POSCO INTERNATIONAL Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's report

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EY 한영
Shape the future
with confidence

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated 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 Group's internal control over financial reporting ("ICFR") as of December 31, 2025 based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 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 consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. 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 3.2.3 to the consolidated financial statements, the sales arising from export transactions and triangular transactions account for 89% of the total sales of the Group. 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 Group related to the timing of revenue recognition.
- Conduct tests 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 Group 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 the direct possession of inventories, and the control over the inventories 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 Group 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 consolidated financial statements

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is 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 consolidated financial statements and may result in modifications to this report.

POSCO INTERNATIONAL Corporation and its subsidiaries

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

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

Lee, Kye-in
Chief Executive Officer
POSCO INTERNATIONAL Corporation

POSCO International Corporation and its subsidiaries
Consolidated 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	4,30,31	₩ 1,171,466	₩ 1,057,204	$ 816,410
Trade and other receivables, net	5,11,30,31	4,323,861	4,511,486	3,013,354
Other current financial assets	6,30,31	32,400	126,928	22,580
Derivative financial assets	20,30	28,997	96,506	20,208
Other current assets	7,19	250,952	260,239	174,892
Inventories, net	8	1,736,165	2,080,674	1,209,955
Disposal groups held for sale	36	12,134	135,138	8,456
		₩ 7,555,975	₩ 8,268,175	$ 5,265,855
Non-current assets				
Trade and other receivables, net	5,11,30,31	₩ 363,093	₩ 366,514	$ 253,044
Other non-current financial assets	6,30,31	109,652	57,538	76,418
Long-term derivative financial assets	20,30	7,783	26,384	5,424
Investments in associates and joint ventures	9	763,645	725,847	532,194
Property, plant and equipment, net	10	5,070,075	4,240,600	3,533,400
Right-of-use assets, net	11	824,085	382,805	574,315
Intangible assets, net	12	3,235,436	2,553,041	2,254,816
Investment properties, net	13	134,326	137,912	93,613
Net defined benefit assets	17	90,040	74,416	62,750
Other non-current assets	7	35,914	41,441	25,029
Deferred tax assets	28	562,987	461,653	392,353
		₩ 11,197,036	₩ 9,068,151	$ 7,803,356
Total assets		**₩ 18,753,011**	**₩ 17,336,326**	**$ 13,069,211**
Liabilities and equity				
Current liabilities				
Trade and other payables	11,14,30,31	₩ 3,061,259	₩ 2,932,833	$ 2,133,430
Borrowings	15,30,31	2,325,933	2,068,254	1,620,972
Current portion of bonds	15,30,31	596,631	1,117,735	415,800
Derivative financial liabilities	20,30,31	39,292	99,826	27,383
Current provisions	18,19	228,296	106,382	159,102
Other current liabilities	16	284,554	281,014	198,309
Current tax liabilities		74,551	53,654	51,956
Liabilities directly associated with disposal groups held for sale	36	1,660	-	1,157
		₩ 6,612,176	₩ 6,659,698	$ 4,608,109
Non-current liabilities				
Trade and other payables	11,14,30,31	₩ 795,483	₩ 342,775	$ 554,382
Borrowings	15,30,31	1,371,169	1,140,646	955,585
Bonds	15,30,31	1,781,039	1,567,097	1,241,229
Long-term derivative financial liabilities	20,30,31	5,083	-	3,542
Other non-current liabilities	16	69,683	66,321	48,563
Net defined benefit liabilities	17	21,510	9,502	14,991
Provisions	18,19,20	177,778	153,433	123,896
Deferred tax liabilities	28	106,435	47,391	74,176
		₩ 4,328,180	₩ 3,327,165	$ 3,016,364
Total liabilities		**₩ 10,940,356**	**₩ 9,986,863**	**$ 7,624,473**
Equity				
Issued capital	21	₩ 879,614	₩ 879,614	$ 613,014
Capital surplus	21	1,851,039	1,836,731	1,290,012
Other components of equity	21	(35,721)	(35,721)	(24,895)
Accumulated other comprehensive income	6,22	177,838	228,778	123,937
Retained earnings	23	3,835,664	3,635,149	2,673,124
Equity attributable to equity holders of the parent		₩ 6,708,434	₩ 6,544,551	$ 4,675,192
Non-controlling interests		1,104,221	804,912	769,546
Total equity		**₩ 7,812,655**	**₩ 7,349,463**	**$ 5,444,738**

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

POSCO International Corporation and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2025

	Notes	Korean won in millions 2025		Korean won in millions 2024		U.S. dollar in thousands 2025	
Sales	3	₩	**32,373,604**	₩	**32,260,990**	$	**22,561,575**
Cost of sales	24		**(30,437,865)**		**(30,338,180)**		**(21,212,534)**
Gross profit		₩	**1,935,739**	₩	**1,922,810**	$	**1,349,041**
Selling and administrative expenses	24,25		(770,423)		(764,975)		(536,918)
Operating profit	3	₩	**1,165,316**	₩	**1,157,835**	$	**812,123**
Share of profit of associates	9		71,317		146,320		49,702
Share of loss of associates	9		(3,618)		(18,570)		(2,521)
Finance income	26,30		1,237,888		1,432,676		862,700
Finance costs	26,30		(1,573,318)		(1,708,846)		(1,096,465)
Other income	27		101,891		39,179		71,009
Other expenses	27		(164,331)		(286,877)		(114,524)
Profit for the year before tax		₩	**835,145**	₩	**761,717**	$	**582,024**
Income tax expenses	28		(131,670)		(202,055)		(91,762)
Profit from continuing operations		₩	**703,475**	₩	**559,662**	$	**490,262**
Loss from discontinued operations	37		(66,673)		(56,252)		(46,465)
Profit for the year		₩	**636,802**	₩	**503,410**	$	**443,797**
Other comprehensive income (loss):							
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:							
Equity adjustments in equity method	9,22,28	₩	(53,135)	₩	59,228	$	(37,030)
Loss on equity adjustments in equity method	9,22,28		822		94		573
Exchange difference on translation of foreign operations	22,28		9,215		90,890		6,422
Loss on valuation of derivatives	20,22		-		269		-
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")	22,28	₩	2,125	₩	(14,103)	$	1,481
Equity adjustments in equity method	9,22,28		(9,966)		(25,524)		(6,945)
Re-measurement loss on defined benefit liabilities	17,28		(4,413)		(10,929)		(3,075)
Exchange differences on translation of foreign operations	22,28		30,362		34,570		21,160
Other comprehensive income (loss) for the year, net of tax		₩	**(24,990)**	₩	**134,495**	$	**(17,414)**
Total comprehensive income for the year, net of tax		₩	**611,812**	₩	**637,905**	$	**426,383**
Profit for the year attributable to:							
Owners of the parent		₩	614,085	₩	514,555	$	427,964
Non-controlling interests			22,717		(11,145)		15,832
Total comprehensive income attributable to:							
Owners of the parent		₩	558,817	₩	614,294	$	389,447
Non-controlling interests			52,995		23,611		36,934
Earnings per share (Korean won and U.S. dollar):							
Basic and diluted earnings per share	29	₩	3,603	₩	3,019	$	2.51
Basic and diluted earnings per share from continuing operations	29	₩	3,994	₩	3,349	$	2.78

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

POSCO International corporation and its subsidiaries
Consolidated 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
	Equity attributable to owners of the parent							Total	Total
	Issued capital	**Capital surplus**	**Other components of equity**	**Accumulated other comprehensive income (loss)**	**Retained earnings**	**Sub-total**	**Non-controlling interest**		
As of January 1, 2024	**₩ 879,614**	**₩ 1,826,225**	**₩ (24,961)**	**₩ 85,700**	**₩ 3,336,680**	**₩ 6,103,258**	**₩ 521,504**	**₩ 6,624,762**	**$ 4,616,881**
Profit for the year	-	-	-	-	514,555	514,555	(11,145)	503,410	350,833
Net loss on valuation of financial assets at FVOCI	-	-	-	(14,104)	-	(14,104)	-	(14,104)	(9,829)
Equity adjustments in equity method	-	-	-	33,799	-	33,799	-	33,799	23,555
Exchange differences on translation of foreign operations	-	-	-	90,890	-	90,890	34,570	125,460	87,435
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	(10,981)	(10,981)	52	(10,929)	(7,617)
Gain on valuation of derivatives	-	-	-	135	-	135	134	269	187
Total comprehensive income	**₩ -**	**₩ -**	**₩ -**	**₩ 110,720**	**₩ 503,574**	**₩ 614,294**	**₩ 23,611**	**₩ 637,905**	**$ 444,564**
Annual dividend (dividends per share: ₩1,000)	-	-	-	-	(170,444)	(170,444)	-	(170,444)	(118,785)
Dividends from subsidiaries, etc.	-	-	-	-	-	-	(6,165)	(6,165)	(4,296)
Capital increase of subsidiaries	-	425	-	-	-	425	265,962	266,387	185,648
Other capital adjustments	-	-	2,518	-	(2,303)	215	-	215	150
Transactions of stock compensation	-	10,081	(13,278)	-	-	(3,197)	-	(3,197)	(2,228)
Reclassification due to disposal of equity instruments measured at FVOCI	-	-	-	32,358	(32,358)	-	-	-	-
As of December 31, 2024	**₩ 879,614**	**₩ 1,836,731**	**₩ (35,721)**	**₩ 228,778**	**₩ 3,635,149**	**₩ 6,544,551**	**₩ 804,912**	**₩ 7,349,463**	**$ 5,121,934**
As of January 1, 2025	**₩ 879,614**	**₩ 1,836,731**	**₩ (35,721)**	**₩ 228,778**	**₩ 3,635,149**	**₩ 6,544,551**	**₩ 804,912**	**₩ 7,349,463**	**$ 5,121,934**
Profit for the year	-	-	-	-	614,085	614,085	22,717	636,802	443,795
Net gain on valuation of financial assets at FVOCI	-	-	-	2,124	-	2,124	-	2,124	1,480
Equity adjustments in equity method	-	-	-	(62,279)	-	(62,279)	-	(62,279)	(43,403)
Exchange differences on translation of foreign operations	-	-	-	9,215	-	9,215	30,362	39,577	27,582
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	(4,328)	(4,328)	(85)	(4,413)	(3,075)
Total comprehensive income	**₩ -**	**₩ -**	**₩ -**	**₩ (50,940)**	**₩ 609,757**	**₩ 558,817**	**₩ 52,994**	**₩ 611,811**	**$ 426,379**
Annual dividend (dividends per share: ₩1,550)	-	-	-	-	(264,189)	(264,189)	-	(264,189)	(184,117)
Interim dividend (dividends per share: ₩850)	-	-	-	-	(144,878)	(144,878)	-	(144,878)	(100,967)
Dividends from subsidiaries, etc.	-	-	-	-	-	-	(14,033)	(14,033)	(9,780)
Capital increase of subsidiaries	-	-	-	-	-	-	73,214	73,214	51,024
Business combination		8,192	-	-	-	8,192	-	8,192	5,709
Inclusion of subsidiaries	-	-	-	-	-	-	194,915	194,915	135,839
Disposal of subsidiaries	-	-	-	-	-	-	(3,051)	(3,051)	(2,126)
Other capital adjustments	-	**6,116**	-	-	(175)	5,941	(4,730)	1,211	844
As of December 31, 2025	**₩ 879,614**	**₩ 1,851,039**	**₩ (35,721)**	**₩ 177,838**	**₩ 3,835,664**	**₩ 6,708,434**	**₩ 1,104,221**	**₩ 7,812,655**	**$ 5,444,739**

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

POSCO International corporation and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Operating activities						
Profit for the year	₩	636,802	₩	503,410	$	443,795
Reconciliation of profit for the year to net cash flows provided by operating activities:		1,153,915		1,260,461		804,178
Changes in operating assets and liabilities:		505,584		(558,176)		352,348
Interest received		89,292		96,408		62,229
Dividends received		49,605		128,365		34,570
Interest paid		(272,816)		(320,907)		(190,129)
Income tax paid		(220,844)		(232,680)		(153,909)
Net cash flows provided by operating activities	**₩**	**1,941,538**	**₩**	**876,881**	**$**	**1,353,082**
Investing activities						
Cash inflows from financing activities						
Decrease in short-term financial instruments	₩	238,040	₩	496,160	$	165,893
Disposal of financial assets at FVOCI		-		7,040		-
Disposal of investments in associates		32,103		50,660		22,373
Decrease in guarantee deposits		3,217		4,515		2,242
Decrease in long-term guarantee deposits		1,750		1,017		1,220
Disposal of property, plant and equipment		170,322		32,906		118,700
Disposal of intangible assets		3,946		4,926		2,750
Disposal of assets held for sale		284,195		7,550		198,059
Decrease in short-term loans		3,137		17,351		2,186
Decrease in long-term loans		1,174		2		818
Decrease in long-term financial instruments		82		58		58
Decrease in derivative assets		167		-		117
Increase in guarantee deposits received		-		92		-
Increase in long-term guarantee deposits received		42		-		29
Decrease in finance lease receivables		20,766		27,143		14,472
Receipt of government subsidies		162		-		113
Cash increase from other investing activities		15,318		-		10,675
Cash increase from changes in the scope of consolidation		6,420		5,140		4,474
Cash outflows from investing activities						
Increase in short-term financial instruments		(141,251)		(368,617)		(98,440)
Acquisition of investments in associates		(61,213)		-		(42,660)
Acquisition of financial assets at FVOCI		(13,441)		(45)		(9,367)
Increase in guarantee deposits		(456)		(2,347)		(318)
Increase in long-term guarantee deposits		(569)		(1,637)		(397)
Increase in short-term loans		(2,244)		(9,754)		(1,564)
Increase in long-term loans		(14)		(42)		(10)
Increase in long-term financial instruments		(256)		(333)		(178)
Decrease in derivative liabilities		(681)		-		(475)
Acquisition of property, plant and equipment		(674,614)		(754,427)		(470,147)
Acquisition of intangible assets		(384,430)		(362,747)		(267,914)
Decrease in guarantee deposits received		(768)		(725)		(535)
Increase in long-term other receivables		-		(25)		
Cash decrease from changes in the scope of consolidation		(830,641)		1		(578,884)
Net cash flows used in investing activities	**₩**	**(1,329,737)**	**₩**	**(846,138)**	**$**	**(926,710)**

(Continued)

	Korean won in millions				U.S. dollar in thousands	
	2025		2024		2025	
Financing activities						
Cash inflows from financing activities						
Net increase in short-term borrowings	₩	244,439	₩	-	$	170,353
Increase in long-term borrowings		600,090		328,274		418,210
Issuance of bonds		724,073		701,936		504,616
Paid-in capital increase of subsidiaries		70,738		251,706		49,298
Settlement of derivatives		22,082		1,936		15,389
Others		10,460		-		7,290
Cash outflows from financing activities						
Net decrease in short-term borrowings		-		(56,902)		-
Repayment of current portion of long-term borrowings		(479,613)		(179,350)		(334,248)
Repayment of long-term borrowings		(18,495)		(92,866)		(12,889)
Redemption of current portion of bonds		(1,118,284)		(877,380)		(779,346)
Payment of lease liabilities		(71,359)		(74,629)		(49,731)
Dividends paid		(423,099)		(176,609)		(294,863)
Settlement of derivatives		(20,120)		-		(14,022)
Others		(6,217)		(2,190)		(4,333)
Net cash flows used in financing activities	**₩**	**(465,305)**	**₩**	**(176,074)**	**$**	**(324,276)**
Net increase (decrease) in cash and cash equivalents	₩	146,496	₩	(145,331)	$	102,096
Cash and cash equivalents as of January 1		1,057,204		1,136,863		736,779
Net foreign exchange difference		(30,392)		65,672		(21,181)
Cash and cash equivalents as of December 31	**₩**	**1,173,308**	**₩**	**1,057,204**	**$**	**817,694**
Cash and cash equivalents in the statement of financial position	₩	1,171,466	₩	1,057,204	$	816,410
Disposal groups held for sale	₩	1,840	₩	-	$	1,282

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

1. Corporate information

1.1 The parent company

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 with 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 kℓ 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%.

1.2 Consolidated subsidiaries

Subsidiaries	Business	Number of shares	Country of domicile	Equity ownership (%) Dec. 31, 2025	Equity ownership (%) Dec. 31, 2024
POSCO INTERNATIONAL AMERICA CORP.	Trading	555,000	USA	100	100
POSCO INTERNATIONAL DEUTSCHLAND GmbH	Trading	-	Germany	100	100
POSCO INTERNATIONAL JAPAN CORP.	Trading	209,600	Japan	100	100
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	Trading	3,500,000	Singapore	100	100
POSCO INTERNATIONAL ITALIA S.R.L.	Trading	-	Italy	100	100
POSCO INTERNATIONAL (CHINA) CO., LTD.	Trading	-	China	100	100
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	Trading	493,240	Myanmar	100	100
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	Trading	53,078	Mexico	100	100
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	Trading	6,091,002	Malaysia	100	100
POSCO INTERNATIONAL SHANGHAI CO., LTD.	Trading	-	China	100	100
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO., LTD.	Trading	-	China	100	100
POSCO INTERNATIONAL INDIA PVT., LTD.	Trading	8,940,000	India	100	100
POSCO INTERNATIONAL VIETNAM CO., LTD.	Trading	-	Vietnam	100	100
POSCO INTERNATIONAL UKRAINE LLC.	Trading	-	Ukraine	100	100
POSCO INTERNATIONAL (THAILAND) CO., LTD.	Trading	1,510,000	Thailand	100	100
PT POSCO INTERNATIONAL INDONESIA	Trading	112,800	Indonesia	100	100
POS-SEA PTE LTD	Trading	1,020,000	Singapore	100	100
POSCO MOBILITY SOLUTION CO., LTD.	Steel manufacturing	1,000,000	Korea	100	100
POSCO INTERNATIONAL TEXTILE LLC.	Cotton	-	Uzbekistan	100	100
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD (*7)	Natural resource development	119,676,667	Australia	100	100
PI AAPC CORP.	Steel manufacturing	5,000	USA	100	100
PT. BIO INTI AGRINDO	Natural resource development	496,333	Indonesia	85	85
BRASIL SAO PAULO STEEL PROCESSING CENTER	Steel manufacturing	-	Brazil	51	51
POHANG SRDC CO., LTD. (*3)	Steel manufacturing	-	Korea	-	51
GOLDEN LACE POSCO INTERNATIONAL CO., LTD. (*5)	Grain crop/ Wholesales	60,000	Myanmar	60	60
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	Hotel	254,117,647	Singapore	75	75
POSCO INTERNATIONAL AMARA CO., LTD.	Hotel	680,000	Myanmar	64	64

