Green Energy Co., Ltd.	-	10,706	10,706	-	567	567
POSCO-MALAYSIA SDN. BHD.	19,635	-	19,635	-	-	-
POSCO-ITPC S.P.A	15,690	-	15,690	-	-	-
Noeul Green Energy Co., Ltd.	-	3,039	3,039	-	-	-
YULCHON MEXICO S.A. DE C.V.	402	-	402	-	-	-
POSCO-ESDC LTD.	-	-	-	-	103	103
POSCO IJPC	76,914	-	76,914	-	-	-
Samcheok Blue Power Co., Ltd. 외(*)	-	144	144	-	-	-
Shanghai Lansheng DAEWOO Corp	2,627	-	2,627	-	437	437
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	-	-	-	-	721	721
GENERAL MEDICINES CO., LTD.	577	485	1,062	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	1,719	1,719	100	12	112
Others:						
POSCO	₩ 35,186	₩ 4,040	₩ 39,226	₩ 888,920	₩ 38,829	₩ 927,749
PT. KRAKATAU POSCO	493,048	-	493,048	16,884	13	16,897
POSCO INDIA PC	75,431	-	75,431	-	-	-
POSCO-TNPC	65,368	-	65,368	-	-	-
POSCO-ICPC	44,631	-	44,631	-	-	-
POSCO-MKPC	37,309	-	37,309	-	-	-
POSCO VIETNAM PC	34,960	-	34,960	-	-	-
POSCO-CSPC	30,890	-	30,890	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	24,716	181	24,897	3,824	100	3,924
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	19,726	-	19,726	-	-	-
Others	73,672	553	74,225	52,189	14,444	66,633
	₩ 2,693,601	₩ 715,364	₩ 3,408,965	₩ 1,090,485	₩ 72,910	₩ 1,163,395
U.S. dollar in thousands	$ 1,877,205	$ 498,546	$ 2,375,751	$ 759,973	$ 50,812	$ 810,785

(*1) Allowance for doubtful accounts for the above receivables as of December 31, 2025 and 2024 amount to ₩205,270million ($143,055 thousand) and ₩190,409 million ($132,698 thousand), respectively.

(*2) Including amounts related to investment loans under contractual agreement, and their movements for the year ended December 31, 2025 are as follows:

	Korean won in millions			
	Beginning balance	Decrease	Others	Ending balance
POSCO SOUTH EAST ASIA PTE. LTD.	₩ 14,700	₩ -	₩ (351)	₩ 14,349
PT. BIO INTI AGRINDO	38,274	(3,318)	(1,874)	33,082
SENEX HOLDINGS PTY LTD	137,052	-	7,101	144,153
POSCO INTERNATIONAL INDIA PVT. LTD.	18,458	-	(2,478)	15,980
GRAIN TERMINAL HOLDING PTE. LTD.	29,400	-	(702)	28,698
	₩ 237,884	**₩ (3,318)**	**₩ 1,696**	**₩ 236,262**
U.S. dollar in thousands	**$ 165,784**	**$ (2,312)**	**$ 1,182**	**$ 164,654**

(*3) For the year ended 2025, POHANG SRDC CO., LTD. and ESTEEL4U were excluded from subsidiaries and reclassified as other related parties; the balances of receivables and payables with these entities are included in 'Other' items.

33.4 Details of fund transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
	Investment	Recovery	Investment	Recovery	Investment	Recovery
Subsidiaries:						
NEH Co., Ltd.	₩ -	₩ 379,594	₩ 115,700	₩ -	$ -	$ 264,544
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	-	-	5,501	-	-	-
SENEX HOLDINGS PTY LTD	-	-	247,427	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY S.A DE C.V.	-	-	33,947	-	-	-
INDONESIA	-	-	15,072	-	-	-
POSCO INTERNATIONAL E&P USA Inc.	-	-	1,514	1,390	-	-
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.,	-	-	37,170	-	-	-
AGPA PTE. LTD.	826,109	-	-	-	575,726	-
Tnacheon E&E	-	14,000	-	-	-	9,757
Korea Fuel Cell	-	-	-	60,000	-	-
Investments in associates and joint venture:						
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	₩ -	₩ 29,440	₩ -	₩ 28,667	$ -	$ 20,517
POSCO International CVC No. 1	800	-	-	-	558	-

33.5 Key management personnel compensation

Compensations for key management personnel for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Short-term employee benefits	₩ 22,434	₩ 24,378	$ 15,635
Long-term employee benefits	35	17	24
Retirement benefits	2,532	2,417	1,765
	₩ 25,001	**₩ 26,812**	**$ 17,424**

33.6 Guarantees provided to the related parties

Guarantees provided to the related parties as of December 31, 2025 and 2024 are disclosed in Note 20.6.

