

POSCO 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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Independent auditor's report

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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors

POSCO

Opinion

We have audited the consolidated financial statements of POSCO 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").

Basis for opinion

We conducted our audit in accordance with Korean Standards on Auditing ("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.

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 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.



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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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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.

A stylized, handwritten signature of 'EY Han Young' in black ink.

March 11, 2026

This audit report is effective as of March 11, 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 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.”

Hee-Geun Lee
Chief Executive Officer
POSCO

POSCO and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

(in millions of Won)

	<u>Notes</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets			
Cash and cash equivalents	4,5,22	2,700,455	2,435,951
Trade accounts and notes receivable, net	6,16,22,25	4,546,160	4,868,534
Other receivables, net	7,22	765,488	863,292
Other short-term financial assets	8,22	3,685,750	4,092,620
Inventories	9	9,220,116	9,447,667
Current income tax assets		33,157	44,881
Assets held for sale	10	206	-
Other assets	15	144,135	145,693
Total current assets		21,095,467	21,898,638
Trade accounts and notes receivable, net	6,22,25	14,198	10,634
Other receivables, net	7,22	292,342	333,589
Other long-term financial assets	8,22	1,070,119	935,714
Investments in subsidiaries, associates and joint ventures	11	136,844	70,599
Investment property, net	12	29,005	55,062
Property, plant and equipment, net	13	24,689,888	25,195,316
Intangible assets, net	14	593,364	466,992
Defined benefit assets, net	20	147,501	242,940
Deferred tax assets	31	2,186,030	2,168,515
Other assets	15	25,848	34,847
Total non-current assets		29,185,139	29,514,208
Total assets		50,280,606	51,412,846

(continued)

POSCO and its subsidiaries
Consolidated statements of financial position, continued
as of December 31, 2025 and 2024

(in millions of Won)

	<u>Notes</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Liabilities			
Trade accounts and notes payable	22	₩ 3,611,124	4,186,525
Borrowings	4,6,16,22	3,685,697	3,522,204
Other payables	17,22	1,632,534	1,764,862
Other short-term financial liabilities	18,22	17	-
Current income tax liabilities		101,585	205,096
Provisions	19	118,878	51,289
Other liabilities	21,25	155,527	214,008
Total current liabilities		<u>9,305,362</u>	<u>9,943,984</u>
Borrowings	4,16,22	6,092,046	7,312,602
Other payables	17,22	522,045	636,863
Defined benefit liabilities, net	20	31,086	24,932
Deferred tax liabilities	31	35,242	37,664
Long-term provisions	19	100,918	87,930
Other liabilities	21	410	1,472
Total non-current liabilities		<u>6,781,747</u>	<u>8,101,463</u>
Total liabilities		<u>16,087,109</u>	<u>18,045,447</u>
Equity			
Share capital	23	482,403	482,403
Capital surplus	23	22,687,086	22,705,568
Accumulated other comprehensive income	24	384,462	242,066
Retained earnings		9,707,687	8,955,007
Equity attributed to owners of the controlling company		<u>33,261,638</u>	<u>32,385,044</u>
Non-controlling interests		<u>931,859</u>	<u>982,355</u>
Total equity		<u>34,193,497</u>	<u>33,367,399</u>
Total liabilities and equity		<u>₩ 50,280,606</u>	<u>51,412,846</u>