1.2 Consolidated subsidiaries (cont'd)

Subsidiaries	Business	Number of shares	Country of domicile	Equity ownership (%) Dec. 31, 2025	Equity ownership (%) Dec. 31, 2024
PT POSCO INTERNATIONAL E&P INDONESIA	Natural resource development	189,878	Indonesia	100	100
POSCO INTERNATIONAL INDIA E-MOBILITY	Steel manufacturing	876,041	India	74	74
GRAIN TERMINAL HOLDING PTE. LTD.	Grain	100	Singapore	100	100
MYKOLAIV MILLING WORKS PJSC	Grain	-	Ukraine	100	100
YUZHNAYA STEVEDORING COMPANY LIMITED LLC.	Grain	-	Ukraine	100	100
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD. (*8)	Steel manufacturing	-	China	-	72
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	Natural resource development	110,474,773	Malaysia	100	100
AGPA PTE. LTD.	Grain	658,876,654	Singapore	100	100
SENEX HOLDINGS PTY LTD (*1) (*2)	Natural resource development	771,291,504	Australia	50	50
POSCO INTERNATIONAL MEXICO E-MOBILITY	Steel manufacturing	3,159,923	Mexico	100	100
ESTEEL4U (*8)	Steel manufacturing	-	Korea	-	61
PT.KRAKATAU POSCO ENERGY	By-product combined power generation	45,705,000	Indonesia	55	55
TANCHEON E&E CO., LTD.	Heat supply	1,573,081	Korea	100	100
Korea Fuel Cell	Maintenance of fuel cell business facilities	10,000,000	Korea	100	100
Shinan green energy Co., Ltd.	Wind power generation	45,517,744	Korea	55	55
NEH Co., Ltd. (*4)	LNG Terminal operation	-	Korea	-	100
PT AGPA REFINERY COMPLEX	Oil and fat manufacturing	1,151,262	Indonesia	60	60
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.,	Steel manufacturing	1,506,407	Poland	100	100
POSCO INTERNATIONAL E&P USA INC. (*6)	Natural resource development	1,000	USA	100	100
POSCO INTERNATIONAL ALASKA ENERGY LLC (*9)	Natural resource development	8,750,000	USA	100	-
PT PRIME AGRI RESOURCES (formerly,PT SAMPOERNA AGRO TBK) (*10) (*11) (*12)	Natural resource development	1,195,217,500	Indonesia	66	-

(*1) This entity includes 21 subsidiaries, including SENEX ENERGY LIMITED.
(*2) As of December 31, 2025, although the ownership interest is 50.1%, the Group has classified this entity as a subsidiary as it is deemed to exercise de facto control in accordance with the shareholders' agreement.
(*3) The business was transferred to POSCO during the year ended December 31, 2025.
(*4) The entity was absorbed and merged into the Group during the year ended December 31, 2025.
(*5) The asset was reclassified as held for sale during the year ended December 31, 2025.
(*6) Including POSCO INTERNATIONAL CCS USA LLC.
(*7) Including POSCO INTERNATIONAL NARRABRI INVESTMENT PTY LTD.
(*8) Disposed of during the year ended December 31, 2025.
(*9) Newly established during the year ended December 31, 2025.
(*10) Newly included in the scope of consolidation during the year ended December 31, 2025.
(*11) This entity includes 24 subsidiaries, including PT AEK TARUM.
(*12) The corporate name was changed through a general meeting of shareholders in January 2026.

1.3 Summarized financial information of the subsidiaries

The summarized financial information on the Group's subsidiaries as of and for the year ended December 31, 2025 is as follows (Korean won in millions):

Subsidiaries	Assets	Liabilities	Equity	Sales	Net profit(loss)
POSCO INTERNATIONAL AMERICA CORP.	678,580	435,460	243,120	2,803,426	11,841
POSCO INTERNATIONAL DEUTSCHLAND GmbH	535,776	517,285	18,491	1,265,871	1,897
POSCO INTERNATIONAL JAPAN CORP.	482,108	302,412	179,696	2,596,871	6,490
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	377,452	351,911	25,541	3,394,333	2,545
POSCO INTERNATIONAL ITALIA S.R.L.	353,864	328,875	24,989	848,468	2,395
POSCO INTERNATIONAL (CHINA) CO., LTD.	95,851	62,306	33,545	209,846	1,346
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	11,274	11,159	115	280	(353)
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	207,523	121,534	85,989	643,864	13,856
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	7,449	741	6,708	50,942	791
POSCO INTERNATIONAL SHANGHAI CO., LTD.	50,877	42,600	8,277	274,129	2,011
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO., LTD.	3,693	4	3,689	14,188	80
POSCO INTERNATIONAL INDIA PVT., LTD.	10,753	18,734	(7,981)	4,335	(341)
POSCO INTERNATIONAL VIETNAM CO., LTD.	25,464	14,561	10,903	424,246	1,764
POSCO INTERNATIONAL UKRAINE LLC.	3,146	5,112	(1,966)	389	(525)
POSCO INTERNATIONAL (THAILAND) CO., LTD.	51,446	32,789	18,657	226,700	1,311
PT POSCO INTERNATIONAL INDONESIA	85,984	64,121	21,863	340,881	4,079
POS-SEA PTE LTD	8,521	17,961	(9,440)	-	(501)
POSCO MOBILITY SOLUTION CO., LTD.	930,712	376,195	554,517	1,182,165	2,104
POSCO INTERNATIONAL TEXTILE LLC.	25,269	1,705	23,564	40,339	(32,962)
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	28,683	5,761	22,922	23,992	(76,114)
PT. BIO INTI AGRINDO	299,464	136,023	163,441	261,289	69,913
BRASIL SAO PAULO STEEL PROCESSING CENTER	3,604	38,828	(35,224)	-	3,256
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	12,686	22,838	(10,152)	6,109	(929)
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	281,661	331,350	(49,689)	-	(13,053)
POSCO INTERNATIONAL AMARA CO., LTD.	312,345	486,621	(174,276)	53,994	(21,735)
PT POSCO INTERNATIONAL E&P INDONESIA	15,304	1,151	14,153	-	(1,604)
POSCO INTERNATIONAL INDIA E-MOBILITY	26,611	18,031	8,580	58,773	336
GRAIN TERMINAL HOLDING PTE. LTD.	43,001	70,939	(27,938)	-	(9,843)
MYKOLAIV MILLING WORKS PJSC	41,457	89,374	(47,917)	-	(9,448)
YUZHNAYA STEVEDORING COMPANY LIMITED LLC.	17,273	616	16,657	-	(556)
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	1,690	240	1,450	-	(27,112)
AGPA PTE. LTD.	1,089,182	30,392	1,058,790	-	66,189
SENEX HOLDINGS PTY LTD	2,706,285	1,137,655	1,568,630	392,218	28,069
POSCO INTERNATIONAL MEXICO E-MOBILITY	209,881	106,654	103,227	45,559	3,511
PT. KRAKATAU POSCO ENERGY	297,226	79,844	217,382	36,099	15,052
TANCHEON E&E CO., LTD.	14,061	1,121	12,940	7,190	2,506
Korea Fuel Cell	62,773	2,939	59,834	9,864	(35,199)
Shinan green energy Co., Ltd.	131,764	134,596	(2,832)	15,243	(2,154)
PT AGPA REFINERY COMPLEX	170,672	3,411	167,261	-	(1,392)
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.,	109,537	63,432	46,105	5,119	(10,436)
POSCO INTERNATIONAL E&P USA INC.	119	-	119	-	(24)
POSCO INTERNATIONAL ALASKA ENERGY LLC	12,570	-	12,570	-	-
PT PRIME AGRI RESOURCES	851,620	356,291	495,329	95,989	10,039

The financial information of PI AAPC CORP. is not presented as it is not material to the Group's consolidated financial statements.

2. Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

The Company and its subsidiaries (collectively referred to as, the "Group") prepare the 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

2.1.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31 of each financial year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement between with the other vote holders;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full.

Transactions within the Group, related balances, income and expenses, and unrealized gains and losses are all removed when preparing the consolidated financial statements. On the other hand, the Group removes the share of the unrealized profits generated from transactions with equity-accounted investees, and unrealized losses are eliminated in the same way as unrealized profits if there is no evidence of asset impairment.

2.2 Summary of material accounting policies

2.2.1 Business combinations and goodwill

The Group accounts for business combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value or a proportionate share of the non-controlling interest in the acquiree's identifiable net assets. Acquisition-related costs are expensed when incurred.

2.2.2 Investment in associates and joint ventures

Joint arrangements in which two or more parties have joint control are classified as joint operations or joint ventures. Joint operators have rights and obligations regarding the assets and liabilities of the joint operation and recognize their share of the joint operation's assets, liabilities, revenues and expenses of the joint operation. Participants in a joint venture have the right to the net assets of the joint venture and apply the equity method.

2.2.3 Fair value measurement

The Group 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 Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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 Group 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 consolidated 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; and
- 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 consolidated financial statements at fair value on a recurring basis, the Group 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 Group 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.

2.2.3 Fair value measurement (cont'd)

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 30
Quantitative disclosures of fair value measurement hierarchy;	30
Investment properties; and	13
Financial instruments (including those carried at amortized cost).	6 and 30

2.2.4 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 Group expects to be entitled in exchange for those goods or services.

2.2.4.1 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 Group 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 Group has no alternative use for assets created by fulfilling obligations and the Group has the enforceable right to the payment for the portion completed up to now, the revenue is recognized by the percentage-of-completion methods.

The Group 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 Group 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 Group recognizes it as a refund liability. The right to the returned goods and corresponding adjustment to cost of sales are also recognized. If the Group receives short-term advances from its customers, the practical expedient is used, and the Group 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 Group 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 Group 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.

2.2.4.2 Energy sector

The Group 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.

(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 Group recognizes revenue over the period for the provision of electricity, etc.

In the case of LNG test operation services, the Group 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.

(2) Variable consideration

The Group 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.

2.2.4.3 Others

The Group 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.

2.2.5 Cash and cash equivalents

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

2.2.6 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.

2.2.6.1 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.

2.2.6.1 Financial assets (cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group 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 Group 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); and
- 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.

The Group'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 Group 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 consolidated statement of profit or loss when the right of payment has been established, except when the Group 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 Group 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 consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

2.2.6.1 Financial assets (cont'd)

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.

(3) Derecognition

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

- the rights to receive cash flows from the asset have expired; or
- the Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

(4) Impairment of financial assets

Disclosures related to impairment of financial assets are provided the Notes below:

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group 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 Group applies the low credit risk simplification. At every reporting date, the Group 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,

2.2.6.1 Financial assets (cont'd)

the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

2.2.6.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated 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.

2.2.6.4 Derivative financial instruments and hedge accounting

(1) Initial recognition and subsequent measurement

The Group 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; and
- hedges of a net investment in a foreign operation.

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

(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.

(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 Group 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 Group 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.

2.2.7 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).

2.2.8 Non-current assets held for sale

The Group classifies non-current assets held for sale when non-current assets (or disposal groups) 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.

2.2.9 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 Group 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
Bearer plants	20

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.

2.2.10 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.

2.2.11 Leases

2.2.11.1 Group as a lessee

(1) Right-of-use assets

The Group 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 Group 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 2.2.15.

(2) Lease liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

The Group’s lease liabilities are included in the interest-bearing borrowings.

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

The Group applies the recognition exemption for short-term leases (i.e., leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option). The Group 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.

2.2.11.2 Group as a lessor

As a lessor, the Group determines at the inception date whether a lease is a finance lease or an operating lease. To classify a lease, the Group determines whether the lease contract transfers substantially all the risks and rewards of ownership of the underlying asset to the lessee.

In case of operating leases, rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.2.12 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 Group 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.

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

The Group engages in the development of natural resources either by entering into contracts for sharing the extracted natural resources or by acquiring interests in the related projects. Expenditures related to natural resources are recognized as exploration and evaluation assets, development assets or mining rights. The nature of these intangible assets is as follows:

2.2.13.1 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.

2.2.13.2 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.

2.2.13.3 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.

2.2.14 Biological assets

Consumable biological assets are measured at fair value less costs to sell. The fair value of consumable biological assets is measured by taking into account the expected fruit yield during the evaluation period based on the purchase price of the crop disclosed by the state government, and the change in fair value is recognized as sales for the year. Cash flows over the life cycle of consumable biological assets are determined by taking into account the estimated production of agricultural crops and the published prices and estimated cultivation costs of the region in the main market for the crop. For bearer biological assets, it is measured at acquisition cost less accumulated depreciation and accumulated impairment losses.

2.2.15 Impairment of non-financial assets

The Group 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 Group 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.

2.2.16 Foreign currency translation

The Group’s consolidated financial statements are presented in Korean won, which is also the parent company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct consolidation method and reclassifies gains and losses reflecting the amount according to use of the direct consolidation method to profit or loss when disposing of overseas operations.

2.2.16.1 Translation of overseas operations

Assets and liabilities of overseas business sites are converted into Korean won using the exchange rate as of the end of the reporting period, and income statement items are converted into Korean won using the average exchange rate of the current year, and the foreign exchange difference arising from such translation is recognized as a separate item of capital. On the other hand, the cumulative foreign exchange differences recognized in such capital are reflected in profit or loss at the time of disposal of the overseas operations.

2.2.17 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.

2.2.18 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 Group 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.

2.2.19 Taxes

The Group is determining 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.

2.2.20 Provisions and contingent liabilities

2.2.20.1 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.

2.2.20.2 Onerous contract

If the Group 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.

2.2.21 Greenhouse gas emission rights

2.2.21.1 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 Group 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.

2.2.21.2 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.

2.2.22 Business combinations under common control

Business combinations under common control are accounted for using the book value method. Assets acquired and liabilities assumed are measured at their carrying amounts in the consolidated financial statements of the controlling company. Any difference between the consideration transferred and the carrying amount of the net assets acquired is recognized directly in capital surplus.

2-2-23 Discontinued operations

The Group classifies a component of an entity as a discontinued operation when it has been disposed of or is classified as held for sale, and represents one of the following:

- A separate major line of business or geographical area of operations;
- Part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- A subsidiary acquired exclusively with a view to resale.

If a disposal group to be abandoned meets the above criteria, the Group presents the results and cash flows of the disposal group as discontinued operations at the date on which it ceases to be used.

When there is a discontinued operation, the consolidated statement of comprehensive income is restated as if the operation had been discontinued from the beginning of the comparative period.

2.2.24 Operating segment

The Group divides its divisions into segments based on internal reporting data that is periodically reviewed by the top sales decision maker to make decisions about resources to be allocated to each segment and to evaluate the performance of each segment. As described in Note 3, there are two reporting segments, each of which is a strategic operating unit of the Group. Strategic operating units provide different products and services and are operated separately because each business unit requires different technologies and marketing strategies.

Segment information reported to CEO includes items directly attributable to the segment and items that can be reasonably allocated, and the segment's capital expenditures are the total costs incurred for the acquisition of tangible assets and intangible assets (excluding goodwill) during the reporting period.

2.3 Material accounting judgments, estimates and assumptions

The preparation of the Group’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 Group’s exposure to risks and uncertainties are disclosed in Capital management (Note 31.1) and financial risk management (Note 31.2).

2.3.1 Accounting judgments

In the course of applying the accounting policies of the Group, 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 Group 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 Group has lease agreements that include the option for extension and termination. The Group 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 Group 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).

2.3.1.1 Calculation of the lease term for contracts with options for extension and termination accounting as a lessee (cont'd)

The Group 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 Group 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 Group 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 Group. When such changes occur, they are reflected in the assumption.

2.3.2.1 Impairment of non-financial assets

The Group 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 Group 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 Group's historical observed default rates. The Group 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 Group'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 Group 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 Group 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 Group 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 Group 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 Group

Except for the application of new and revised standards that are first applicable from January 1, 2025, as described below, the Group 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 Group’s consolidated financial statements.

2.5. New and amended standards not yet adopted by the Group

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group did not early apply the following new or revised standards when preparing consolidated 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 the Group does not expect them to have a material impact on its consolidated 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 will be effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the Group's consolidated 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 Group's consolidated 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.

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 Group 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 Group’s consolidated 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 consolidated financial statements

The Group’s consolidated 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

3.1 Operating segment

For the year ended December 31, 2025, the Group divided the segments provided for management's decision-making into two segments (trading and energy). Accounting policies of each segment are the same as those of the Group mentioned in Note 2.

3.1.1 The financial performance of each segment 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	
	Trading		Energy		Consolidation adjustment		Total		Total	
Sales	₩	38,648,993	₩	4,003,537	₩	-	₩	42,652,530	$	29,725,089
Inter-segment sales		(10,266,961)		(11,965)		-		(10,278,926)		(7,163,514)
Net sales		28,382,032		3,991,572		-		32,373,604		22,561,575
Operating profit		492,426		589,197		83,693		1,165,316		812,123

	Korean won in millions								U.S. dollar in Thousands	
	2024								2024	
	Trading		Energy		Consolidation adjustment		Total		Total	
Sales	₩	38,891,352	₩	4,119,116	₩	-	₩	43,010,468	$	29,974,540
Inter-segment sales		(10,748,270)		(1,208)		-		(10,749,478)		(7,491,447)
Net sales		28,143,082		4,117,908		-		32,260,990		22,483,093
Operating profit		495,280		611,675		50,880		1,157,835		806,910

3.1.2 The financial positions of each segment as of December 31, 2025 and 2024 are as follows:

	Korean won in millions								U.S. dollar in Thousands	
	December 31, 2025								Dec. 31, 2025	
	Trading		Energy		Consolidation adjustment		Total		Total	
Total assets	₩	13,932,204	₩	9,449,859	₩	(5,203,758)	₩	18,178,305	$	12,668,691
Total liabilities		8,862,521		2,924,791		(3,405,612)		8,381,700		5,841,313

	Korean won in millions								U.S. dollar in Thousands	
	December 31, 2024								Dec. 31, 2024	
	Trading		Energy		Consolidation adjustment		Total		Total	
Total assets	₩	13,364,976	₩	9,060,126	₩	(5,550,429)	₩	16,874,673	$	11,760,174
Total liabilities		7,833,763		2,303,694		(2,936,472)		7,200,985		5,018,458

3.1.3. Reconciliation

Current taxes, deferred taxes and certain financial assets and financial liabilities are not allocated to individual segments as they are accounted for at the Group level.