34. Statement of cash flows

34.1 Changes in assets and liabilities resulting from operating activities for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Reconciliation of profit for the year to net cash flows			
Depreciation	₩ 147,971	₩ 140,796	$ 103,123
Amortization	174,050	166,201	121,298
Depreciation of investment properties	2,843	2,843	1,981
Retirement benefits	18,498	20,224	12,891
Reversal of allowance for doubtful accounts	293	(15,412)	204
Interest expenses	170,446	199,414	118,786
Loss on valuation of financial assets at FVPL	16	259	11
Loss on disposal of financial assets at FVPL	19	26	13
Gain on disposal of investment of subsidiaries and associates	(10,726)	(13,837)	(7,475)
Impairment loss on investment in subsidiaries and associates	73,308	105,283	51,089
Reversal of impairment loss on investments in subsidiaries and associates	(6,564)	-	(4,575)
Loss on foreign currency translation	125,285	329,267	87,313
Loss on settlement of derivatives	20,802	-	14,497
Loss on valuation of derivatives	75,074	123,380	52,320
Reversal of other allowance for doubtful accounts	(3,003)	(316)	(2,093)
Other bad debt expenses	21,680	70,406	15,109
Loss on disposal of property, plant and equipment	1,362	297	949
Loss on disposal of intangible assets	27	13	19
Impairment loss on intangible assets	(22)	(764)	(15)
Income tax expense	65,062	139,170	45,343
Loss on valuation of inventories	-	2,530	-
Loss on disposal of assets held for sale	1,454	-	1,013
Impairment loss on assets held for sale	780	-	544
Other expenses	192,873	120,968	134,416
Gain on valuation of financial assets at FVPL	(1,055)	(3,175)	(735)
Interest income	(45,920)	(36,760)	(32,002)
Dividends income	(48,265)	(129,673)	(33,636)
Gain on foreign currency translation	(139,031)	(236,581)	(96,892)
Gain on disposal of financial assets at FVPL	(357)	(7,811)	(249)
Gain on settlement of derivatives	(22,249)	(1,936)	(15,506)
Gain on valuation of derivatives	(54,593)	(162,553)	(38,047)
Gain on disposal of property, plant and equipment	(1,167)	(241)	(813)
Gain on disposal of intangible assets	(2)	(927)	(1)
Reversal of loss on valuation of inventories	(594)	(1,322)	(414)
Financial guarantee income	(1,386)	(1,308)	(966)
Others income	(184)	(8,481)	(128)
	₩ 756,725	**₩ 799,980**	**$ 527,372**

34.1 Changes in assets and liabilities resulting from operating activities for each of the two years in the period ended December 31, 2025 are as follows: (cont'd)

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Changes in operating assets and liabilities:			
Trade receivables	(46,455)	141,720	(32,375)
Other current receivables	(61,067)	(5,619)	(42,558)
Other current assets	(61,910)	(79,143)	(43,146)
Inventories	(8,721)	30,602	(6,078)
Derivative Liabilities	6,596	3,304	4,597
Other non-current assets	(8,241)	(3,767)	(5,743)
Trade payables	258,628	(386,852)	180,241
Other current payables	120,714	164,021	84,127
Other current liabilities	26,093	12,816	18,185
Other non-current payables	129	(2,573)	90
Provisions	(33,914)	(60,007)	(23,635)
Retirement benefits paid	-	(90)	-
Increase in plan assets	(58,200)	(40,500)	(40,560)
	₩ 133,652	₩ (226,088)	$ 93,145

34.2 Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions)