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

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

<i>(in millions of Won, except per share information)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Revenue	25,33,36 W	43,559,136	44,644,092
Cost of sales	9,20,27,30,33	<u>(39,795,708)</u>	<u>(41,410,019)</u>
Gross profit		3,763,428	3,234,073
Selling and administrative expenses			
Other administrative expenses	20,26,27,30	(1,211,138)	(1,175,517)
Selling expenses	26,30	<u>(325,586)</u>	<u>(326,403)</u>
Operating profit		<u>2,226,704</u>	<u>1,732,153</u>
Share of loss of equity-accounted investees, net		(5,361)	(11,913)
Finance income and costs	22,28		
Finance income		1,058,671	2,407,217
Finance costs		<u>(1,316,843)</u>	<u>(2,532,258)</u>
Other non-operating income and expenses			
Other non-operating income	29	63,323	208,453
Other non-operating expenses	29,30	<u>(334,238)</u>	<u>(430,413)</u>
Profit before income tax		1,692,256	1,373,239
Income tax expense	31	<u>(391,698)</u>	<u>(294,495)</u>
Profit		1,300,558	1,078,744
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans	20	(43,372)	(67,764)
Net changes in fair value of equity investments at fair value through other comprehensive income	22,24	191,112	30,687
Foreign currency translation differences		(4,768)	79,100
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(47,838)	223,615
Capital adjustment arising from investments in equity-accounted investees	11	<u>(946)</u>	<u>6,345</u>
Other comprehensive income, net of tax		<u>94,188</u>	<u>271,983</u>
Total comprehensive income		<u>W 1,394,746</u>	<u>1,350,727</u>
Profit attribute to:			
Owners of the controlling company		W 1,323,708	1,159,006
Non-controlling interests		<u>(23,150)</u>	<u>(80,262)</u>
Profit		<u>W 1,300,558</u>	<u>1,078,744</u>
Total comprehensive income attribute to:			
Owners of the controlling company		W 1,422,853	1,353,832
Non-controlling interests		<u>(28,107)</u>	<u>(3,105)</u>
Total comprehensive income		<u>W 1,394,746</u>	<u>1,350,727</u>
Earnings per share (in Won)	32		
Basic earnings per share (in Won)		13,720	12,013
Diluted earnings per share (in Won)		<u>W 13,720</u>	<u>12,013</u>

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

POSCO and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2025

(in millions of Won)

	Attributable to owners of the controlling company					Non-controlling interests	Total
	Share capital	Capital surplus	Accumulated other comprehensive income	Retained earnings	Subtotal		
Balance as of January 1, 2024	W 482,403	22,659,008	(22,112)	8,753,924	31,873,223	977,746	32,850,969
Comprehensive income:							
Profit	-	-	-	1,159,006	1,159,006	(80,262)	1,078,744
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	(65,741)	(65,741)	(2,023)	(67,764)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	6,265	-	6,265	80	6,345
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	34,298	(3,611)	30,687	-	30,687
Foreign currency translation differences, net of tax	-	-	223,615	-	223,615	79,100	302,715
Transactions with owners of the controlling company, recognized directly in equity:							
Year-end dividends	-	-	-	(589,786)	(589,786)	(5,828)	(595,614)
Interim dividends	-	-	-	(298,222)	(298,222)	-	(298,222)
Changes due to business combination	-	31,787	-	-	31,787	16,584	48,371
Shared based payments	-	14,623	-	-	14,623	-	14,623
Others	-	150	-	(563)	(413)	(3,042)	(3,455)
Balance as of December 31, 2024	W 482,403	22,705,568	242,066	8,955,007	32,385,044	982,355	33,367,399

(continued)

POSCO and its subsidiaries
Consolidated statements of changes in equity, continued
for each of the two years in the period ended December 31, 2025

(in millions of Won)

	Attributable to owners of the controlling company					Non-controlling interests	Total
	Share capital	Capital surplus	Accumulated other comprehensive income	Retained earnings	Subtotal		
Balance as of January 1, 2025	W 482,403	22,705,568	242,066	8,955,007	32,385,044	982,355	33,367,399
Comprehensive income:							
Profit	-	-	-	1,323,708	1,323,708	(23,150)	1,300,558
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	(43,148)	(43,148)	(224)	(43,372)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	(981)	-	(981)	35	(946)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	191,215	(103)	191,112	-	191,112
Foreign currency translation differences, net of tax	-	-	(47,838)	-	(47,838)	(4,768)	(52,606)
Transactions with owners of the controlling company, recognized directly in equity:							
Year-end dividends	-	-	-	(332,858)	(332,858)	(8,866)	(341,724)
Interim dividends	-	-	-	(194,505)	(194,505)	-	(194,505)
Changes in ownership interest in subsidiaries	-	(1,110)	-	-	(1,110)	(16,289)	(17,399)
Changes due to business combination	-	(17,372)	-	-	(17,372)	3,361	(14,011)
Others	-	-	-	(414)	(414)	(594)	(1,008)
Balance as of December 31, 2025	W 482,403	22,687,086	384,462	9,707,687	33,261,638	931,860	34,193,498