3.1.3.1 The reconciliations of 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
Segment operating assets	₩ 18,178,305	₩ 16,874,673	$ 12,668,691
Deferred tax assets	562,987	461,653	392,353
Non-current current tax assets	11,719	-	8,167
Total assets	**₩ 18,753,011**	**₩ 17,336,326**	**$ 13,069,211**

3.1.3.2 The reconciliations of liabilities 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
Segment operating liabilities	₩ 8,381,699	₩ 7,200,985	$ 5,841,312
Current tax liabilities	74,551	53,654	51,956
Deferred tax liabilities	106,435	47,391	74,176
Current portion of bonds	596,631	1,117,736	415,800
Non-current bonds	1,781,039	1,567,097	1,241,229
Total liabilities	**₩ 10,940,355**	**₩ 9,986,863**	**$ 7,624,473**

3.2 Revenue from the contract with customers

Details of classification of sales except for rental revenue of ₩33,081 million ($23,055 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:

3.2.1 Categorization of sales based on the geographical locations

	Korean won in millions			U.S. dollar in thousands
	2025			2025
	Total sales	Inter-segment sales	Net sales	Net sales
Domestic	₩ 6,683,879	₩ (1,293,102)	₩ 5,390,777	$ 3,756,901
Asia (excluding China)	17,933,699	(4,234,765)	13,698,934	9,546,961
China	3,409,851	(170,261)	3,239,590	2,257,711
North America	5,883,813	(2,426,120)	3,457,693	2,409,710
Europe	5,735,774	(2,115,501)	3,620,273	2,523,014
Others	2,972,433	(39,177)	2,933,256	2,044,223
Total sales	**₩ 42,619,449**	**₩ (10,278,926)**	**₩ 32,340,523**	**$ 22,538,520**
U.S. dollar in thousands	**$ 29,702,034**	**$ (7,163,514)**	**$ 22,538,520**	

	Korean won in millions			U.S. dollar in thousands
	2024			2024
	Total sales	Inter-segment sales	Net sales	Net sales
Domestic	₩ 6,848,328	₩ (1,230,236)	₩ 5,618,092	$ 3,915,320
Asia (excluding China)	19,884,672	(4,981,696)	14,902,976	10,386,073
China	3,259,391	(181,924)	3,077,467	2,144,726
North America	5,068,294	(2,252,191)	2,816,103	1,962,578
Europe	4,868,963	(1,931,973)	2,936,990	2,046,826
Others	3,068,465	(171,458)	2,897,007	2,018,960
Total sales	**₩ 42,998,113**	**₩ (10,749,478)**	**₩ 32,248,635**	**$ 22,474,483**
U.S. dollar in thousands	**$ 29,965,930**	**$ (7,491,447)**	**$ 22,474,483**	

3.2.2 Categorization of sales based on the major product and services

	Korean won in millions		U.S. dollar in thousands	
	2025		2025	
Steel	₩	30,955,466	$	21,573,256
Energy		3,982,965		2,775,779
Food material		7,656,827		5,336,140
Others		24,191		16,859
Total sales	₩	42,619,449	$	29,702,034
Inter-segment sales		(10,278,926)		(7,163,514)
Total	**₩**	**32,340,523**	**$**	**22,538,520**

	Korean won in millions		U.S. dollar in thousands	
	2024		2024	
Steel	₩	32,576,771	$	22,703,165
Energy		4,119,116		2,870,664
Food material		6,277,690		4,375,002
Others		24,536		17,099
Total sales	₩	42,998,113	$	29,965,930
Inter-segment sales		(10,749,478)		(7,491,447)
Total	**₩**	**32,248,635**	**$**	**22,474,483**

3.2.3 Categorization of sales based on the type of transactions

	Korean won in millions		U.S. dollar in thousands	
	2025		2025	
Export	₩	11,579,535	$	8,069,925
Domestic		4,848,793		3,379,185
Triangular (*1)		26,191,121		18,252,924
Total sales	₩	42,619,449	$	29,702,034
Inter-segment sales		(10,278,926)		(7,163,514)
Net sales	**₩**	**32,340,523**	**$**	**22,538,520**

	Korean won in millions		U.S. dollar in thousands	
	2024		2024	
Export	₩	12,416,073	$	8,652,919
Domestic		5,982,614		4,169,359
Triangular (*1)		24,599,426		17,143,652
Total sales	₩	42,998,113	$	29,965,930
Inter-segment sales		(10,749,478)		(7,491,447)
Net sales	**₩**	**32,248,635**	**$**	**22,474,483**

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

3.2.4 Categorization of sales based on the timing of revenue recognition

	Korean won in millions		U.S. dollar in thousands	
	2025		2025	
Sales at a point in time	₩	39,464,062	$	27,503,005
Sales over period		3,155,387		2,199,029
Total sales	₩	42,619,449	$	29,702,034
Inter-segment sales		(10,278,926)		(7,163,514)
Net sales	**₩**	**32,340,523**	**$**	**22,538,520**

	Korean won in millions		U.S. dollar in thousands	
	2024		2024	
Sales at a point in time	₩	39,441,680	$	27,487,407
Sales over period		3,556,433		2,478,523
Total sales	₩	42,998,113	$	29,965,930
Inter-segment sales		(10,749,478)		(7,491,447)
Net sales	**₩**	**32,248,635**	**$**	**22,474,483**

3.3 Information about key customers

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

3.4 Contract balance

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		109,900		56,627		166,527		116,055
Unearned revenues		74,571		(12,704)		61,867		43,116

	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		107,705		2,195		109,900		76,591
Unearned revenues		45,441		29,130		74,571		51,969

4. Cash and cash equivalents

4.1 The Group's cash and cash equivalents are managed in the same amount in the consolidated 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	₩	1,808	₩	5,508	$	1,260
Savings account and checking account		1,045,902		653,153		728,902
Other cash equivalents		123,756		398,543		86,247
Total	**₩**	**1,171,466**	**₩**	**1,057,204**	**$**	**816,409**

4.2 Restricted deposits

As of December 31, 2025 and 2024, the Group holds ₩35,408 million ($24,676 thousand) and ₩42,427 million ($29,568 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:

	Korean won in millions				U.S. dollar in thousands	
	Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
Current						
Trade receivables	₩	3,987,485	₩	4,212,149	$	2,778,929
Allowance for doubtful accounts		(25,449)		(29,077)		(17,736)
Other receivables		252,810		237,984		176,186
Allowance for doubtful accounts		(10,503)		(7,478)		(7,320)
Accrued income		88,059		62,424		61,369
Allowance for doubtful accounts		(80)		(161)		(56)
Guarantee deposits		6,158		8,430		4,292
Short-term loans		2,612		1,910		1,820
Current portion of finance lease receivables		22,269		25,292		15,520
Current portion of long-term loans		500		13		348
	₩	**4,323,861**	**₩**	**4,511,486**	**$**	**3,013,352**
Non-current						
Long-term trade receivables	₩	9,766	₩	9,094	$	6,806
Allowance for doubtful accounts		(7,756)		(6,782)		(5,405)
Long-term loans		3,505		3,844		2,443
Long-term other receivables		194,866		169,572		135,805
Allowance for doubtful accounts		(132,667)		(131,504)		(92,457)
Long-term finance lease receivables		278,726		303,161		194,248
Long-term guarantee deposits		16,673		19,149		11,620
Allowance for doubtful accounts		(20)		(20)		(14)
	₩	**363,093**	**₩**	**366,514**	**$**	**253,046**
	₩	**4,686,954**	**₩**	**4,878,000**	**$**	**3,266,398**

5.2 Changes in allowances 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	₩	35,859	₩	78,470	$	24,991
Reversal of allowance for doubtful accounts		(2,438)		(17,648)		(1,699)
Write-off		-		(25,291)		-
Foreign exchange translation loss(profit)		(216)		328		(151)
Ending balance	**₩**	**33,205**	**₩**	**35,859**	**$**	**23,141**

5.3 Financial assets transferred but not derecognized

As of December 31, 2025 and 2024, the Group continues to recognize the book value of discounted trade receivables amounting to ₩140,407 million ($97,851 thousand) and ₩74,804 million ($52,132 thousand), respectively, and cash received through discounts was recognized as collateral borrowing.

The Group 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		32,399		71,716		22,579
Total	**₩**	**32,399**	**₩**	**126,928**	**$**	**22,579**

(*1) The Group classifies assets with maturities exceeding three months among its other financial 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)	₩	46,276	₩	42,494		32,250
Financial assets at FVPL (long-term investment)		12,992		437		9,054
Financial assets at FVPL (other securities)		35,675		12		24,862
Deposits in financial institutions		14,709		14,595		10,251
Total	**₩**	**109,652**	**₩**	**57,538**	**$**	**76,417**

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.	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. (*3)	-	-	-	-	-	-	-
KNOC INAM LTD. (*3)	-	-	-	-	-	-	-
POSCO VIETNAM Processing center CO.,LTD.	1,924,551	2.70	735	735	735	735	512
Hanse Mobility Co., Ltd. (formerly erae AMS Co., Ltd.)	1,984,938	12.67	20,163	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 (*2)	5,424	3.11	1,000	1,000	1,000	-	697
Sebang Steel Co., Ltd.	10	10.00	45	45	45	47	31
POSCO-AAPC (*1)	-	13.10	4,712	5,053	5,053	5,177	3,521
			₩ 61,715	₩ 37,009	₩ 37,009	₩ 35,212	$ 25,792
FVPL financial assets (other securities)							
Hansung Steel Co., Ltd.	2,500	2.89	₩ 12	₩ 12	₩ 12	₩ 12	$ 8
SUJP YANG DITAWARKAN TPU PT DANANTARA INVESTMENT MANAGEMENT (*4)	-	-	35,663	35,663	35,663	-	24,854
			₩ 35,675	₩ 35,675	₩ 35,675	₩ 12	$ 24,862
FVPL financial assets (investments)							
Korea Die & Mold Industry Cooperative	5	-	₩ 1	₩ 1	₩ 1	₩ 1	$ 1
Korea Finance for Construction	180	-	166	166	166	166	116
Posco Community Credit Coope	10,800	8.24	270	270	270	270	188
Glenfarne Alaska Partners, LLC (*2)	-	1.17	12,555	12,555	12,555	-	8,750
			₩ 12,992	₩ 12,992	₩ 12,992	₩ 437	$ 9,055
			₩ 121,378	**₩ 94,943**	**₩ 94,943**	**₩ 42,943**	**$ 66,167**

(*1) The decline in fair value during the year ended December 31, 2024 was recognized in other comprehensive income.
(*2) Newly acquired during the year ended December 31, 2025.
(*3) Liquidated during the year ended December 31, 2025.
(*4) Acquired through the acquisition of PT PRIME AGRI RESOURCES during the year ended December 31, 2025.

Among the aforementioned financial assets at FVOCI, the listed shares of Maruichi Steel Tube Ltd. and Kumho Petrochemical Co., Ltd. were measured at the closing prices as of December 31, 2025. Accordingly, the valuation gain of ₩1,985 million ($1,383 thousand) incurred during the period, net of the deferred tax effect of ₩510 million ($355 thousand), resulted in a net increase of ₩1,475 million ($1,028 thousand) in accumulated other comprehensive income.

In addition, Hanse Mobility Co., Ltd., among the financial assets at FVOCI, was measured at the base price as of December 31, 2025. Accordingly, the valuation gain of ₩923 million ($643 thousand) incurred during the period, net of the deferred tax effect of ₩237 million ($165 thousand), resulted in a net increase of ₩686 million ($478 thousand) in accumulated other comprehensive income.

6.3 Restricted deposits

As of December 31, 2025 and 2024, the Group has deposits of ₩23,000 million ($16,029 thousand) and ₩35,125 million ($24,479 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:

	Korean won in millions				U.S. dollar in thousands	
	Dec. 31, 2025		Dec. 31, 2024		Dec. 31, 2025	
Other current assets						
Advance payments	₩	119,307	₩	55,697	$	83,147
Allowance for doubtful accounts		(1,081)		(14)		(753)
Prepaid expenses		79,328		176,169		55,285
Allowance for doubtful accounts		-		(2,123)		-
Biological assets (*1)		34,520		14,800		24,057
Others		18,878		15,710		13,156
	₩	**250,952**	**₩**	**260,239**	**$**	**174,892**
Other current assets						
Long-term advanced payments	₩	23,797	₩	23,632	$	16,584
Allowance for doubtful accounts		(1,703)		(1,703)		(1,187)
Long-term prepaid expenses		1,860		1,475		1,296
Others		11,960		18,037		8,335
	₩	**35,914**	**₩**	**41,441**	**$**	**25,028**
	₩	**286,866**	**₩**	**301,680**	**$**	**199,920**

(*) Consumable biological assets are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss. Cash flows over the life cycle of biological assets are determined by taking into account the estimated production, market prices and estimated cultivation costs of agricultural crops.

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	₩	863,759	₩	963,953	$	601,965
Valuation allowance		(699)		(5,496)		(487)
Finished goods		83,648		87,262		58,295
Valuation allowance		(2,002)		(6,159)		(1,395)
Semi-finished goods and Work-in-process		97,168		102,924		67,718
Valuation allowance		(31,165)		(13,295)		(21,719)
Raw materials		297,989		393,878		207,672
Valuation allowance		(53,124)		(50,059)		(37,023)
Materials-in-transit		463,533		573,760		323,042
Others		21,063		34,379		14,679
Valuation allowance		(4,005)		(473)		(2,791)
	₩	**1,736,165**	**₩**	**2,080,674**	**$**	**1,209,956**

8. Inventories (cont'd)

The Group recognized inventory valuation losses in cost of sales of ₩2,460 million ($1,714 thousand) and ₩1,861 million ($1,297 thousand) for each of the two years in the period ended December 31, 2025, respectively. Additionally, the Group recognized reversal of loss on valuation of inventories in cost of sales of ₩4,326 million ($3,015 thousand) and ₩1,322 million ($921 thousand) for each of the two years in the period ended December 31, 2025, respectively. Furthermore, inventory valuation losses recognized in discontinued operations were ₩24,181 million ($16,155 thousand) and ₩13,261 million (US$9,242 thousand) for each of the respective years.

9. Investments in associates and joint venture

9.1 Details of investments in associates and joint venture as of December 31, 2025 and 2024 are as follows:

				Korean won in millions				U.S. dollar in thousand
			Equity	Dec. 31, 2025			Dec. 31, 2024	Dec. 31, 2025
	Nationality	Number of shares	owner-ship (%)	cost	value	Book value	Book value	Book value
<Associates>								
Shanghai Lansheng Daewoo Corp	China	-	49.0	₩ 5,312	₩ 1,318	₩ -	₩ -	$ -
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	China	-	49.0	161	1,935	1,834	1,800	1,278
KOREA LNG LTD.	Bermuda	2,400	20.0	-	19,524	19,524	25,622	13,607
GENERAL MEDICINES CO., LTD.	Sudan	9,702	33.0	736	3,062	3,266	3,330	2,276
POSCO IJPC	Indonesia	11,693,706	21.7	13,475	14,313	13,793	15,704	9,613
DMSA/AMSA (*1) (*5)	Madagascar	-	3.9	346,880	(31,777)	-	-	-
POSCO MEXICO PROCESSING CENTER HOLDING, LLC (*1)	Mexico	-	19.6	14,004	21,299	20,412	22,744	14,225
POSCO-ESDC LTD. (*3)	Slovenia	-	-	-	-	-	2,337	-
GLOBAL KOMSCO DAEWOO LLC	Uzbekistan	3,850,000	35.0	4,445	8,905	8,894	8,867	6,198
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	Hongkong	50,082	25.0	87,962	263,381	263,374	279,344	183,549
Blue Ocean Recovery PEF No.1	Korea	333 units	27.5	33,300	34,159	-	-	-
YULCHON MEXICO S.A. DE C.V. (*1)	Mexico	18,267,000	6.2	1,349	1,773	2,141	1,862	1,492
HyunSon Engineering & Construction (*1)	Algerie	279,000,000	4.9	281	596	586	573	408
Inco tech Inc. (*1)	Korea	350,000	10.0	350	(2,412)	-	-	-
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD. (*1)	China	10,302,191	10.0	11,488	9,842	9,456	9,628	6,590
POSCO-MALAYSIA SDN. BHD. (*1)	Malaysia	24,128,000	13.6	7,905	589	6,416	6,084	4,471
POSCO-ITPC S.P.A (*1)	Italy	30,000	10.0	781	1,931	1,878	1,680	1,309
SHINPOONG DAEWOO PHARMA CO., LTD. (*3)	Vietnam	-	-	-	-	-	852	-
Gyeonggi Green Energy Co., Ltd. (*1) (*5)	Korea	2,880,000	19.0	14,400	(13,376)	-	-	-
Noeul Green Energy Co., Ltd. (*1) (*5)	Korea	120,000	10.0	600	(828)	-	-	-
Samcheok Blue Power Co., Ltd. (*4) (*5)	Korea	4,507,138	34.0	451,460	280,729	402,455	339,954	280,476
POSCO International CVC No. 1 New Technology Investment Association (*2)	Korea	-	80.0	800	646	646	-	450
				₩ 995,689	₩ 615,609	₩ 754,675	₩ 720,381	$ 525,942
<Joint venture>								
ECO ENERGY SOLUTION CO., LTD.	Korea	600,000	50.0	₩ 3,000	₩ 9,418	₩ 8,970	₩ 5,466	$ 6,251
				₩ 998,689	₩ 625,027	₩ 763,645	₩ 725,847	$ 532,193

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

(*1) Although the Group's ownership interest is below 20%, these securities are classified as investments in associates as the Group is considered to have the ability to exercise significant influence over the investee.
(*2) The investment was newly acquired during the year ended December 31, 2025 and has been classified as an investment in an associate in accordance with the fund's partnership agreement.
(*3) Disposed of during the year ended December 31, 2025.
(*4) Additionally acquired during the year ended December 31, 2025.
(*5) As of December 31, 2025, the Group provides its investments in associates with a carrying amount of ₩391,647 million ($272,944 thousand) as collateral for the borrowings of the associates.