2025				Non-cash flows			
	Beginning balance	Increase due to merger	Cash flows arising from financing activities	Reclassifi-cation	Exchange rate fluctuation	Others	Ending balance
Current portion of lease liabilities	₩ 39,129	₩ -	₩ (40,296)	₩ 60,730	₩ 3,359	₩ (611)	₩ 62,311
Short-term borrowings	562,474	-	749,388	-	(9,464)	-	1,302,398
Current portion of long-term borrowings	442,396	-	(450,090)	130,538	16,538	(12,049)	127,333
Current portion of bonds	1,117,735	-	(1,118,284)	579,383	-	840	579,674
Long-term lease liabilities	62,231	-	-	(60,730)	11,481	275,269	288,251
Bonds	1,567,097	-	724,073	(579,383)	(7,154)	1,545	1,706,178
Long-term borrowings	492,368	174,827	342,396	(130,538)	(22,518)	20,389	876,922
	₩ 4,283,428	₩ 174,827	₩ 207,187	₩ -	₩ (7,758)	₩ 285,383	₩ 4,943,067
U.S. dollar in thousands	$ 2,985,175	$ 121,839	$ 144,391	$ -	$ (5,407)	$ 198,887	$ 3,444,885

2024				Non-cash flows			
	Beginning balance	Increase due to merger	Cash flows arising from financing activities	Reclassifi-cation	Exchange rate fluctuation	Others	Ending balance
Current portion of lease liabilities	₩ 41,033	₩ -	₩ (35,914)	₩ 32,558	₩ 3,200	₩ (1,748)	₩ 39,129
Short-term borrowings	610,294	-	(67,156)	-	19,336	-	562,474
Current portion of long-term borrowings	106,411	-	(105,291)	406,975	35,389	(1,088)	442,396
Current portion of bonds	876,709	-	(877,380)	1,027,215	89,980	1,211	1,117,735
Long-term lease liabilities	77,164	-	-	(32,558)	6,527	11,098	62,231
Bonds	1,864,114	-	701,936	(1,027,215)	26,939	1,323	1,567,097
Long-term borrowings	681,624	-	162,623	(406,975)	31,646	23,448	492,368
	₩ 4,257,349	₩ -	₩ (221,182)	₩ -	₩ 213,017	₩ 34,244	₩ 4,283,428
U.S. dollar in thousands	$ 2,967,000	$ -	$ (154,145)	$ -	$ 148,454	$ 23,865	$ 2,985,174

34.3 Major investing activities and financing activities that are accompanied by non-cash transactions for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Reclassification of non-current portion of accounts receivable	₩	-	₩	18,268	$	-
Reclassification of Increase in Plan Assets		(28,576)		(9,079)		(19,915)
Actuarial gains and losses remeasurement component		11,111		11,288		7,743
Reclassification of non-current portion of short-term loans		-		19,000		-
Reclassification of current portion of long-term loans		50,382		3,318		35,112
Other accounts payable related to the acquisition of tangible and intangible assets		56,086		11,147		39,087
Reclassification of current portion of long-term borrowings		130,538		406,975		90,974
Reclassification of current portion of long-term bonds		579,383		1,027,215		403,779
Reclassification of current portion of lease receivables		11,273		15,909		7,856
Reclassification of current portion of lease liabilities		60,730		32,558		42,324
Recognition of right-of-use assets and lease liabilities through acquisition		275,341		10,473		191,889

35. Uncertainty of the impact of the Myanmar coup

The military government of Myanmar declared a state of emergency in February 2021, announcing the establishment of a transitional government, and has maintained its military rule by repeatedly extending the period of emergency. Meanwhile, February 2022 and November 2023, economic and financial sanctions were announced by the European Union and the U.S. government against Myanmar State Oil and Gas Company (MOGE), which holds a 15% stake in Myanmar's A-1/A-3 gas field project. The business, in which the Company holds a 51% stake, is operating normally, and the Company is continuously monitoring situations that may have an impact, such as additional economic and financial sanctions from the international community. As of December 31, 2025, the impact on the business of the Company such as Myanmar gas field in the future could not be estimated reasonably, and the impact from this was not reflected in the financial statements.