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

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

(in millions of Won)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cash flows from operating activities			
Profit	₩	1,300,558	1,078,744
<i>Adjustments for :</i>			
Depreciation		2,820,394	2,711,220
Amortization		57,895	87,672
Finance income		(577,293)	(1,847,195)
Finance costs		822,576	1,952,401
Income tax expense		391,698	294,495
Impairment loss on property, plant and equipment		70,613	223,849
Gain on disposal of property, plant and equipment		(2,192)	(11,297)
Loss on disposal of property, plant and equipment		86,032	132,495
Impairment loss on intangible assets		11	608
Loss on disposal of intangible assets		21	256
Gain on disposal of intangible assets		(694)	-
Share of loss of equity-accounted investees		5,361	11,913
Gain on disposal of assets held for sale		(6,456)	(4,801)
Expenses related to post-employment benefit		135,057	120,012
Impairment loss on trade and other receivables		19,623	6,205
Loss on valuation of inventories		101,911	52,893
Increase to provisions		84,070	51,155
Gain on insurance claim		(18,835)	(157,282)
Others, net		(4,918)	1,033
Changes in operating assets and liabilities	35	(245,109)	822,971
Interest received		152,984	156,267
Interest paid		(583,218)	(545,266)
Dividends received		32,777	27,770
Income taxes paid		(568,834)	(205,099)
Net cash provided by operating activities	₩	4,074,032	4,961,019

(continued)

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

(in millions of Won)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cash flows from investing activities			
Acquisition of short-term financial instruments	W	(10,225,253)	(7,231,322)
Proceeds from disposal of short-term financial instruments		10,835,037	8,801,721
Increase in loans		(51,897)	(26,194)
Collection of loans		51,556	37,203
Acquisition of securities		(703,725)	(1,013,258)
Proceeds from disposal of securities		410,772	904,248
Acquisition of long-term financial instruments		(16)	(2)
Acquisition of investments in associates		(82,461)	-
Proceeds from disposal of investments in associates and joint ventures		2,778	-
Acquisition of property, plant and equipment		(2,460,912)	(3,407,705)
Proceeds from disposal of property, plant and equipment		(50,699)	(81,945)
Acquisition of intangible assets		(122,411)	(94,270)
Proceeds from disposal of intangible assets		695	55
Proceeds from disposal of assets held for sale		2,250	4,836
Collection of lease receivables		12,270	11,632
Cash outflows due to business combinations, net of cash acquired		(21,275)	(602,967)
Cash inflow from insurance claim		18,835	157,278
Payment for deposits		(8,235)	(12,657)
Acquisition of deposits		3,377	1,595
Others, net		(14,621)	693
Net cash used in investing activities	W	<u>(2,403,935)</u>	<u>(2,551,059)</u>
Cash flows from financing activities			
	35		
Proceeds from borrowings		4,533,080	4,988,778
Repayment of borrowings		(5,467,430)	(6,597,355)
Payment of cash dividends		(536,227)	(893,835)
Repayment of lease liabilities		(111,527)	(107,976)
Decrease in derivatives		194,273	177,380
Acquisition of non-controlling interests		(17,400)	-
Others, net		(1,194)	(6,812)
Net cash used in financing activities	W	<u>(1,406,425)</u>	<u>(2,439,820)</u>
Effect of exchange rate fluctuation on cash held		832	39,467
Net increase in cash and cash equivalents		264,504	9,607
Cash and cash equivalents at beginning of the period	5	<u>2,435,951</u>	<u>2,426,344</u>
Cash and cash equivalents at end of the period	5 W	<u>2,700,455</u>	<u>2,435,951</u>