9.2 Changes in the carrying amounts of investments in associates for each of the two years in the period ended December 31, 2025 are as follows (Korean won in millions):

	2025								
	Beginning balance	Acquisition	Disposal	Transfer	Share of profit (loss) of associates	Impairment	Dividends	Others	Ending balance
Shanghai Lansheng Daewoo Corp (*1)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	1,800	-	-	-	-	-	-	34	1,834
KOREA LNG LTD.	25,622	-	-	-	5,192	-	(5,040)	(6,250)	19,524
GENERAL MEDICINES CO., LTD.	3,330	-	-	-	-	-	-	(64)	3,266
POSCO IJPC	15,704	-	-	-	(1,506)	-	-	(405)	13,793
DMSA/AMSA (*1)	-	-	-	-	-	-	-	-	-
POSCO MEXICO PROCESSING CENTER HOLDING, LLC	22,744	-	-	-	(1,626)	-	-	(706)	20,412
POSCO-ESDC LTD.	2,337	-	(2,376)	-	39	-	-	-	-
GLOBAL KOMSCO DAEWOO LLC	8,867	-	-	-	236	-	-	(209)	8,894
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	279,344	-	(23,077)	-	57,364	-	(37,273)	(12,984)	263,374
Blue Ocean Recovery PEF No. 1 (*1)	-	-	-	-	-	-	-	-	-
YULCHON MEXICO S.A. DE C.V.	1,862	-	-	-	92	-	-	187	2,141
HyunSon Engineering & Construction	573	-	-	-	-	-	-	13	586
Inco tech Inc. (*1)	-	-	-	-	-	-	-	-	-
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS	9,628	-	-	-	(333)	-	-	161	9,456
POSCO-MALAYSIA SDN.BHD.	6,084	-	-	-	292	-	-	40	6,416
POSCO-ITPC S.p.A	1,680	-	-	-	19	-	-	179	1,878
SHINPOONG DAEWOO PHARMA CO.,LTD.	852	-	(850)	-	29	-	-	(31)	-
Gyeonggi Green Energy Co., Ltd. (*1)	-	-	-	-	-	-	-	-	-
Noeul Green Energy Co., Ltd. (*1)	-	-	-	-	-	-	-	-	-
Samcheok Blue Power Co., Ltd.	339,954	60,413	-	-	4,465	-	(2,443)	66	402,455
POSCO International CVC No. 1 New Technology Investment Association	-	800	-	-	(154)	-	-	-	646
ECO ENERGY SOLUTION CO., LTD.	5,466	-	-	-	3,588	-	-	(84)	8,970
	₩ 725,847	₩ 61,213	₩ (26,303)	₩ -	₩ 67,697	₩ -	₩ (44,756)	₩ (20,053)	₩ 763,645
U.S. dollar in thousand	$ 505,852	$ 42,660	$ (18,331)	$ -	$ 47,179	$ -	$ (31,191)	$ (13,975)	$ 532,194

9.2 Changes in the carrying amounts of investments in associates for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions) (cont'd)

	2024								
	Beginning balance	Acquisition	Disposal	Transfer	Share of profit (loss) of associates	Impairment	Dividends	Others	Ending balance
Shanghai Lansheng Daewoo Corp	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	1,608	-	-	-	-	-	-	192	1,800
KOREA LNG LTD.	58,759	-	-	-	17,714	-	(17,829)	(33,022)	25,622
GENERAL MEDICINES CO., LTD.	5,592	-	-	-	(2,803)	-	-	541	3,330
POSCO IJPC	13,608	-	-	-	120	-	-	1,976	15,704
DMSA/AMSA	16,572	-	-	-	(17,395)	-	-	823	-
POSCO MEXICO PROCESSING CENTER HOLDING, LLC	20,225	-	-	-	(489)	-	-	3,008	22,744
POSCO-ESDC LTD.	2,198	-	-	-	66	-	(89)	162	2,337
GLOBAL KOMSCO DAEWOO LLC	7,360	-	-	-	442	-	-	1,065	8,867
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	287,280	-	(28,667)	-	45,922	-	(64,208)	39,017	279,344
Blue Ocean Recovery PEF No. 1	-	-	-	-	-	-	-	-	-
YULCHON MEXICO S.A. DE C.V.	1,765	-	-	-	194	-	-	(97)	1,862
HyunSan Engineering & Construction	264	-	-	-	256	-	-	53	573
Inco tech Inc.	-	-	-	-	-	-	-	-	-
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD	8,779	-	-	-	(176)	-	-	1,025	9,628
POSCO-MALAYSIA SDN.BHD.	5,992	-	-	-	56	-	-	36	6,084
POSCO-ITPC S.p.A	2,476	-	-	-	(941)	-	-	145	1,680
SHINPOONG DAEWOO PHARMA CO.,LTD.	722	-	-	-	66	-	-	64	852
Gyeonggi Green Energy Co., Ltd.	-	-	-	-	-	-	-	-	-
Noeul Green Energy Co., Ltd.	-	-	-	-	-	-	-	-	-
Samcheok Blue Power Co., Ltd.	301,330	-	-	-	48,739	-	(10,047)	(68)	339,954
AES Mong Duong Power CO., LTD. (*2)	230,699	-	-	(134,277)	33,942	(116,017)	(34,822)	20,475	-
Mong Duong Finance Holdings B.V (*2)	2,271	-	-	(861)	(327)	(1,200)	-	117	-
ECO ENERGY SOLUTION CO., LTD.	3,102	-	-	-	2,384	-	-	-	5,486
	₩ 970,602	₩ -	₩ (28,667)	₩ (135,138)	₩ 127,750	₩ (117,217)	₩ (126,995)	₩ 35,512	₩ 725,847
U.S. dollar in thousand	$ 676,425	$ -	$ (19,979)	$ (94,179)	$ 89,030	$ (81,690)	$ (88,504)	$ 24,749	$ 505,852

(*1) As of December 31, 2025, the cumulative losses unrecognized as the application of the equity method has been discontinued amount to ₩54,628 million ($38,071 thousand).
(*2) The Group classified AES MONG DUONG Power Co., Ltd. and MONG DUONG FINANCE HOLDINGS B.V. as assets held for sale during the year ended December 31, 2024, and their disposals were completed during the year ended December 31, 2025.

9.3 Details of unrealized gains and losses reflected in gain or loss on investments in associates 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
GENERAL MEDICINES CO., LTD.	₩ -	₩ 45	$ -
GLOBAL KOMSCO DAEWOO LLC.	1	(14)	1
POSCO IJPC	292	(99)	203
POSCO-ITPC S.P.A.	2	(63)	1
POSCO-MALAYSIA SDN. BHD.	2	9	1
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	868	(1,273)	605
ECO ENERGY SOLUTION CO., LTD.	(448)	-	(312)
Samcheok Blue Power Co., Ltd.	(261)	-	(182)
	₩ 456	**₩ (1,395)**	**$ 317**

9.4 The summarized financial information on associates as of and for the year ended December 31, 2025 is as follows: (Korean won in millions)

Subsidiaries	Assets	Liabilities	Sales	Net profit(loss)
Shanghai Lansheng Daewoo Corp	4,826	2,137	-	-
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	53,109	49,161	-	-
KOREA LNG LTD.	97,944	325	28,117	25,960
GENERAL MEDICINES CO., LTD.	15,532	6,254	-	-
POSCO IJPC	172,330	106,353	324,739	(6,721)
DMSA/AMSA	875,900	1,692,942	856,215	(684,937)
POSCO MEXICO PROCESSING CENTER HOLDING, LLC	540,502	432,030	990,082	(12,703)
GLOBAL KOMSCO DAEWOO LLC	47,501	22,057	30,352	670
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	1,445,230	393,409	462,017	229,086
Blue Ocean Recovery PEF No. 1	323,584	199,462	-	-
YULCHON MEXICO S.A. DE C.V.	44,954	16,531	47,997	1,469
HyunSon Engineering & Construction	377,155	364,972	-	-
Inco tech Inc.	60,002	84,123	83	(7,182)
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD.	101,156	2,733	418	(3,329)
POSCO-MALAYSIA SDN.BHD.	60,100	55,777	136,236	2,132
POSCO-ITPC S.P.A.	130,195	110,889	157,894	172
Gyeonggi Green Energy Co., Ltd.	236,006	306,416	71,149	(9,722)
Noeul Green Energy Co., Ltd.	100,033	108,311	45,739	4,940
Samcheok Blue Power Co., Ltd.	5,186,881	4,361,206	638,593	23,070
POSCO International CVC No. 1 New Technology Investment Association	807	-	-	(193)
ECO ENERGY SOLUTION CO., LTD.	37,685	18,849	100,017	8,073

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	₩ 779,651	₩ -	₩ (5,248)	₩ -	₩ 774,403	$ 539,691
Buildings	1,120,334	(353,119)	(104,262)	(233)	662,720	461,858
Structures	1,513,046	(492,786)	(2,746)	-	1,017,514	709,118
Machinery	2,836,109	(1,541,690)	(96,265)	-	1,198,154	835,009
Vehicles	81,417	(49,022)	(1,524)	(14)	30,857	21,505
Tools	95,375	(72,813)	(565)	-	21,997	15,330
Fixtures	151,841	(118,172)	(4,060)	(29)	29,580	20,615
Construction-in-progress	1,024,458	-	(59,300)	-	965,158	672,631
Bearer plants	588,892	(226,021)	-	-	362,871	252,889
Exploration and evaluation assets	10,910	(4,089)	-	-	6,821	4,754
	₩ 8,202,033	₩ (2,857,712)	₩ (273,970)	₩ (276)	₩ 5,070,075	$ 3,533,400
U.S. dollar in thousands	**$ 5,716,101**	**$ (1,991,576)**	**$ (190,933)**	**$ (192)**	**$ 3,533,400**	

	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	₩ 576,266	₩ -	₩ (3,819)	₩ -	₩ 572,447	$ 398,946
Buildings	1,070,030	(312,368)	(130,794)	(248)	626,620	436,699
Structures	1,040,418	(433,556)	(4,359)	-	602,503	419,892
Machinery	2,944,936	(1,529,850)	(103,835)	-	1,311,251	913,827
Vehicles	34,696	(21,913)	(164)	(14)	12,605	8,785
Tools	95,062	(68,835)	(1,881)	-	24,346	16,967
Fixtures	135,196	(104,602)	(4,202)	-	26,392	18,393
Construction-in-progress	952,257	-	(27,272)	-	924,985	644,634
Bearer plants	203,433	(63,982)	-	-	139,451	97,185
	₩ 7,052,294	₩ (2,535,106)	₩ (276,326)	₩ (262)	₩ 4,240,600	$ 2,955,328
U.S. dollar in thousands	**$ 4,914,833**	**$ (1,766,748)**	**$ (192,575)**	**$ (183)**	**$ 2,955,328**	

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	Impairment (*1)	Others (*2)	Ending balance
Land	₩ 572,447	₩ 210,919	₩ 92	₩ (13)	₩ -	₩ (1,364)	₩ (7,678)	₩ 774,403
Buildings	626,868	60,214	3,180	(17,277)	(26,083)	(6,068)	22,119	662,953
Less: government subsidies	(248)	-	-	-	15	-	-	(233)
Structures	602,503	10,796	4,430	(99,641)	(44,916)	-	544,342	1,017,514
Machinery	1,311,251	19,038	16,333	(19,546)	(122,280)	(13,159)	6,517	1,198,154
Vehicles	12,619	19,855	2,797	(849)	(3,683)	(1,413)	1,545	30,871
Less: government subsidies	(14)	-	(8)	-	8	-	-	(14)
Tools	24,346	-	7,770	(687)	(10,912)	(39)	1,519	21,997
Fixtures	26,392	2,737	6,356	(1,495)	(11,326)	58	6,887	29,609
Less: government subsidies	-	-	(32)	-	3	-	-	(29)
Construction-in-progress	924,985	39,473	510,267	(2,733)	-	(29,648)	(477,186)	965,158
Bearer plants	139,451	249,352	-	(4,647)	(11,229)	-	(10,056)	362,871
Exploration and evaluation assets	-	-	-	-	(134)	(5,002)	11,957	6,821
	₩ 4,240,600	**₩ 612,384**	**₩ 551,185**	**₩ (146,888)**	**₩ (230,537)**	**₩ (56,635)**	**₩ 99,966**	**₩ 5,070,075**
U.S. dollar in thousands	**$ 2,955,328**	**$ 426,778**	**$ 384,128**	**$ (102,368)**	**$ (160,664)**	**$ (39,470)**	**$ 69,668**	**$ 3,533,400**

(*1) For the year ended December 31, 2025, impairment losses were recognized for the carrying amounts exceeding the recoverable amounts as a result of impairment tests on property, plant and equipment held by the Group's subsidiaries such as POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD. and POSCO INTERNATIONAL TEXTILE LLC.
(*2) 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		Impairment (*1)		Others (*2)		Ending balance	
Land	₩	551,045	₩	20,286	₩	(4,354)	₩	-	₩	-	₩	5,470	₩	572,447
Buildings		646,683		4,065		(7,402)		(27,172)		(47,046)		57,740		626,868
Less: government subsidies		(210)		-		-		15		-		(53)		(248)
Structures		472,554		1,576		(495)		(32,450)		(435)		161,753		602,503
Machinery		1,392,857		64,402		(16,100)		(128,559)		(23,661)		22,312		1,311,251
Vehicles		12,246		2,020		(522)		(2,779)		(22)		1,676		12,619
Less: government subsidies		(24)		-		-		10		-		-		(14)
Tools		27,085		16,028		(454)		(14,895)		(1,519)		(1,899)		24,346
Fixtures		29,087		7,592		(988)		(11,698)		(737)		3,136		26,392
Less: government subsidies		(1)		-		-		-		-		1		-
Construction-in-progress		436,290		662,527		(271)		-		-		(173,561)		924,985
Bearer plants		137,331		-		(27)		(9,602)		-		11,749		139,451
	₩	**3,704,943**	**₩**	**778,496**	**₩**	**(30,613)**	**₩**	**(227,130)**	**₩**	**(73,420)**	**₩**	**88,324**	**₩**	**4,240,600**
U.S. dollar in thousands	**$**	**2,582,022**	**$**	**542,544**	**$**	**(21,335)**	**$**	**(158,290)**	**$**	**(51,167)**	**$**	**61,554**	**$**	**2,955,328**

(*1) For the year ended December 31, 2024, impairment losses were recognized for the carrying amounts exceeding the recoverable amounts as a result of impairment tests on items of property, plant and equipment held by the Group's subsidiaries such as SUZHOU POSCO-CORE TECHNOLOGY CO.LTD., POSCO INTERNATIONAL AMARA CO. LTD., and POSCO INTERNATIONAL TEXTILE LLC.
(*2) Including transfers of construction-in-progress to property, plant and equipment and intangible assets.

10.3 As of December 31, 2025 and 2024, the Group has capitalized borrowing costs of ₩14,628 million ($10,194 thousand) and ₩22,462 million ($15,654 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 2.66% and 6.63%, respectively.

11. Leases

11.1 Group as a lessee

11.1.1 The carrying amounts 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															
	Land		Building and structure		Aircraft		Facility		Others		Total		Lease receivables		Lease liabilities	
Beginning balance	₩	48,664	₩	32,984	₩	16,856	₩	242,457	₩	41,844	₩	382,805	₩	328,453	₩	413,800
Acquisition		77		55,198		-		620		444,956		500,851		35		507,915
Termination or cancellation of contracts		(3,889)		(4,979)		-		(23)		(10,261)		(19,152)		(407)		(18,300)
Depreciation		(878)		(15,425)		(4,704)		(18,627)		(24,827)		(64,461)		-		-
Interest income		-		-		-		-		-		-		5,546		-
Related profit		-		-		-		-		-		-		26,142		-
Interest expense		-		-		-		-		-		-		-		39,516
Foreign exchange		-		-		-		-		-		-		(316)		35,924
Impairment loss		(5)		-		-		-		-		(5)		-		-
Lease payment		-		-		-		-		-		-		-		(110,875)
Lease receipt		-		-		-		-		-		-		(26,312)		-
Increase due to business combination		-		2,999		-		-		-		2,999		-		3,003
Others		(8,813)		3,057		-		16,146		10,658		21,048		(32,146)		4,291
Ending balance	**₩**	**35,156**	**₩**	**73,834**	**₩**	**12,152**	**₩**	**240,573**	**₩**	**462,370**	**₩**	**824,085**	**₩**	**300,995**	**₩**	**875,274**
U.S. dollar in thousands	**$**	**24,501**	**$**	**51,456**	**$**	**8,469**	**$**	**167,658**	**$**	**322,232**	**$**	**574,315**	**$**	**209,767**	**$**	**609,990**

11.1.1 The carrying amounts and changes in right-of-use assets and lease liabilities for each of the two years in the period ended December 31, 2024 are as follows: (Korean won in millions) (cont'd)

	2024							
	Right-of-use assets							
	Land	Building and structure	Aircraft	Facility	Others	Total	Lease receivables	Lease liabilities
Beginning balance	₩ 44,888	₩ 34,997	₩ 21,952	₩ 239,595	₩ 51,077	₩ 392,509	₩ 312,447	₩ 421,827
Acquisition	47	15,767	-	7,884	23,869	47,567	2,364	49,696
Termination or cancellation of contracts	(1)	(4,268)	-	-	(431)	(4,700)	(593)	(3,167)
Depreciation	(1,061)	(15,322)	(5,096)	(18,055)	(8,886)	(48,420)	-	-
Interest income	-	-	-	-	-	-	6,313	-
Related profit	-	-	-	-	-	-	(1,336)	-
Interest expense	-	-	-	-	-	-	-	22,273
Foreign exchange	-	-	-	-	-	-	10,014	25,996
Impairment loss (*1)	(1,994)	-	-	-	-	(1,994)	-	-
Lease payment	-	-	-	-	-	-	-	(96,901)
Lease receipt	-	-	-	-	-	-	(32,044)	-
Others	6,785	1,810	-	13,033	(23,785)	(2,157)	31,288	(5,924)
Ending balance	₩ 48,664	₩ 32,984	₩ 16,856	₩ 242,457	₩ 41,844	₩ 382,805	₩ 328,453	₩ 413,800
U.S. dollar in thousands	$ 33,915	$ 22,987	$ 11,747	$ 168,971	$ 29,162	$ 266,782	$ 228,903	$ 288,382

(*1) For the year ended December 31, 2024, impairment loss was recognized for the carrying amount exceeding the recoverable amount as a result of impairment test on the leased assets held by the Group's subsidiary POSCO INTERNATIONAL AMARA CO. LTD.

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 and related profit on lease receivables	₩ 31,688	₩ 4,977	$ 22,084
<Expenses>			
Depreciation of right-of-use assets	₩ (64,461)	₩ (48,420)	$ (44,924)
Interest on lease liabilities	(39,516)	(22,273)	(27,539)
Short-term lease	(5,437)	(2,760)	(3,789)
Leases of low-value assets	(1,044)	(2,362)	(728)
	₩ (110,458)	₩ (75,815)	$ (76,980)
Net profit or loss	**₩ (78,770)**	**₩ (70,838)**	**$ (54,896)**

11.2 Group as a lesser

11.2.1. Details of finance lease receivables as of December 31, 2025 and 2024 are as follows: (Korean won in millions)

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Finance lease receivables	₩ 22,269	₩ 278,726	₩ 25,292	₩ 303,161
U.S. dollar in thousands	**$ 15,520**	**$ 194,248**	**$ 17,626**	**$ 211,277**

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	₩ 22,749	$ 15,854
More than 1 year and within 5 years	125,193	87,249
More than 5 years	177,069	123,402
	₩ 325,011	**$ 226,505**

	2024	
	Korean won in millions	U.S. dollar in thousands
Within 1 year	₩ 25,846	$ 18,012
More than 1 year and within 5 years	79,324	55,282
More than 5 years	253,658	176,777
	₩ 358,828	**$ 250,071**

11.2.3 The Group recognized rental income of ₩33,081 million ($23,055 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 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	Increase (Decrease) due to merger	Acquisition	Disposal, etc.	Amortization	Impairment	Others (*1)	Ending balance	Ending balance
Goodwill	₩ 34,658	₩ 424,742	₩ -	₩ -	₩ -	₩ -	₩ 147	₩ 459,547	$ 320,264
Exploration and evaluation assets	92,812	-	17,746	(681)	-	(14,547)	(2,693)	92,637	64,560
Less: government subsidies	(2,197)	-	-	659	-	-	-	(1,538)	(1,072)
Industrial property rights	14,710	80,757	479	(2)	(443)	-	(1,583)	93,918	65,453
Mining rights (*2)	2,329,592	-	364,296	-	(240,450)	(30,426)	82,827	2,505,839	1,746,351
Membership	20,066	-	3,606	(3,147)	(98)	(83)	431	20,775	14,478
Construction-in-progress	-	-	1,695	-	-	-	(1,695)	-	-
Software	53,912	-	-	-	-	-	(2,332)	51,580	35,947
Others	9,488	1,230	5,664	(97)	(16,403)	-	12,796	12,678	8,835
	₩ 2,553,041	**₩ 506,729**	**₩ 393,486**	**₩ (3,268)**	**₩ (257,394)**	**₩ (45,056)**	**₩ 87,898**	**₩ 3,235,436**	**$ 2,254,816**
U.S. dollar in thousand	**$ 1,779,247**	**$ 353,146**	**$ 274,225**	**$ (2,278)**	**$ (179,381)**	**$ (31,400)**	**$ 61,257**	**$ 2,254,816**	

(*1) Including decreases arising from transfers from construction in progress and reclassifications to assets held for sale
(*2) Including the mining rights related to Myanmar A-1/A-3 blocks.