36. Business combination

36.1 Business combination overview

For the year ended December 31, 2025, the Company completed the absorption merger of its wholly-owned subsidiary, NEH Co., Ltd. The objective of this business combination is to enhance management efficiency and achieve cost synergies by reducing the unnecessary operational expenses of NEH Co., Ltd.

	Information
e	POSCO INTERNATIONAL
Extinct corporation after merger	NEH Co., Ltd.
Board resolution date	February 3, 2025
Date of merger	June 25, 2025
Ratio of merger	POSCO INTERNATIONAL : NEH Co., Ltd. = 1 : 0

36.2 Accounting for business combination

As this business combination is a transaction under common control, the Company recognized the acquired assets and assumed liabilities at their carrying amounts. The consideration transferred was recognized at the carrying amount of the investment in NEH Co., Ltd. The difference between the consideration transferred and the carrying amount of the net assets assumed was recorded in additional paid-in capital (capital surplus).

The book amounts of identifiable assets and liabilities acquired through a merger under the common control are as follows:

	Korean won in millions		U.S. dollar in thousands	
<Purchase price>				
Investments in subsidiaries	₩	**379,594**	$	**264,544**
<Identifiable acquired assets and assumed liabilities>				
Current assets				
Cash and cash equivalents	₩	5,390	$	3,756
Trade and other receivables		11,472		7,995
Other current assets		205		143
	₩	**17,067**	$	**11,894**
Non-current assets				
Property, plant and equipment	₩	517,913	$	360,940
Deferred tax assets		5,541		3,862
	₩	**523,454**	$	**364,802**
Current liabilities				
Trade and other payables	₩	**1,222**	$	**852**
Non-current liabilities				
Long-term borrowings	₩	**174,827**	$	**121,839**
<Equity arising from business combination>				
Capital surplus	₩	**15,122**	$	**10,539**

37. Assets held for sale

Details of assets held for sale as of December 31, 2025 and 2024 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
Investment in associates (*1) (*2) (*3)	₩	-	₩	135,138	$	-
Investments in subsidiaries (*4)		902		-		629

(*1) As of December 31, 2024, the Company classified its entire equity interests in AES Mong Duong Power Co., Ltd. and Mong Duong Finance Holdings B.V. as assets held for sale, as it was determined that the carrying amounts would be recovered principally through a sale transaction. Accordingly, these assets were measured at the lower of their carrying amount and fair value less costs to sell.
(*2) The carrying amount as of December 31, 2024 is net of the impairment loss on investments in associates of ₩46,949 million ($32,719 thousand) recognized for the year ended December 31, 2024.
(*3) As of December 31, 2024, the Company has pledged its investments in associates with a carrying amount of ₩134,277 million ($93,579 thousand) as collateral in connection with the borrowings of its associates.
(*4) As of December 31, 2025, the Company classified its entire equity interest in GOLDEN LACE POSCO INTERNATIONAL CO., LTD. as assets held for sale, as it was determined that the carrying amount would be recovered principally through a sale transaction. Accordingly, this asset was measured at the lower of its carrying amount and fair value less costs to sell.

Audit opinion on internal control over financial reporting

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

Attachments:

1. Independent auditor’s report on internal control over financial reporting
2. Report on Operating Status of Internal Control over Financial Reporting

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

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

Shape the future
with confidence

Independent auditor's report on internal control over financial reporting

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
POSCO International Corporation

Opinion on internal control over financial reporting

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

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

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the statement of financial position as of December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, of the Company, and our report dated March 10, 2026 expressed *an unqualified opinion thereon*.

Basis for opinion on ICFR

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

Responsibility of management and those charged with governance for ICFR

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

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

Auditor's responsibilities for the audit of ICFR

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

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

EY 한영
Shape the future
with confidence

ICFR definition and inherent limitations

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sang-il Bae.

Ernst & Young Han Young

March 10, 2026

This audit report is effective as of March 10, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

Report on Operating Status 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 POSCO International Corporation

We, as the Chief Executive Officer and the Internal Control Officer of POSCO International Corporation (the "Company"), assessed operating status of the Company's Internal Control over Financial Reporting ("ICFR") for Purposes as of December 31, 2025.