12.1 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 (cont'd):

	2024							
	Korean won in million							U.S. dollar in thousands
	Beginning balance	Acquisition	Disposal, etc.	Amortization	Impairment	Others (*2)	Ending balance	Ending balance
Goodwill (*1)	₩ 43,705	₩ -	₩ -	₩ -	₩ (9,722)	₩ 675	₩ 34,658	$ 24,154
Exploration and evaluation assets	104,360	16,714	(764)	-	-	(27,498)	92,812	64,682
Less: government subsidies	(33,716)	-	-	-	-	31,519	(2,197)	(1,530)
Development block intangible assets	10,234	543	-	-	-	(10,777)	-	-
Industrial property rights	16,549	540	-	(430)	-	(1,949)	14,710	10,252
Mining rights (*3)	2,125,721	366,663	-	(217,543)	-	54,751	2,329,592	1,623,522
Membership	20,005	687	(180)	(35)	-	(411)	20,066	13,984
Construction-in-progress	-	5,396	-	-	-	(5,396)	-	-
Software	42,194	3,097	-	(6,407)	-	15,028	53,912	37,572
Others	2,865	880	(821)	(7,788)	-	14,352	9,488	6,613
	₩ 2,331,917	₩ 394,520	₩ (1,765)	₩ (232,203)	₩ (9,722)	₩ 70,294	₩ 2,553,041	$ 1,779,249
U.S. dollar in thousand	$ 1,625,143	$ 274,946	$ (1,230)	$ (161,825)	$ (6,774)	$ 48,989	$ 1,779,249	

(*1) As a result of the impairment test on assets held by the Group's subsidiary Shinan Green Energy Co., Ltd., ₩9,722 million ($6,775 thousand) of impairment loss was recognized.
(*2) Including transfers from construction-in-progress and decrease due to the approval of exemption from the repayment obligation of contingent loans.
(*3) Including the mining rights related to Myanmar A-1/A-3 blocks.

12.2 The book values of goodwill allocated to Group's CGU 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
POSCO ENERGY Co., Ltd. (*1)	₩ 26,471	₩ 26,471	$ 18,448
PT. BIO INTI AGRINDO	7,692	8,187	5,361
PT PRIME AGRI RESOURCES	425,384	-	296,456
	₩ 459,547	**₩ 34,658**	**$ 320,265**

(*1) Presenting the amount of goodwill of POSCO Energy Co., Ltd. (the merged entity) that had been recognized by POSCO Holdings Inc., the ultimate controlling company, as the Group's business combination under common control with POSCO Energy Co., Ltd.

12.3 Joint arrangement

The mining rights of intangible assets and the machinery of property, plant and equipment include the Group's share of the jointly held assets held under joint arrangements. The major joint arrangements of the Group as of December 31, 2024 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	Accumulated impairment loss	Book value	Book value
Land	₩ 52,274	₩ -	₩ -	₩ 52,274	$ 36,430
Buildings	122,480	(37,726)	(2,702)	82,052	57,183
	₩ 174,754	**₩ (37,726)**	**₩ (2,702)**	**₩ 134,326**	**$ 93,613**
U.S. dollar in thousands	**$ 121,788**	**$ (26,292)**	**$ (1,883)**	**$ 93,613**	

	December 31, 2024				
	Korean won in millions				U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value	Book value
Land	₩ 52,779	₩ -	₩ -	₩ 52,779	$ 36,783
Buildings	125,545	(36,482)	(3,930)	85,133	59,330
	₩ 178,324	**₩ (36,482)**	**₩ (3,930)**	**₩ 137,912**	**$ 96,113**
U.S. dollar in thousands	**$ 124,276**	**$ (25,425)**	**$ (2,739)**	**$ 96,113**	

13.2 Changes in the book values of investment properties for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions)

	2025			
	Beginning balance	Depreciation	Replacement	Ending balance
Land	₩ 52,779	₩ -	₩ (505)	₩ 52,274
Building	85,133	(3,138)	57	82,052
	₩ 137,912	₩ (3,138)	₩ (448)	₩ 134,326
U.S. dollar in thousands	**$ 96,113**	**$ (2,187)**	**$ (313)**	**$ 93,613**

	2024			
	Beginning balance	Depreciation	Replacement	Ending balance
Land	₩ 52,856	₩ -	₩ (77)	₩ 52,779
Building	88,767	(3,558)	(76)	85,133
	₩ 141,623	₩ (3,558)	₩ (153)	₩ 137,912
U.S. dollar in thousands	**$ 98,699**	**$ (2,479)**	**$ (107)**	**$ 96,113**

13.3 The fair value of investment properties

The fair value of investment property amounts to ₩178,544 million ($124,430 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 Group owns POSCO Tower Songdo, a real estate property, located in Yeonsu-gu, Incheon, under a joint arrangement. As of December 31, 2025, the Group 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 Group's shares.

14. Trade and other payables

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

	December 31, 2025				December 31, 2024			
	Current		Non-current		Current		Non-current	
Trade payables	₩	2,199,681	₩	-	₩	2,097,737	₩	-
Other payables		704,330		1,021		635,161		741
Accrued expenses		63,026		1,376		91,635		1,944
Guarantee deposits received		1,690		9,669		28,773		5,705
Lease liabilities		92,532		782,742		79,527		334,273
Financial guarantee liabilities		-		675		-		112
	₩	**3,061,259**	**₩**	**795,483**	**₩**	**2,932,833**	**₩**	**342,775**
U.S. dollar in thousands	**$**	**2,133,430**	**$**	**554,382**	**$**	**2,043,928**	**$**	**238,884**

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 Dec. 31, 2025	Korean won in millions Dec. 31, 2024	U.S. dollar in thousands Dec. 31, 2025
<Current borrowings>						
Short-term borrowings:						
Banker's usance	Woori Bank and others	3M TERM SOFR	2026.02.28	₩ -	₩ 6,932	$ -
NEGO borrowings	Woori Bank and others	3M TERM SOFR+0.46 % and others	2026.02.28	704,293	503,343	490,831
General borrowings (Limit)	Woori Bank and others	3M TERM SOFR+0.59 % and others	2026.02.28	942,752	885,157	657,016
Korean won-denominated borrowings	Shinhan Bank and others	3.85% and others	2026.05.16	82,000	194,500	57,147
Other borrowings	HANA Bank and others	5.85% and others	2026.06.20	63,761	9,661	44,436
				₩ 1,792,806	**₩ 1,599,593**	**$ 1,249,430**
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
General borrowings (Facility)	Shinhan Bank and others	6.01% and others	2026.09.15	405,794	26,265	282,803
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)	-
				₩ 533,127	**₩ 468,661**	**$ 371,544**
				₩ 2,325,933	**₩ 2,068,254**	**$ 1,620,974**

15.1 Details of borrowings as of December 31, 2025 and 2024 are as follows: (cont'd)

	Creditor	Annual interest rates	The longest maturity	Korean won in millions Dec. 31, 2025		Korean won in millions Dec. 31, 2024		U.S. dollar in thousands Dec. 31, 2025	
<Non-current borrowings>									
Long-term borrowings denominated in Korean won:									
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2027.12.31	₩	133		403	$	93
Facility borrowings	Community Credit Cooperatives and others	5.70% and others	2040.03.15		120,719		223,248		84,131
Other borrowings (*1)	Korea Rural Community Cooperation and others	2.00% and others	2035.09.15		466,317		106,127		324,982
				₩	**587,169**	**₩**	**329,778**	**$**	**409,206**
Long-term borrowings denominated in foreign currency:									
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2027.12.31		231		1,050		161
Forgivable borrowings (*2)	Korea Energy Agency	3year government bond yield-1.25%	Undecided		90,367		89,863		62,978
Facility borrowings	ANZ and others	3M BBSW+2.22% and others	2028.10.03		373,528		429,560		260,316
Other borrowings (*1)	Korea EXIM Bank and others	2.12% and others	2035.09.15		322,852		294,923		225,000
				₩	786,978	₩	815,396	$	548,455
				₩	1,374,147	₩	1,145,174	$	957,661
Less: present value discount					(2,978)	₩	(4,528)	$	(2,075)
				₩	**1,371,169**	**₩**	**1,140,646**	**$**	**955,586**
Total borrowings				**₩**	**3,697,102**	**₩**	**3,208,900**	**$**	**2,576,560**

(*1) The Group'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 loan cannot be specified.

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

			Korean won in millions		U.S. dollar in thousands
	Annual interest rates	Maturity	Dec. 31, 2025	Dec. 31, 2024	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
Shelf Registration Sukuk 1.2 Series B	10.35%	2026.03.17	13,546	-	9,440
Shelf Registration Bonds 1.2 Series B	10.35%	2026.03.17	4,013	-	2,797
			₩ 597,559	₩ 1,118,283	$ 416,448
Less: present value discount on bonds			(928)	(548)	(647)
			₩ 596,631	₩ 1,117,735	$ 415,801
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
Shelf Registration Bonds 1.3 Series B	8.40%	2027.03.02	38,455	-	26,800
Shelf Registration Sukuk 2.1 Series A	7.60%	2028.07.04	517	-	360
Shelf Registration Bonds 2.1 Series A	7.60%	2028.07.04	1,210	-	843
Shelf Registration Bonds 2.1 Series B	8.25%	2030.07.04	5,047	-	3,517
Shelf Registration Sukuk 1.3 Series B	8.40%	2027.03.02	19,672	-	13,710
Shelf Registration Sukuk 2.1 Series B	8.25%	2030.07.04	9,960	-	6,941
			₩ 1,785,801	₩ 1,571,000	$ 1,244,547
Less: present value discount on bonds			(4,762)	(3,903)	(3,319)
			₩ 1,781,039	₩ 1,567,097	$ 1,241,228
			₩ 2,377,670	**₩ 2,684,832**	**$ 1,657,029**

16. Other liabilities

Details of other liabilities 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
Current:			
Advances received	₩ 166,527	₩ 109,900	$ 116,055
Unearned revenue	61,867	74,571	43,116
Withholdings	43,744	83,821	30,486
Others	12,416	12,722	8,653
	₩ 284,554	₩ 281,014	$ 198,310
Non-current:			
Long-term withholdings	₩ 38,311	₩ 37,334	$ 26,699
Others	31,372	28,987	21,864
	₩ 69,683	₩ 66,321	$ 48,563
Total	**₩ 354,237**	**₩ 347,335**	**$ 246,873**

17. Retirement benefits

The Company and some subsidiaries operate 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 amounts recognized as expenses 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	₩ 4,064	₩ 5,605	$ 2,832

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	₩ 296,259	₩ 268,720	$ 206,467
Fair value of plan assets	(364,789)	(333,634)	(254,226)
Net defined benefit liabilities	21,510	9,502	14,991
Net defined benefit assets	(90,040)	(74,416)	(62,750)

17.3 Changes in the present values of defined benefit obligations 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	₩ 268,720	₩ 248,763	$ 187,274
Current service cost	26,448	26,176	18,432
Interest cost	9,432	10,012	6,573
Past service cost	988	-	689
Benefits paid	(33,882)	(35,394)	(23,613)
Increase due to business combination	21,850	-	15,228
Re-measurement loss(gain) in OCI:	10,317	19,318	7,190
- Actuarial changes arising from changes in demographic assumptions	2,751	534	1,917
- Actuarial changes arising from changes in financial assumptions	(8,931)	11,277	(6,224)
- Others	16,497	7,507	11,497
Others	(7,614)	(155)	(5,306)
Ending balance	**₩ 296,259**	**₩ 268,720**	**$ 206,467**

17.4 Changes in the fair values 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	₩ 333,634	₩ 303,342	$ 232,514
Contribution by the employer	59,057	43,183	41,158
Interest income	11,580	10,146	8,070
Benefits paid	(42,169)	(25,130)	(29,388)
Increase due to business combination	8,697	-	6,061
Re-measurement gain (loss) in OCI:			
- Actuarial changes arising from changes in financial assumptions	3,051	4,107	2,126
Others	(9,061)	(2,014)	(6,315)
Ending balance	**₩ 364,789**	**₩ 333,634**	**$ 254,226**

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	₩ 204,234	₩ 88,661	$ 142,333
Deposit product	9,391	26,580	6,545
Others	151,164	218,393	105,348
	₩ 364,789	**₩ 333,634**	**$ 254,226**

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	₩	26,448	₩	26,176	$	18,432
Past service cost		988		-		689
Net interest on net defined benefit		(2,148)		(134)		(1,497)
	₩	**25,288**	**₩**	**26,042**	**$**	**17,624**

17.7 Details of remeasurement gains (losses) 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	₩	(10,317)	₩	(19,318)	$	(7,190)
Re-measurement of plan assets		3,051		4,107		2,126
	₩	(7,266)	₩	(15,211)	$	(5,064)
Income tax effect		2,853		4,282		1,988
Other comprehensive income	**₩**	**(4,413)**	**₩**	**(10,929)**	**$**	**(3,076)**

17.8 The principal assumptions used in actuarial valuations as of December 31, 2025 and 2024 are as follows:

	Dec. 31, 2025	Dec. 31, 2024
Discount rate	3.15% ~ 7.30%	3.22% ~ 7.10%
Expected future salary growth rate	3.82% ~ 9.50%	2.80% ~ 10.00%

The sensitivity analysis on defined benefit obligations arising from changes in the 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)	₩	(25,257)	₩	26,999	₩	26,490	₩	(25,291)
Amount (U.S. dollar in thousands)	$	(17,602)	$	18,816	$	18,461	$	(17,626)
Rate		(8.53%)		9.11%		8.94%		(8.54%)

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

The expected contributions to the plan for the fiscal year ending December 31, 2026 are ₩69,471 million ($48,415 thousand). The maturity analysis of the undiscounted pension benefit payments of the Group as of December 31, 2025 is as follows:

	Korean won in millions			
	Less than 1year	1year to 5years	Over 5years	Total
Benefits paid	₩ 21,786	₩ 101,813	₩ 783,427	₩ 907,026
U.S. dollar in thousands	**$ 15,183**	**$ 70,955**	**$ 545,980**	**$ 632,118**

The weighted average maturity of the Company's defined benefit obligations is 9.53 years.

18. Provisions

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

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Provision for bonus, etc.	₩ 39,184	₩ -	₩ 35,033	₩ -
Provision for REC (*1)	45,150	-	64,249	-
Provision for LTSA (*2)	-	-	7,100	-
Provision for emission rights (see note 19)	5,750	3,510	-	5,750
Provision for sales guarantee	-	274	-	192
Provision for contingency (see note 20)	-	22,945	-	22,056
Provision for restoration (*3) (see note 20)	-	144,421	-	125,435
Other provisions (*4)	138,212	6,628	-	-
	₩ 228,296	**₩ 177,778**	**₩ 106,382**	**₩ 153,433**
U.S. dollar in thousands	**$ 159,102**	**$ 123,896**	**$ 74,139**	**$ 106,929**

(*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 Group 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 Group had to bear during the current period, was estimated and set as a provision.
(*2) The Group estimated the costs expected to be borne in the future in relation to fuel cell long-term service agreement (the “LTSA”) and set them as provisions.
(*3) The Group recorded provisions for restoration subject to the obligations to restore mining areas and office leases.
(*4) The Group has recognized a provision for the estimated costs expected to be incurred in the future, in accordance with relevant laws and regulations, such as the Indonesian Anti-Deforestation Law.

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, etc.	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Provision for sales guarantee	Provision for LTSA	Other previsions	Total
Beginning balance	₩ 35,033	₩ 64,249	₩ 5,750	₩ 22,056	₩ 125,435	₩ 192	₩ 7,100	₩ -	₩ 259,815
Increase	37,354	171,152	3,510	2,500	17,080	147	-	6,628	238,371
Increase due to merger	5,111	-	-	-	-	-	-	138,212	143,323
Reversal	(613)	(1,074)	-	(182)	-	(65)	-	-	(1,934)
Used	(37,201)	(189,177)	-	(699)	-	-	(7,100)	-	(234,177)
Foreign currency translation	(38)	-	-	(730)	2,611	-	-	-	1,843
Others	(462)	-	-	-	(705)	-	-	-	(1,167)
Ending balance	**₩ 39,184**	**₩ 45,150**	**₩ 9,260**	**₩ 22,945**	**₩ 144,421**	**₩ 274**	**₩ -**	**₩ 144,840**	**₩ 406,074**
U.S. dollar in thousands	**$ 27,308**	**$ 31,465**	**$ 6,453**	**$ 15,991**	**$ 100,649**	**$ 191**	**$ -**	**$ 100,941**	**$ 282,998**
Current	**₩ 39,184**	**₩ 45,150**	**₩ 5,750**	**₩ -**	**₩ -**	**₩ -**	**₩ -**	**₩ 138,212**	**₩ 228,296**
U.S. dollar in thousands	**$ 27,308**	**$ 31,465**	**$ 4,007**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 96,322**	**$ 159,102**
Non-current	**₩ -**	**₩ -**	**₩ 3,510**	**₩ 22,945**	**₩ 144,421**	**₩ 274**	**₩ -**	**₩ 6,628**	**₩ 177,778**
U.S. dollar in thousands	**$ -**	**$ -**	**$ 2,446**	**$ 15,991**	**$ 100,649**	**$ 191**	**$ -**	**$ 4,619**	**$ 123,896**

	2024							
	Korean won in millions							
	Provision for bonus, etc.	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Provision for sales guarantee	Provision for LTSA	Total
Beginning balance	₩ 28,296	₩ 64,166	₩ 8,695	₩ 21,902	₩ 90,643	₩ 158	₩ 23,225	₩ 237,085
Increase	50,456	64,249	-	9,086	21,114	102	2,278	147,285
Reversal	(1,354)	-	(2,945)	(8,311)	-	(68)	(1,437)	(14,115)
Used	(42,556)	(64,166)	-	(2,654)	(573)	-	(16,966)	(126,915)
Foreign currency translation	394	-	-	2,033	8,791	-	-	11,218
Others	(203)	-	-	-	5,460	-	-	5,257
Ending balance	**₩ 35,033**	**₩ 64,249**	**₩ 5,750**	**₩ 22,056**	**₩ 125,435**	**₩ 192**	**₩ 7,100**	**₩ 259,815**
U.S. dollar in thousands	**$ 24,415**	**$ 44,776**	**$ 4,007**	**$ 15,371**	**$ 87,417**	**$ 134**	**$ 4,948**	**$ 181,068**
Current	**₩ 35,033**	**₩ 64,249**	**₩ -**	**₩ -**	**₩ -**	**₩ -**	**₩ 7,100**	**₩ 106,382**
U.S. dollar in thousands	**$ 24,415**	**$ 44,776**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,948**	**$ 74,139**
Non-current	**₩ -**	**₩ -**	**₩ 5,750**	**₩ 22,056**	**₩ 125,435**	**₩ 192**	**₩ -**	**₩ 153,433**
U.S. dollar in thousands	**$ -**	**$ -**	**$ 4,007**	**$ 15,371**	**$ 87,417**	**$ 134**	**$ -**	**$ 106,929**

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 commitment period (compliance year 2026 to 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 the quantity and book values 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	₩ -	₩ -
Additional allocation and cancellation	-	-	-	-
Purchase	-	-	-	3,510
Sell	-	-	-	-
Submit emission rights	-	-	-	-
Carried over	-	-	-	-
Ending balance	₩ -	₩ 5,923	₩ -	₩ 3,510
U.S. dollar in thousands	**$ -**	**$ 4,128**	**$ -**	**$ 2,446**

< 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 Group 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 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 provisions 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	₩ 322,160
Provision for loss	15,370	2,145	-	(699)	(255)	16,561	-
	₩ 22,056	₩ 2,500	₩ (183)	₩ (699)	₩ (729)	₩ 22,945	₩ 322,160
U.S. dollar in thousands	$ 15,371	$ 1,742	$ (128)	$ (487)	$ (508)	$ 15,991	$ 224,517

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 Group 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 Group in Delhi in May 2002 with regards to the disposal of assets and confirmation of the debt.