Design and operation of ICFR for Purposes is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Control Officer.

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in the financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting' for evaluating design and operation of the Company's ICFR, established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee"). In assessing the design and operation of ICFR, we used, as the evaluation criteria, the Appendix 6 of the Implementation Guidelines for the Regulation on External Audit and Accounting, etc., the Standard for Evaluation and Reporting of ICFR.

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

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

As specified in Paragraph 9 of the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting,' ICFR has inherent limitations and cannot avoid implementation risks during operation. Consequently, it may not prevent or detect material misstatements in financial statements caused by intentional fraud.

The attachment to this report provides additional details on the evaluation results of the significant internal controls designed and operated by the Company to respond to identified fraud risks in the treasury-related processes.

(Attachment)

Internal Control Activities Performed to Respond to treasury-related fraud risks

January 29, 2026

For the authorized signatures, please refer to the separately attached Korean original.

/s/ Lee, Kye-in Chief Executive Officer

/s/ Chung, Kyung-jin, Internal Control Officer

(Attachment) Internal Control Activities Performed to Respond to treasury-related fraud risks

The Company designs and operates its ICFR to prevent and detect errors or fraud that may cause a misstatement in the financial statements, in accordance with the 'Conceptual Framework for Design and Operation of ICFR'. The following control activities performed by the Company are described in accordance with the 'Attachment Format of the Guidelines for Evaluation and Reporting of ICFR (Report on the Operating Status of ICFR)' issued and amended by the Financial Supervisory Service, and do not include all the controls operated by the Company to respond to fraud risks.

Classification	Control activities performed by the Company	Design and operation effectiveness assessment result(Information on by whom and when the assessment was performed, etc.)
Entity-Level Controls	**<Operation of fraud prevention programs>** Management operates a whistleblower system (anonymous reporting channel) and anti-fraud monitoring programs to prevent fraudulent incidents such as embezzlement.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Fraud Risk Assessment> Management updates the identification and assessment of potential fraud risks, considering changes in business processes, and appropriately reflects them in the controls	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Segregation of Duties (SoD) Management> When designing (new or changed) transaction-level control activities, management considers the segregation of duties and access rights (restrictions) in accordance with the ICFR guidelines, and manages the SoD design of controls to ensure it is updated and operated appropriately considering changes in business processes.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<ICFR Evaluation Planning and Results Reporting> Management establishes an operating status review plan and reports the evaluation results to the Audit Committee and the Board of Directors.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
Treasury Controls	**<Account Opening/Closing Approval>** The Treasury Group Leader reviews the validity of reasons, amounts, periods, etc., and approves when opening a new bank account or closing an existing one.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Monthly Fund Deposit/Withdrawal Management> The Treasury Group Leader reviews and approves whether the balance and deposit/withdrawal details on the ERP or monthly unclosed fund report match the bank inquiry details.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Company Seal Usage Control> The department head in charge of the corporate/registered seal restricts physical access to the corporate/registered seal.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Public Certificate and OTP Management> Physical assets such as OTPs are stored in a safe, and passwords for electronic assets such as public certificates are shared only with restricted personnel.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Fund Procurement Review and Approval> The Treasury Executive reviews the appropriateness of key requirements, such as the purpose and scale of fund procurement, on the proposal for borrowing and bond issuance, and approves them. If a Board of Directors' resolution is required, it is submitted to the Board of Directors.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Fund Execution Access Restriction> Fund execution-related duties are restricted to the Treasury Group Leader and the cashier, and the fund execution requester and the final approver are segregated.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Fund Disbursement Management> The Treasury Group Leader reviews whether the account number of the transfer target and the name of the account holder match before withdrawing funds, and approves it.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
	<Fund Execution Restriction> The system is set up so that transfers to accounts not registered in the vendor master are impossible.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)
Other Business-Level Controls	**<Vendor Master Creation/Change Review>** The head of the vendor master management department reviews whether key information (business registration number, address, etc.) on the vendor master creation/change request matches the supporting documents, and then approves it.	As a result of the test, no material weaknesses were identified. (ICFR Dept., Jun & Nov '25, Jan '26)