As of December 31, 2025, the Group 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, there are 21 pending lawsuits (5 domestic and 16 overseas) in which the Group is the defendant. The total amount of these claims is ₩639 million ($445 thousand), USD 72,662 thousand, INR 4,469 million, BRL 6,729 thousand, PKR 124,775 thousand, ARS 1,800 thousand, and IDR 50,000 million. The Group 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 24 pending lawsuits in which the Group is the plaintiff.

20.3 Credit facilities

As of December 31, 2025, the Group 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	1,221,556
Credit line in foreign currency	Woori Bank and others	USD	3,851,639
Purchased foreign exchanges (Sale of receivables)	Woori Bank and others	USD	1,462,500
P bond and others	Woori Bank and others	USD	735,959
Overdraft and others	Standard Chartered Bank Korea	KRW	5,000
Credit line in Korean won	Woori Bank and others	KRW	737,248
Supply Chain Finance	Korea EXIM Bank	USD	120,000

20.4 Collateral

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

20.5 Derivatives

20.5.1 Details of unsettled derivatives:

Contract	**Currency unit**	**Unsettled contractual amount**		**Accumulated valuation gain(loss)**	
		Long position	**Short position**	**Korean won in millions**	**U.S. dollar in thousands**
Currency forwards	USD	669,477	5,349	₩ (11,841)	$ (8,252)
	EUR	89,901	1,188,170	(5,021)	(3,499)
	JPY	53,673	213,145	1,721	1,199
	CNY	29,506	18,058	(11)	(8)
	THB	5,252	24,956	(550)	(383)
	GBP	27,382	89,515	(505)	(352)
	AUD	9,513	144,874	(1,686)	(1,175)
	PLN	6,299	33,436	(437)	(305)
				₩ (18,330)	$ (12,774)
Commodity futures	COPPER	-	2,915	₩ (202)	$ (141)
	CORN	65,978	34,952	(197)	(137)
	GASOIL	3,068	-	(307)	(214)
	HSFO	385	-	(7)	(5)
	MARINE FUEL	3,160	535	(34)	(24)
	NICKEL	50,368	131,190	(7,065)	(4,924)
	PX	17,547	43,704	(3,039)	(2,118)
	SOYBEAN	72,764	1,874	799	557
				₩ (10,052)	$ (7,005)

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**

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

Bank	Amount		Expiration date	Interest rate swap	Accumulated valuation gain (loss)
Shinhan Bank (Indonesia)	USD	3,151	2026.04.01	Receive Compound SOFR + 1.961%, Pay 2.240%	₩ (220)
POSOO-ASIA	USD	26,250	2026.04.01	Receive Compound SOFR + 1.928%, Pay 2.225%	(1,286)
					₩ (1,506)
U. S. dollar in thousands					**$ (1,050)**

As of December 31, 2025, the Group 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 the fair value risks associated with the purchase and sale of inventories.

20.5.2 Derivatives trading and valuation gains and losses

Changes in the book values 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	₩ (8,585)	₩ 19,813	₩ (28,765)	₩ (17,537)
Commodity futures	10,649	(10,649)	(10,052)	(10,052)
Firm commitment contracts	(7,759)	291	14,874	7,406
Currency swap	28,759	(11,506)	(4,666)	12,587
	₩ 23,064	**₩ (2,051)**	**₩ (28,609)**	**₩ (7,596)**
U.S. dollar in thousands	**$ 16,074**	**$ (1,429)**	**$ (19,938)**	**$ (5,294)**

The Group 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 Group 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: Foreign currency amounts		Limit amount: Korean won equivalent	Outstanding balance: Foreign currency amounts		Outstanding balance: Korean won equivalent	Year of expiration
GLOBAL KOMSOO Daewoo LLC	Hana Bank (Bahrain)	USD	6,650	9,542	USD	4,200	6,027	2028
POSCO ASSAN TST STEEL INDUSTRY	Citi Bank and others	USD	13,650	19,586	USD	13,650	19,586	2026
KSU Mandob Sejatera	Bank Muamalat	IDR	80,000	6,848	IDR	5,867	502	2026
Koperasi Sempurna Mandiri (Koperasi SM)	PT Bank Syariah Indonesia Tbk	IDR	7,950	681	IDR	7,950	681	(*1)
Koperasi Jambi Mekar Jaya Sempurna (Koperasi JMJS)	PT Bank Syariah Indonesia Tbk	IDR	27,296	2,337	IDR	27,296	2,337	(*1)
Koperasi Mitra Peruye (KMP)	PT Bank Mandiri (Persero) Tbk, PT Bank Syariah Indonesia Tbk	IDR	29,652	2,538	IDR	29,652	2,538	(*1)
Koperasi Dara Kaba (KDK)	PT Bank Syariah Indonesia Tbk	IDR	14,239	1,219	IDR	14,239	1,219	(*1)
Koperasi Sawit Ene Mampui Sejahtera (KSEMS)	PT Bank Syariah Indonesia Tbk	IDR	24,696	2,114	IDR	24,696	2,114	(*1)
Koperasi Binua AE Ayaak (KBAA)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	17,848	1,528	IDR	17,848	1,528	(*1)
Koperasi Saripant Ayungk APU (KSAA)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	17,958	1,537	IDR	17,958	1,537	(*1)
Koperasi Bakomo Diri Maju (KBDM)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	43,630	3,735	IDR	43,630	3,735	(*1)
Koperasi Panamukng Sagauh Raya (KPSR)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	24,075	2,061	IDR	24,075	2,061	(*1)
Koperasi Usaha Tandan Hidup (KUTH)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	28,180	2,412	IDR	28,180	2,412	(*1)
Koperasi Usaha Ene Laki (KUEL)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	19,944	1,707	IDR	19,944	1,707	(*1)
Koperasi Mutiara Permata Indah (KMPI)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	25,800	2,208	IDR	25,800	2,208	(*1)
Koperasi Jeruju Bakti Mandiri (KJBM)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	9,000	770	IDR	9,000	770	(*1)
Koperasi Supas Maju Bersama (KSMB)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR	26,305	2,252	IDR	26,305	2,252	(*1)
Koperasi Pasir Subur Sampoerna (PSS)	PT Bank Mandiri (Persero) Tbk,PT Bank Syariah Indonesia Tbk	IDR	3,740	320	IDR	3,740	320	(*1)
Koperasi Sawit Mukti Jaya (SMJ)	PT Bank Mandiri (Persero) Tbk	IDR	19,485	1,668	IDR	19,485	1,668	(*1)
		USD	20,300	29,128	USD	17,850	25,613	
		IDR	419,798	35,935	IDR	345,665	29,589	

(*1) At the time of repayment

20.7 Other commitments

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

The Group 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 Group 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 Group, 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 Group 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 Group 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 Long-term power supply and demand contract

The Group supplies the entire amount of electricity produced from Units 1 and 2 of the Offshore Combined Cycle Power Plant in Indonesia pursuant to a long-term power supply and demand contract with PT. KRAKATAU POSCO. The price of electricity supplied by the Group is determined by compensating for the cost of electricity production, a certain rate of return on investment in electricity production facilities, and related costs in accordance with the above contract. The expiration date of this Agreement is as follows:

	Expiration date
Units 1 of the Offshore Combined Cycle Power Plant in Indonesia	February 28, 2039
Units 2 of the Offshore Combined Cycle Power Plant in Indonesia	March 31, 2039

20.7.4 Capital investment agreement

In connection with the construction of the Samcheok Thermal Power Plant, the Group 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.

20.7.5 Long-term purchase contract

The Group has entered into a long-term natural gas purchase contract with Korea Gas Corporation to procure entire amount of the natural gas required for the operation of Incheon LNG combined generating Units 5 to 9.

20.7.6 Agreements related to the Narrabri bituminous coal project

The Group has formed a consortium with the Korea Mine & Reclamation Corporation and is participating in a project to operate, produce, and sell bituminous coal mines in the coalfield area of New-South Wales, Australia. According to the business agreement, the shares held by the Group are held by the partner company. Preferential purchase rights are granted.

20.7.7 Supplier finance arrangement

The Group 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 Group settles the corresponding amounts with the financial institutions at the agreed-upon maturity dates. The key details of the Group'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 MOBILITY SOLUTION	Land and Buildings	₩	288,000	Woori Bank, KB Bank, Hana Bank, Shinhan Bank and Nonghyup Bank	Raising facility funds and operating funds
Shinan Green Energy Co., Ltd.	Property, plant and equipment (Land, Buildings, etc.)		204,000	Community Credit Cooperatives, TONGYANG LIFE INSURANCE CO., LTD. and Industrial Bank of Korea	Raising facility funds and operating funds
POSCO INTERNATIONAL MEXICO E-MOBILITY	Buildings		20,513	SHINHAN MEXICO	Raising facility funds and operating funds
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
PT PRIME AGRI RESOURCES	Property, plant and equipment (Buildings, etc.)		717,328	PT Bank Mandiri (Persero) Tbk, PT Bank Syariah Indonesia (Persero) Tbk, PT Bank Syariah Indonesia (Persero) Tbk, PT Bank OCBC NISP Tbk	Raising facility funds and operating funds
PT. KRAKATAU POSCO ENERGY	Property, plant and equipment (Buildings, etc.)		255,321	POSCO Asia and Shinhan bank Indonesia	Raising facility funds and operating funds
		₩	2,523,595		
U.S. dollar in thousands		**$**	**1,758,725**		

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

Details of the assets pledged as collateral by the Group 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 Group 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	1,327,947	1,319,574	925,463
	₩ 1,851,039	**₩ 1,836,731**	**$ 1,290,012**

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	(8,026)	(8,026)	(5,593)
	₩ (35,721)	**₩ (35,721)**	**$ (24,894)**

21.5 Treasury stock

The Group 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 Group 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

Details of accumulated other comprehensive income 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	
Loss on valuation of financial assets at FVOCI	₩	(16,367)	₩	(18,491)	$	(11,406)
Change in equity adjustment in equity method		70,520		133,621		49,146
Negative change in equity adjustment in equity method		(24,634)		(25,455)		(17,168)
Cumulative exchange differences on translations of foreign operations		148,270		139,054		103,331
Gain on valuation of derivatives		49		49		34
	₩	**177,838**	**₩**	**228,778**	**$**	**123,937**

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)	₩	151,303	₩	110,144	$	105,445
Voluntary reserve		2,412,408		2,412,400		1,681,238
Unappropriated retained earnings		1,271,954		1,112,605		886,441
	₩	**3,835,665**	**₩**	**3,635,149**	**$**	**2,673,124**

(*1) In accordance with the *Commercial Act* of the Republic of Korea, the Group 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.

23.2 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
	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. 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.	₩ 28,633,240	₩ 28,663,561	$ 19,954,868
Employee benefits	509,432	481,605	355,030
Depreciation (*1)	298,136	279,108	207,775
Amortization	257,394	232,203	179,381
Water cost for electricity	64,184	62,522	44,731
Commissions	136,035	131,238	94,805
Transportation and storage costs	425,692	386,441	296,670
Others	884,175	866,477	616,193
	₩ 31,208,288	**₩ 31,103,155**	**$ 21,749,453**

(*1) Including the depreciation of investment property.

25. 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	₩ 338,347	₩ 336,000	$ 235,798
Retirement benefits	13,883	38,526	9,675
Employee welfare	80,704	73,040	56,244
Travel	21,933	17,055	15,285
Communication	8,283	9,361	5,773
Utilities	9,216	6,894	6,423
Taxes and dues	10,254	11,312	7,146
Rents	17,252	17,065	12,023
Depreciation	21,367	24,494	14,891
Amortization	12,298	11,047	8,571
Depreciation of right-of-use assets	17,917	17,014	12,487
Repairs	3,163	3,020	2,204
Insurance	30,612	26,531	21,334
Entertainment	3,728	3,610	2,598
Advertising	5,024	5,088	3,501
Shipping	32,564	41,028	22,694
Commissions	115,923	112,064	80,788
Bad debt expenses (reversal)	(2,438)	(17,562)	(1,699)
Supplies expenses	7,127	4,748	4,967
Vehicles maintenance	2,075	1,934	1,446
Publication expenses	346	582	241
Training expenses	6,046	5,514	4,214
Development expenses	3,065	3,496	2,136
Sales promotional expenses	2,864	3,040	1,996
Miscellaneous expenses	498	515	347
Others	8,372	9,559	5,835
	₩ 770,423	**₩ 764,975**	**$ 536,918**

26. Finance income and costs

26.1 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	₩ 46,936	₩ 58,789	$ 32,710
Financial guarantee income	472	104	329
Dividends income	332	302	231
Gains on foreign currency transactions	680,336	653,953	474,135
Gains on foreign currency translation	172,662	266,534	120,330
Gains on valuation of derivatives	50,586	159,997	35,254
Gains on settlement of derivatives	280,884	280,725	195,752
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	9,059	249
	₩ 1,237,888	**₩ 1,432,676**	**$ 862,699**
<Finance cost>			
Losses on disposal of trade receivables	₩ 71,066	₩ 67,756	49,527
Interest expenses	267,007	292,053	186,081
Financial guarantee expenses	116	8	81
Losses on foreign currency transactions	648,468	563,281	451,926
Losses on foreign currency translation	149,077	374,940	103,894
Losses on valuation of derivatives	79,194	125,338	55,191
Losses on settlement of derivatives	356,304	283,528	248,313
Losses on valuation on trade receivables	2,047	1,657	1,427
Losses on valuation on financial assets at FVPL	20	259	14
Losses on disposal of financial assets at FVPL	19	-	13
Loss on disposal of convertible bonds	-	26	-
	₩ 1,573,318	**₩ 1,708,846**	**$ 1,096,467**

26.2 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	₩ 33,792	₩ 32,682	$ 23,550
Other interest income	13,144	26,107	9,160
	₩ 46,936	**₩ 58,789**	**$ 32,710**

26.3 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	₩ 242,119	₩ 292,560	$ 168,736
Interest on lease liability	39,516	21,955	27,539
Deduction: Amount included in the cost of eligible assets	(14,628)	(22,462)	(10,194)
	₩ 267,007	**₩ 292,053**	**$ 186,081**

27. 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>			
Gain on disposal of property, plant and equipment	₩ 5,218	₩ 7,995	$ 3,636
Gain on disposal of intangible assets	12	3,408	8
Gain from disposal of assets held for sale	41,115	-	28,654
Reversal of provisions for contingencies	183	8,481	128
Reversal of other allowance for doubtful accounts	7,018	289	4,891
Gain on disposal of investments in associates	17,955	-	12,513
Others	30,390	19,007	21,179
	₩ 101,891	**₩ 39,180**	**$ 71,009**
<Other expenses>			
Contribution to provisions for restoration	₩ 7,795	₩ 4,313	$ 5,432
Other bad debt expenses	12,783	19,891	8,909
Loss on disposal of property, plant and equipment	10,377	4,859	7,232
Loss on impairment of property, plant and equipment	46,144	62,994	32,158
Loss on disposal of intangible assets	27	85	19
Loss on impairment of intangible assets	45,078	9,722	31,415
Donations	5,751	17,411	4,008
Contingencies	2,500	10,683	1,742
Loss on disposal of investments in associates	3,674	28,765	2,560
Impairment loss on investment in associates	-	117,217	-
Others	30,202	10,937	21,048
	₩ 164,331	**₩ 286,877**	**$ 114,523**

28. Income taxes

28.1 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	₩ 165,813	₩ 217,080	$ 115,557
Changes in deferred income tax arising from temporary differences and others	(40,154)	1,140	(27,984)
Carryover tax deduction and others	(2,135)	(3,022)	(1,488)
Income tax charged directly to equity	8,146	(13,143)	5,677
Income tax expenses	**₩ 131,670**	**₩ 202,055**	**$ 91,762**

28.2 A reconciliation between income tax expenses at the effective income tax rates of the Group 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	₩	835,144	₩	761,717	$	582,022
Tax at the statutory income tax rate	₩	210,116	₩	190,731	$	146,433
Adjustments:						
Non-taxable income		(124)		-		(86)
Non-deductible expenses		1,667		284		1,162
Tax credits		(91,851)		(63,809)		(64,012)
Others (*1)		11,862		74,849		8,267
Income tax expense	**₩**	**131,670**	**₩**	**202,055**	**$**	**91,764**
Effective income tax rates		**15.77%**		**26.53%**		**15.77%**

(*1) Including direct foreign taxes paid.

28.3 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	
Gain on valuation of financial assets at FVOCI	₩	(747)	₩	(6,212)	$	(521)
Re-measurement loss (gain) on defined benefit liabilities		2,327		(3,423)		1,622
Loss (gain) on valuation of financial assets at FVOCI		5,645		(1,713)		3,934
Exchange differences on translation of foreign operations		(5,013)		(8,861)		(3,494)
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
	₩	**8,146**	**₩**	**(13,143)**	**$**	**5,676**

28.4 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)
Loss on impairment of investments	31,736	333	-	32,069
Equity in subsidiaries and associates	252,037	6,147	5,645	263,829
Provisions of retirement benefits	59,558	5,877	2,327	67,762
Retirement insurance deposits	(81,494)	10,710	-	(70,784)
Debt restructuring	(3,988)	(188)	-	(4,176)
Extraordinary loss	5,408	484	-	5,892
Allowance for doubtful accounts	39,674	6,141	-	45,815
Depreciation	77,962	46,194	-	124,156
Capitalized borrowing costs	(4,542)	3,449	-	(1,093)
Accrued expenses	19,559	945	-	20,504
Foreign currency translation	(71)	(657)	-	(728)
Equity instruments valuation at FVOCI	6,049	(3)	(747)	5,299
Financial guarantee liabilities	2,820	435	-	3,255
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	124,722	(83,533)	921	42,110
	₩ 590,071	₩ (5,072)	₩ 8,146	₩ 593,145
Tax credit carryforwards (*1)	(175,809)	39,216	-	(136,593)
	₩ 414,262	**₩ 34,144**	**₩ 8,146**	**₩ 456,552**
U.S. dollar in thousands	**$ 288,704**	**$ 23,795**	**$ 5,677**	**$ 318,177**

	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	190,850	62,900	(1,713)	252,037
Provisions of retirement benefits	59,383	3,598	(3,423)	59,558
Retirement insurance deposits	(63,437)	(18,057)	-	(81,494)
Debt restructuring	(4,007)	19	-	(3,988)
Extraordinary loss	5,397	11	-	5,408
Allowance for doubtful accounts	31,248	8,426	-	39,674
Depreciation	78,321	(359)	-	77,962
Capitalized borrowing costs	(7,855)	3,313	-	(4,542)
Accrued expenses	15,371	4,188	-	19,559
Foreign currency translation	(515)	444	-	(71)
Equity instruments valuation at FVOCI	12,039	222	(6,212)	6,049
Financial guarantee liabilities	1,796	1,024	-	2,820
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	119,473	14,110	(8,861)	124,722
	₩ 557,310	₩ 52,970	₩ (20,209)	₩ 590,071
Tax credit carryforwards (*1)	(143,779)	(32,030)	-	(175,809)
	₩ 413,531	**₩ 20,940**	**₩ (20,209)**	**₩ 414,262**
U.S. dollar in thousands	**$ 288,195**	**$ 14,593**	**$ (14,084)**	**$ 288,704**

(*1) 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 ₩409,891 million ($285,658 thousand) and ₩587,907 million ($409,719 thousand), respectively.

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

28.6 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 Group is located at the end of 2023 and are applicable starting from January 1, 2024.

The Group 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 Group 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 consolidated financial statements.

29. Earnings per share

29.1 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 from continuing operations attributable to owners of the parent	₩	680,758	₩	570,807	$	474,429
Loss from discontinued operations attributable to owners of the parent		(66,673)		(56,252)		(46,465)
Weighted average number of ordinary shares outstanding (*1)		170,411,487		170,411,495		170,411,487
Basic earnings per share from continuing operations attributable to owners of the parent (Korean won, U.S dollar)		3,994		3,349		2.78
Basic lossess per share from continuing operations attributable to owners of the parent (Korean won, U.S dollar)		(391)		(330)		(0.27)

(*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

29.2 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.

30. Fair value measurement

30.1 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)

30.2 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.

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

30.3 Financial instruments by category

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

	December 31, 2025					
	Korean won in millions					U.S. dollar
	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)	12,992	-	-	12,992	12,992	9,054
Other securities (*1)	35,675	-	-	35,675	35,675	24,862
Other financial assets	12,435	-	12,435	-	12,435	8,666
Derivative financial assets	36,780	-	36,780	-	36,780	25,632
Financial assets at FVOCI						
Equity instruments (*1)	46,276	9,267	-	37,009	46,276	32,250
Financial assets at amortized costs (*2)						
Cash and Cash equivalents	1,171,466	-	-	-	-	-
Trade and other receivables (*3)	4,624,851	-	-	-	-	-
Other securities	34,673	-	-	-	-	-
<Financial liabilities>						
Financial liabilities at FVPL						
Derivative financial liabilities	₩ 44,376	₩ -	₩ 44,376	₩ -	₩ 44,376	$ 30,926
Financial liabilities at amortized costs (*2)						
Trade and other receivables (*4)	3,856,742	-	-	-	-	-
Borrowings	3,697,102	-	-	-	-	-
Bonds	2,377,670	-	-	-	-	-

(*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, so the fair value is not separately disclosed.
(*3) Trade and other receivables and long-term trade and other receivables include ₩22,269 million ($15,520 thousand) of current portion of lease receivables and ₩278,726 million ($194,248 thousand) of long-term lease receivables, respectively.
(*4) Trade and other payables and long-term trade and other payables include ₩92,532 million ($64,487 thousand) of current portion of lease liabilities and ₩782,742 million ($545,503 thousand) of long-term lease liabilities, respectively.

30.3 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)	437	-	-	437	437	305
Other securities (*1)	12	-	-	12	12	8
Other financial assets	67,391	-	67,391	-	67,391	46,966
Derivative financial assets	122,890	-	122,890	-	122,890	85,644
Financial assets at FVOCI						
Equity instruments (*1)	42,494	7,282	-	35,212	42,494	29,615
Financial assets at amortized costs (*2)						
Cash and Cash equivalents	1,057,204	-	-	-	-	-
Trade and other receivables (*3)	4,838,555	-	-	-	-	-
Other securities	74,131	-	-	-	-	-
<Financial liabilities>						
Financial liabilities at FVPL						
Derivative financial liabilities	₩ 99,826	₩ -	₩ 99,826	₩ -	₩ 99,826	$ 69,570
Financial liabilities at amortized costs (*2)						
Trade and other receivables (*4)	3,275,608	-	-	-	-	-
Borrowings	3,208,900	-	-	-	-	-
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) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value, so the fair value is not separately disclosed.
(*3) Trade and other receivables and long-term trade and other receivables include ₩25,292 million ($17,626 thousand) of current portion of lease receivables and ₩303,161 million ($211,277 thousand) of long-term lease receivables, respectively.
(*4) Trade and other payables and long-term trade and other payables include ₩79,527 million ($55,423 thousand) of current portion of lease liabilities and ₩334,273 million ($232,959 thousand) of long-term lease liabilities, respectively.

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

The Group'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	₩ -	₩ -	₩ 281,241	₩ 53,842	₩ 1	₩ -	₩ 335,084	₩ -
Financial assets at FVOCI	-	-	-	-	331	-	331	2,908
Financial assets at amortized costs	46,936	(14,963)	(71,066)	-	-	-	(39,093)	-
Financial liabilities at FVPL	-	-	(356,323)	(79,194)	-	-	(435,517)	-
Financial liabilities at amortized costs	(267,007)	70,416	-	-	-	356	(196,235)	-
Total	**₩ (220,071)**	**₩ 55,453**	**₩ (146,148)**	**₩ (25,352)**	**₩ 332**	**₩ 356**	**₩ (335,430)**	**₩ 2,908**
U.S. dollar in thousand	**$ (153,370)**	**$ 38,646**	**$ (101,852)**	**$ (17,668)**	**$ 232**	**$ 248**	**$ (233,765)**	**$ 2,027**
<2024>								
Financial assets at FVPL	₩ -	₩ -	₩ 289,757	₩ 161,294	₩ 1	₩ -	₩ 451,052	₩ -
Financial assets at FVOCI	-	-	-	-	301	-	301	(17,286)
Financial assets at amortized costs	58,789	418,680	(67,756)	-	-	-	409,713	-
Financial liabilities at FVPL	-	-	(283,527)	(125,338)	-	-	(408,865)	-
Financial liabilities at amortized costs	(292,053)	(436,414)	-	-	-	96	(728,371)	-
Total	**₩ (233,264)**	**₩ (17,734)**	**₩ (61,526)**	**₩ 35,956**	**₩ 302**	**₩ 96**	**₩ (276,170)**	**₩ (17,286)**
U.S. dollar in thousand	**$ (162,565)**	**$ (12,359)**	**$ (42,878)**	**$ 25,058**	**$ 211**	**$ 67**	**$ (192,466)**	**$ (12,047)**

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

31. Financial instruments risk management

31.1 Capital risk management

The purpose of the Group'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 Group applies policies such as adjusting dividends.

Capital structure of the Group is composed of net borrowings, which are borrowings less cash and cash equivalents and equity. For the year ended December 31, 2025, the Group maintains the same capital risk management policies as those for the year ended December 31, 2024. Details of the capital components managed by the Group 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	₩ 6,074,771	₩ 5,893,732	$ 4,233,585
Less: Cash and cash equivalents	(1,171,466)	(1,057,204)	(816,410)
Net borrowings	**₩ 4,903,305**	**₩ 4,836,528**	**$ 3,417,175**
Total equity	**₩ 7,812,655**	**₩ 7,349,463**	**$ 5,444,738**
Gearing ratio	**62.76%**	**65.81%**	**62.76%**

31.2 Financial risk management

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

31.2.1 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.

31.2.1.1 Foreign currency risk

The Group 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	₩ 2,888,409	₩ 4,416,714	₩ 2,959,687	₩ 3,191,973	$ 2,012,969	$ 3,078,064
JPY	121,448	32,255	227,864	194,634	84,639	22,479
EUR	805,145	458,644	643,293	311,956	561,116	319,635
CNY	130,496	172,592	114,993	180,853	90,944	120,282

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	₩ (152,831)	₩ 152,831	$ (106,510)	$ 106,510
JPY	8,919	(8,919)	6,216	(6,216)
EUR	34,650	(34,650)	24,148	(24,148)
CNY	(4,210)	4,210	(2,934)	2,934

31.2.1.2 Interest rate risk

The interest rate risk of the Group arises from borrowings and bonds. Due to short-term borrowings issued at floating interest rates, the Group 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 ₩30,896 million ($21,532 thousand) decrease or increase in the Group’s income before income taxes.

31.2.2 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 Group. The Group’s exposure to the credit risk relates to operating and financial activities.

31.2.2.1 Trade and other receivables

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

31.2.2.2 Other assets

Credit risks associated with the Group’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 Group 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.

31.2.2.3 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.

31.2.2.4 Aging analysis of non-derivative financial instruments

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

		Past due				
	Not past due	Within 1 month	1 to 3 months	3 to 12 months	Over 12 months	Total
Trade and other receivables (*1)	₩ 4,288,234	₩ 126,384	₩ 243,047	₩ 35,806	₩ 169,958	₩ 4,863,429
Other financial assets	142,051	-	-	-	-	142,051
	₩ 4,430,285	₩ 126,384	₩ 243,047	₩ 35,806	₩ 169,958	₩ 5,005,480
U.S. dollar in thousand	$ 3,087,522	$ 88,079	$ 169,383	$ 24,954	$ 118,446	$ 3,488,382

(*1) Trade and other receivables and long-term trade and other receivables include ₩22,269 million ($15,520 thousand) of current lease receivables and ₩278,726 million ($194,248 thousand) of long-term lease receivables, respectively.

31.2.3 Liquidity risk

The Group 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 Group believes that it has sufficient cash inflows from operating activities and financial assets to redeem financial liabilities that become due.

31.2.3.1 The maturity analysis based on the maturity of the remaining contract of financial liabilities 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)	₩ 3,061,259	₩ 688,433	₩ 286,009	₩ 4,035,701
Derivative financial liabilities (*2)	39,293	5,083	-	44,376
Borrowings and bonds	2,967,294	2,632,843	595,377	6,195,514
	₩ 6,067,846	₩ 3,326,359	₩ 881,386	₩ 10,275,591
U.S. dollar in thousand	$ 4,228,759	$ 2,318,182	$ 614,249	$ 7,161,190

(*1) The trade and other payables and the long-term trade and other payables include ₩92,532 million ($64,487 thousand) of current portion of lease liabilities and ₩782,742 million ($545,503 thousand) of long-term lease liabilities, respectively.
(*2) Derivative financial liabilities are settled on a net basis.

31.2.3.2 The maturity analysis based on the guarantee period of financial guarantee contracts 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)	₩	29,087	₩	29,630	₩	-	₩	58,717
U.S. dollar in thousand	$	20,271	$	20,650	$	-	$	40,921

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

32. Related party transactions

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

	Company Name
Parent	POSCO Holdings Inc.
Associates and joint ventures	POSCO MEXICO PROCESSING CENTER HOLDING LLC., HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD, POSCO-MALAYSIA SDN. BHD., POSCO-ITPC S.P.A, YULCHON MEXICO S.A. DE C.V., HYUNSON ENGINEERING & CONSTRUCTION, POSCO IJPC, Inco tech Inc., SHINPOONG DAEWOO PHARMA VIETNAM CO., LTD., 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., Blue Ocean Corporate Financial Stability No. 1 Private Equity Fund, 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
Other related parties	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, POSCO YAMATO VINA STEEL JOINT STOCK COMPANY, 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., ZHANGJIAGANG POHANG STAINLESS STEEL CO., LTD., POSCO-VIETNAM CO., LTD., COMPANHIA SIDERURGICA DO PECEM, POSCO MAHARASHTRA STEEL PVT. LTD., POSCO INDIA PC, POSCO-ICPC, etc.

(*1) Other related parties are subsidiaries, associates, and joint ventures of POSCO Holdings Inc., the parent company.

32.2 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 and U.S. dollar in thousands)

	2025					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ -	₩ -	₩ -	₩ 225	₩ 6,534	₩ 6,759
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 581,573	₩ -	₩ 581,573	₩ 11,509	₩ 17	₩ 11,526
Gyeonggi Green Energy Co., Ltd.	7,103	-	7,103	-	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	403	-	403
Noeul Green Energy Co., Ltd.	-	128	128	-	2,273	2,273
YULCHON MEXICO S. A. DE C. V.	725	-	725	-	-	-
POSCO IJPC	230,230	-	230,230	82	-	82
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)	₩ 2,324,521	₩ 31,710	₩ 2,356,231	₩ 10,692,421	₩ 386,403	₩ 11,078,824
PT. KRAKATAU POSCO	1,399,535	-	1,399,535	422,849	3,886	426,735
POSCO VST CO. LTD.	243,989	-	243,989	65,704	-	65,704
POSCO STEELEON Co., Ltd.	40,026	-	40,026	231,873	39	231,912
POSCO-THAINOX	190,971	-	190,971	85,744	-	85,744
POSCO FLOW CO., LTD. (*4)	-	2,133	2,133	7,814	289,208	297,022
PT NICOLE METAL INDUSTRY	-	-	-	306,682	-	306,682
POSCO INDIA PC (*5)	49,577	-	49,577	60	183,636	183,696
POSCO-CSPC	297,610	-	297,610	2,217	-	2,217
POSCO ASSAN TST STEEL INDUSTRY	64,743	54	64,797	119,279	-	119,279
Others (*6)	2,311,071	398,526	2,709,597	1,319,652	146,476	1,466,128
	₩ 8,152,073	₩ 477,334	₩ 8,629,407	₩ 13,307,587	₩ 1,021,934	₩ 14,329,521
	$ 5,681,283	$ 332,660	$ 6,013,943	$ 9,274,226	$ 712,199	$ 9,986,425

32.2 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 and U.S. dollar in thousands) (cont'd)

	2024					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ 111	₩ 6	₩ 117	₩ 150	₩ 7,299	₩ 7,449
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 739,259	₩ -	₩ 739,259	₩ 12,295	₩ 505	₩ 12,800
Gyeonggi Green Energy Co., Ltd.	31,036	-	31,036	-	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	243	-	243
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.	2	89	91	8,461	6,274	14,735
POSCO IJPC	287,607	-	287,607	16	-	16
Samcheok Blue Power Co., Ltd.	179,072	10,047	189,119	-	-	-
GENERAL MEDICINES CO., LTD.	329	-	329	-	-	-
KOREA LNG LTD.	-	17,829	17,829	-	-	-
AES Mong Duong Power CO., LTD.	2,152	34,821	36,973	-	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	₩ 3,039,389	₩ 674	₩ 3,040,063	₩ 11,649,807	₩ 491,666	₩ 12,141,473
PT. KRAKATAU POSCO	1,311,869	-	1,311,869	251,645	4,083	255,728
POSCO STEELEON Co., Ltd.	57,324	-	57,324	256,278	674	256,952
POSCO-THAINOX	180,334	-	180,334	70,868	-	70,868
POSCO VST CO., LTD.	190,621	-	190,621	46,908	1,182	48,090
POSCO FLOW CO., LTD.	-	-	-	554	239,376	239,930
POSCO-CSPC	325,771	-	325,771	5,289	353	5,642
POSCO INDIA PC	202,787	-	202,787	70	-	70
POSCO VIETNAM PC	186,384	-	186,384	6,386	-	6,386
POSCO-MKPC	175,191	-	175,191	-	-	-
Others	2,465,276	1,028	2,466,304	1,525,047	306,945	1,831,992
	₩ 9,597,899	₩ 128,810	₩ 9,726,709	₩ 13,876,824	₩ 1,067,243	₩ 14,944,067
	$ 6,688,897	$ 89,769	$ 6,778,666	$ 9,670,935	$ 743,775	$ 10,414,710

(*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 ₩298,351 million ($207,925 thousand) and ₩124,396 million ($86,693 thousand), respectively.
(*2) This represents the amount recognized up until the date of exclusion from associates.
(*3) Other revenue includes ₩7,753 million ($5,403 thousand) from the disposal of POHANG SRDC Co., Ltd. and ₩4,330 million ($3,018 thousand) from the disposal of eSTEEL4U Co., Ltd.
(*4) Other revenue includes ₩2,133 million ($1,487 thousand) from the disposal of POSCO-ESDC LTD.
(*5) Other purchases include ₩60,413 million ($42,103 thousand) from the acquisition of Samcheok Blue Power Co., Ltd.
(*6) During the year ended December 31, 2025, POSCO-ESDC LTD. was excluded from associates and reclassified as the other related party. Accordingly, the 'Other' item includes transactions with the said entity.

32.3 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 and U.S. dollar in thousands)

	December 31, 2025					
	Receivables (*1)			Payables		
	Trade receivables	Others	Total	Trade payables	Others	Total
Parent company:						
POSCO Holdings Inc.	₩ -	₩ 613	₩ 613	₩ -	₩ 6,889	₩ 6,889
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 146,949	₩ -	₩ 146,949	₩ 279	₩ 90	₩ 369
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.	31,279	-	31,279	290	-	290
Noeul Green Energy Co., Ltd.	-	4,601	4,601	-	-	-
POSCO IJPC	30,240	-	30,240	6	-	6
Samcheok Blue Power Co., Ltd.	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	-	-	-
KOREA LNG LTD.	-	123	123	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	2,086	2,086	-	67	67
Others:						
POSCO	₩ 220,436	₩ 5,213	₩ 225,649	₩ 1,134,776	₩ 42,522	₩ 1,177,298
PT. KRAKATAU POSCO	184,822	229,717	414,539	15,925	58	15,983
POSCO Eco & Challenge Co., Ltd.	23,912	4,741	28,653	-	24,663	24,663
POSCO-TNPC	52,466	-	52,466	-	113	113
PT NICOLE METAL INDUSTRY	-	-	-	43,053	-	43,053
POSCO-ICPC	44,178	-	44,178	-	-	-
POSCO-MKPC	30,057	-	30,057	-	-	-
POSCO-CSPC	43,963	-	43,963	145	-	145
POSCO ASSAN TST STEEL INDUSTRY	32,626	109	32,735	3,490	47	3,537
Others (*2)	198,792	891	199,683	81,779	82,258	164,037
	₩ 1,146,583	**₩ 378,230**	**₩ 1,524,813**	**₩ 1,279,787**	**₩ 157,838**	**₩ 1,437,625**
	$ 799,068	**$ 263,593**	**$ 1,062,661**	**$ 891,900**	**$ 109,999**	**$ 1,001,899**

32.3 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 and U.S. dollar in thousands) (cont'd)

	December 31, 2024					
	Receivables (*1)			Payables		
	Trade receivables	Others	Total	Trade payables	Others	Total
Parent company:						
POSCO Holdings Inc.	₩ -	₩ 454	₩ 454	₩ -	₩ 7,466	₩ 7,466
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 127,053	₩ -	₩ 127,053	₩ 1,122	₩ 222	₩ 1,344
Gyeonggi Green Energy Co., Ltd.	5,846	10,706	16,552	-	567	567
POSCO-MALAYSIA SDN.BHD.	19,635	-	19,635	-	-	-
POSCO-ITPC S.P.A.	15,690	-	15,690	87	-	87
Noeul Green Energy Co., Ltd.	-	3,039	3,039	-	-	-
YULCHON MEXICO S. A. DE C. V.	402	-	402	-	-	-
POSCO-ESDC LTD.	3	-	3	957	896	1,853
POSCO IJPC	76,914	-	76,914	-	-	-
Samcheok Blue Power Co., Ltd.	-	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	-	-	-
DMSA/AMSA	-	117,444	117,444	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	1,719	1,719	100	12	112
Others:						
POSCO	₩ 239,068	₩ 4,281	₩ 243,349	₩ 1,108,696	₩ 38,829	₩ 1,147,525
PT. KRAKATAU POSCO	545,241	243,140	788,381	19,501	13	19,514
POSCO-CSPC	75,431	1	75,432	-	-	-
POSCO-ICPC	65,368	-	65,368	-	-	-
POSCO Eco & Challenge Co., Ltd.	44,637	-	44,637	186	-	186
POSCO-TNPC	37,309	-	37,309	-	-	-
POSCO-CTPC	34,960	-	34,960	352	-	352
POSCO-FOSHAN STEEL PROCESSING CENTER CO., LTD.	56,074	375	56,449	-	-	-
POSCO VIETNAM HOLDINGS	24,716	181	24,897	3,824	100	3,924
POSCO ASSAN TST STEEL INDUSTRY	26,137	-	26,137	-	5	5
Others	310,869	27,527	338,396	130,764	268,558	399,322
	₩ 1,708,557	₩ 409,496	₩ 2,118,053	₩ 1,265,589	₩ 317,826	₩ 1,583,415
	$ 1,190,715	$ 285,383	$ 1,476,098	$ 882,005	$ 221,497	$ 1,103,502

(*1) Allowance for doubtful accounts for the above receivables as of December 31, 2025 and 2024 amounts to ₩227,205 million ($158,342 thousand) and ₩132,386 million ($92,261 thousand), respectively.

(*2) During the year ended December 31, 2025, POSCO-ESDC LTD. was excluded from associates and reclassified as the other related party. Accordingly, the 'Other' item includes transactions with the said entity.

32.4 Details of fund transactions with the related parties

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
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	-

32.5 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
Salaries	₩ 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**

32.6 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.

33. Statement of cash flows

33.1 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	₩ 294,998	₩ 275,550	$ 205,588
Amortization	257,394	232,203	179,381
Depreciation of investment properties	3,138	3,558	2,187
Retirement benefits	25,288	26,042	17,624
Reversal of allowance for doubtful accounts	(2,438)	(17,562)	(1,699)
Interest expenses	267,007	292,053	186,081
Loss on valuation of financial assets at FVPL	20	259	14
Loss on disposal of financial assets at FVPL	19	-	13
Gain on disposal of investment of associates	(17,955)	-	(12,513)
Loss on disposal of investment of associates	3,674	28,765	2,560
Impairment loss on investment in associates	-	117,217	-
Impairment loss on other non-current assets	-	1,994	-
Loss on foreign currency translation	149,077	374,940	103,894
Loss on settlement of derivatives	20,802	-	14,497
Loss on valuation of derivatives	81,241	126,995	56,618
Reversal of other allowance for doubtful accounts	(7,018)	(289)	(4,891)
Other bad debt expenses	12,783	19,891	8,909
Loss on disposal of property, plant and equipment	10,377	4,859	7,232
Impairment loss on property, plant and equipment	46,144	62,994	32,158
Loss on disposal of intangible assets	27	85	19
Impairment loss on intangible assets	45,078	9,722	31,415
Income tax expense	131,670	202,055	91,762
Loss on valuation of inventories	2,460	1,861	1,714
Loss on disposal of assets held for sale	12,749	-	8,885
Impairment loss on assets held for sale	780	-	544
Financial guarantee expense	116	8	81
Loss on investment in associates	3,619	18,570	2,522
Other expenses	205,259	133,299	143,048
Gain on valuation of financial assets at FVPL	(1,055)	(3,175)	(735)
Interest income	(46,936)	(58,789)	(32,710)
Dividends income	(332)	(302)	(231)

33.1 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
Reconciliation of profit for the year to net cash flows			
Gain on foreign currency translation	(172,662)	(266,534)	(120,330)
Gain on disposal of financial assets at FVPL	(357)	(9,059)	(249)
Gain on settlement of derivatives	(22,249)	(1,936)	(15,506)
Gain on valuation of derivatives	(54,854)	(160,035)	(38,228)
Gain on disposal of property, plant and equipment	(5,218)	(7,995)	(3,636)
Gain on disposal of intangible assets	(12)	(3,408)	(8)
Reversal of impairment loss on intangible assets	(22)	(764)	(15)
Reversal of loss on valuation of inventories	(4,326)	(1,322)	(3,015)
Financial guarantee income	(472)	(104)	(329)
Stock compensation cost	-	-	-
Gain on investment in associates	(71,316)	(146,320)	(49,701)
Gain on disposal of assets held for sale	(41,115)	-	(28,654)
Gain on fair value valuation of biological assets	(7,865)	(3,809)	(5,481)
Other income	(789)	(15,610)	(550)
Adjustments for non-cash income and expenses from discontinued operations	37,186	24,554	25,915
	₩ **1,153,915**	₩ **1,260,461**	$ **804,180**
Changes in operating assets and liabilities:			
Trade receivables	246,313	94,279	171,659
Other current receivables	(103,501)	(20,963)	(72,131)
Other current assets	(44,625)	(79,779)	(31,100)
Inventories	314,235	(65,280)	218,994
Other non-current receivables	(25,879)	(13,946)	(18,035)
Other non-current assets	7,875	(14,565)	5,488
Trade payables	191,938	(483,472)	133,764
Other current payables	12,440	86,127	8,670
Other current liabilities	9,303	52,838	6,483
Other non-current payables	(477)	(3,126)	(332)
Other non-current liabilities	(6,813)	5,241	(4,748)
Provisions	(44,455)	(62,083)	(30,981)
Retirement benefits paid	8,287	(10,264)	5,775
Increase in plan assets	(59,057)	(43,183)	(41,158)
	₩ **505,584**	₩ **(558,176)**	$ **352,348**

33.2 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

	Beginning balance	Increase due to merger	arising from financing	Non-cash flows: Reclassifi-cation	Non-cash flows: Exchange rate	Non-cash flows: Others	Ending balance
Current portion of lease liabilities	₩ 75,489	₩ 625	₩ (36,438)	₩ 44,573	₩ 4,439	₩ (194)	₩ 88,494
Short-term borrowings	1,599,593	-	244,439	-	(51,226)	-	1,792,806
Current portion of long-term borrowings	468,661	18,912	(479,613)	489,489	47,728	(12,050)	533,127
Current portion of bonds	1,117,735	16,953	(1,118,284)	579,383	-	844	596,631
Long-term lease liabilities	334,273	2,378	(34,662)	(44,573)	31,485	493,841	782,742
Bonds	1,567,097	74,831	724,073	(579,383)	(7,154)	1,575	1,781,039
Long-term borrowings	1,140,646	123,672	581,595	(489,489)	24,054	(9,309)	1,371,169
	₩ 6,303,494	₩ 237,371	₩ (118,890)	₩ -	₩ 49,326	₩ 474,707	₩ 6,946,008
U.S. dollar in thousand	$ 4,392,985	$ 165,427	$ (82,856)	$ -	$ 34,376	$ 330,829	$ 4,840,761

2024

	Beginning balance	Increase due to merger	arising from financing	Non-cash flows: Reclassifi-cation	Non-cash flows: Exchange rate	Non-cash flows: Others	Ending balance
Current portion of lease liabilities	₩ 74,361	₩ -	₩ (42,216)	₩ 28,594	₩ 5,090	₩ 9,660	₩ 75,489
Short-term borrowings	1,591,538	-	(56,902)	-	64,957	-	1,599,593
Current portion of long-term borrowings	238,964	-	(179,350)	374,331	35,804	(1,088)	468,661
Current portion of bonds	876,709	-	(877,380)	1,027,215	89,980	1,211	1,117,735
Long-term lease liabilities	347,466	-	(32,412)	(28,594)	20,905	26,908	334,273
Bonds	1,864,114	-	701,936	(1,027,215)	26,939	1,323	1,567,097
Long-term borrowings	1,214,915	-	235,408	(374,331)	42,289	22,365	1,140,646
	₩ 6,208,067	₩ -	₩ (250,916)	₩ -	₩ 285,964	₩ 60,379	₩ 6,303,494
U.S. dollar in thousand	$ 4,326,481	$ -	$ (174,867)	$ -	$ 199,292	$ 42,079	$ 4,392,985

33.3 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 2025	Korean won in millions 2024	U.S. dollar in thousands 2025
Actuarial gains and losses remeasurement component	₩ (7,266)	₩ (15,211)	$ (5,064)
Other accounts payable related to the acquisition of property, plant and equipment and intangible assets	114,373	13,292	79,708
Reclassification of current portion of long-term borrowings	489,489	374,331	341,131
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	44,573	28,594	31,063
Recognition of right-of-use assets and lease liabilities through acquisition	507,915	49,696	353,972

34. 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, in 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 Group holds a 51% stake, is operating normally, and the Group 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 Group such as Myanmar gas field in the future could not be estimated reasonably, and the impact from this was not reflected in the consolidated financial statements.

35. Business combination

On November 19, 2025, the Group acquired a 65.7% interest in PT PRIME AGRI RESOURCES (formerly PT SAMPOERNA AGRO), which operates palm plantations and seed businesses throughout Indonesia. Through the stable earnings of the acquired entity, the Group expects to expand its plantation production base and enhance its global palm market competitiveness by strengthening the refining value chain.

The fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date are as follows:

	Korean won in millions		U.S. dollar in thousands	
<Consideration transferred>				
Cash and cash equivalents	**₩**	**798,147**	**$**	**556,239**
<Identifiable assets acquired and liabilities assumed>				
Current assets:				
Cash and cash equivalents	₩	69,692	$	48,569
Trade and other receivables		23,497		16,375
Inventory		58,942		41,077
Other current assets		41,399		28,851
Net assets held for sale		160,710		112,001
	₩	**354,240**	**$**	**246,873**
Non-current assets:				
Property, plant and equipment	₩	608,053	$	423,760
Right-of-use assets		2,968		2,068
Net defined benefit assets		83,247		58,016
Biological assets		28,373		19,774
Other non-current assets		76,144		53,066
	₩	**798,785**	**$**	**556,684**
Current liabilities:				
Trade and other payables	₩	48,211	$	33,599
Borrowings		36,447		25,400
Other current liabilities		216,791		151,084
	₩	**301,449**	**$**	**210,083**
Non-current liabilities:				
Long-term borrowings	₩	198,416	$	138,279
Other non-current liabilities		84,994		59,233
	₩	**283,410**	**$**	**197,512**
Fair value of identifiable net assets	**₩**	**568,166**	**$**	**395,962**
Non-controlling interests		**(194,762)**		**(135,732)**
Goodwill		**424,743**		**296,009**
Capital surplus	**₩**	**798,147**	**$**	**556,239**

Had the business combination been effective on January 1, 2025, the consolidated revenue and profit for the year would have been ₩553,167 million ($385,509 thousand) and ₩93,366 million ($65,068 thousand), respectively. Since the acquisition date, PT PRIME AGRI RESOURCES has contributed ₩95,989 million ($66,896 thousand) to revenue and ₩12,296 million ($8,569 thousand) to profit of the Group.

Furthermore, as a result of the Purchase Price Allocation (PPA) during the current period, the Group recognized goodwill of ₩424,700 million ($295,979 thousand), and property, plant, and equipment and intangible assets were stepped up by ₩302,300 million ($210,677 thousand). Trade and other receivables of ₩23,497 million ($16,375 thousand), consisting of trade receivables of ₩17,801 million ($12,406 thousand) and other receivables of ₩5,696 million ($3,970 thousand), are considered fully recoverable as of the acquisition date with low collection uncertainty.

35. Business combination (cont'd)

Non-controlling interests arising from the business combination were measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets recognized at the acquisition date.

36. 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	
<Assets>						
Cash and cash equivalents	₩	1,840	₩	-	$	1,282
Trade and other receivables		300		-		209
Inventory		(221)		-		(154)
Investments in associates		-		135,138		-
Property, plant and equipment		7,335		-		5,112
Intangible assets		273		-		190
Others		2,607		-		1,817
	₩	**12,134**	**₩**	**135,138**	**$**	**8,456**
<liabilities>						
Trade and other payables	₩	1,157	₩	-	$	806
Others		503		-		351
	₩	**1,660**	**₩**	**-**	**$**	**1,157**

During the year ended December 31, 2025, the Group decided to dispose of GOLDEN LACE POSCO INTERNATIONAL CO., LTD. and accordingly reclassified the assets and liabilities held by the subsidiary as assets held for sale and related liabilities.

Furthermore, during the year ended December 31, 2024, the Group determined that its entire interests in AES Mong Duong Power Co., Ltd. and Mong Duong Finance Holdings B.V. would be recovered through a sale transaction and reclassified these interests as assets held for sale; these assets were measured at the lower of their carrying amount and fair value less costs to sell.

37. Discontinued operations

For the year ended December 31, 2025, the Group decided to discontinue the cotton spinning and fuel cell businesses to reorganize non-core business units, strengthen financial soundness, and secure investment resources.

37.1 Details of loss from discontinued operations 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	
Revenue	₩	50,202	₩	79,803	$	34,986
Cost of sales		(83,059)		(106,630)		(57,885)
Selling and administrative expenses		(21,927)		(14,087)		(15,281)
Finance income		3,632		4,461		2,531
Finance costs		(1,911)		(2,735)		(1,332)
Other income		3,763		1,157		2,622
Other expenses		(18,769)		(17,070)		(13,080)
Income tax expense (benefit)		1,396		(1,151)		973
Loss from discontinued operations	**₩**	**(66,673)**	**₩**	**(56,252)**	**$**	**(46,466)**

37.2 Net cash flows from discontinued operations 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	
Net cash flows from operating activities of discontinued operations	₩	(41,992)	₩	6,538	$	(29,265)
Net cash flows from investing activities of discontinued operations		59,633		48,999		41,559
Net cash flows from financing activities of discontinued operations		(9)		(60,206)		(6)
Effect of exchange rate changes on cash and cash equivalents		(266)		1,511		(185)
Net increase (decrease) in cash and cash equivalents	**₩**	**17,366**	**₩**	**(3,158)**	**$**	**12,103**

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 its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2025 in accordance with the Article 8 of the *Act on External Audit of Stock Companies.*

Attachments:

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

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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 and its subsidiaries (collectively referred to as the "Group") 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, 2024.

In our opinion, the Group'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 consolidated statement of financial position as of December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 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 Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR

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

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

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Group'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.

ICFR definition and inherent limitations

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

Because of its inherent limitations, ICFR may not prevent or detect material misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR 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.

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 Group’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 and its subsidiaries (the "Group"), assessed operating status of the Group's Internal Control over Financial Reporting ("ICFR") as of December 31, 2025.

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

We evaluated whether the Group 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 Group'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 Group'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'.

The Company excluded PT. Prime Agri Resources, an acquired entity, from the scope of the ICFR assessment, as it is practically difficult to perform the assessment since one year has not passed from the acquisition date (November 19, 2025) to the assessment date. The total assets and sales of the excluded entity as of the assessment date are KRW 1,569.6 billion and KRW 96.0 billion, which represent 8.4% and 0.3% of the consolidated total assets and sales after the acquisition, respectively.

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 Group 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 Group 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 Group 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 Group to respond to fraud risks.

Classification	Control activities performed by the Company	Target 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.	POSCO International Corporation . and 13 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 11 other companies; 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	POSCO International Corporation . and 13 other companies	
	<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.	POSCO International Corporation . and 13 other companies	
	<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.	POSCO International Corporation . and 13 other companies	
Treasury Controls	**<Account Opening/Closing Approval>** A qualified approver, such as 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.	POSCO International Corporation . and 13 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 11 other companies; Jun & Nov '25, Jan '26)
	<Monthly Fund Deposit/Withdrawal Management> A qualified approver, such as 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.	POSCO International Corporation . and 13 other companies	
	<Company Seal Usage Control> The department head in charge of the corporate/registered seal restricts physical access to the corporate/registered seal.	POSCO International Corporation . and 7 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 5 other companies; 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.	POSCO International Corporation . and 13 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 11 other companies; Jun & Nov '25, Jan '26)
	<Fund Procurement Review and Approval> A qualified approver, such as 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.	POSCO International Corporation . and 12 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 10 other companies; Jun & Nov '25, Jan '26)

Classifi-cation	Control activities performed by the Company	Target Company	Design and operation effectiveness assessment result(Information on by whom and when the assessment was performed, etc.)
Treasury Controls (cont'd)	**<Fund Execution Access Restriction>** Fund execution-related duties are restricted to qualified approvers, such as the Treasury Group Leader and the cashier, and the fund execution requester and the final approver are segregated.	POSCO International Corporation . and 13 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 11 other companies; Jun & Nov '25, Jan '26)
	<Fund Disbursement Management> A qualified approver, such as 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.	POSCO International Corporation . and 13 other companies	
	<Fund Execution Restriction> The system is set up so that transfers to accounts not registered in the vendor master are impossible.	POSCO International Corporation . and 3 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 1 other company; Jun & Nov '25, Jan '26)
	<HQ LOG/LOC Request Approval> When HQ's LOG/LOC is required for new borrowings or extensions, approval is obtained from the Head of the Subsidiary, followed by prior approval from the HQ's Board of Directors and the CEO (for new borrowings) or the Head of the Treasury Division (for extensions).	POSCO INTERNATIONAL AMERICA CORP. and 9 other companies	As a result of the test, no material weaknesses were identified. (Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 9 other companies; Jun & Nov '25, Jan '26)
Other Business-Level Controls	**<Vendor Master Creation/Change Review>** A qualified approver, such as 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.	POSCO International Corporation . and 13 other companies	As a result of the test, no material weaknesses were identified. (ICFR Dept. of POSCO International Corporation and 1 other company; Finance Teams of POSCO INTERNATIONAL AMERICA CORP. and 11 other companies; Jun & Nov '25, Jan '26