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

POSCO and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

1. General Information

The general information about POSCO (the "Company"), the controlling company in accordance with KIFRS 1110, its 15 domestic subsidiaries including POSCO STEELEON CO., Ltd, 26 foreign subsidiaries including PT. KRAKATAU POSCO and its 15 associates is as follows:

(a) The controlling company

POSCO, the controlling company, was newly established with the purpose of production and sales of steel rolled products and plates, upon a vertical spin-off of steel business of POSCO HOLDINGS INC. ("Pre-spin off Company", known as POSCO before spin-off, the surviving company) on March 1, 2022 (the date of spin-off). As of December 31, 2025, POSCO is wholly owned by POSCO HOLDINGS INC. (100% ownership).

(b) Consolidated subsidiaries

Details of the Group's consolidated subsidiaries as of December 31, 2025 and 2024 are as follows:

	Principal operations	Ownership (%)						Region
		December 31, 2025			December 31, 2024			
		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
[Domestic]								
POSCO STEELEON Co., Ltd.(*)	Coated steel manufacturing	56.87	-	56.87	56.87	-	56.87	Pohang
eNoB Corporation	Electronic commerce	69.32	-	69.32	69.32	-	69.32	Seoul
POSCO M-TECH(2, 3)	Packing materials manufacturing and sales	48.85	-	48.85	48.85	-	48.85	Pohang
PNR	Steel by product processing and sales	70.00	-	70.00	70.00	-	70.00	Pohang
POSCO Humans	Business assistance service	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO PS Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO PR Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO PH Solution	Maintenance service	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO GYS Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Gwangyang
POSCO GYR Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Gwangyang
POSCO GY Solution	Maintenance service	100.00	-	100.00	100.00	-	100.00	Gwangyang
Pohang Scrap Recycling Distribution Center Co., Ltd.	Steel processing and sales	51.00	-	51.00	-	-	-	Pohang
CHEMGAS KOREA CO.,LTD	Industrial gas manufacturing and sales	100.00	-	100.00	-	-	-	Eumseong
POSCO Stainless Precision & Processing	Steel processing and sales	100.00	-	100.00	-	-	-	Ansan
eSteelU	Steel wholesale and retail trade	61.12	-	61.12	-	-	-	Incheon
[Foreign]								
POSCO (Thailand) Company Ltd	Steel processing and sales	100.00	-	100.00	100.00	-	100.00	Thailand
POSCO MKPO SDN BHD	Steel processing and sales	70.00	-	70.00	70.00	-	70.00	Malaysia
POSCO-India Private Limited	Steel manufacturing and sales	100.00	-	100.00	100.00	-	100.00	India
POSCO-VIETNAM Co., Ltd.	Steel manufacturing and sales	100.00	-	100.00	100.00	-	100.00	Vietnam
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	Steel processing and sales	60.00	-	60.00	60.00	-	60.00	Poland
POSCO Thainox Public Company Limited	STF cold-rolled steel manufacturing and sales	74.56	-	74.56	74.56	-	74.56	Thailand
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	Steel processing and sales	90.00	-	90.00	90.00	-	90.00	China
POSCO-Malaysia SDN. BHD.	Steel processing and sales	81.79	-	81.79	81.79	-	81.79	Malaysia
Myanmar POSCO C&C Company Limited.	Steel processing and sales	-	70.00	70.00	-	70.00	70.00	Myanmar
POSCO COATED STEEL (THAILAND) CO., LTD.	Automotive steel manufacturing and sales	100.00	-	100.00	100.00	-	100.00	Thailand
POSCO ChengDu Processing Center(2)	Steel processing and sales	33.00	-	33.00	33.00	-	33.00	China
POSCO Philippine Manila Processing Center, Inc.	Steel processing and sales	100.00	-	100.00	100.00	-	100.00	Philippines
POSCO TAPCO Otonari Celik San. Ve Tic. AS	Steel processing and sales	100.00	-	100.00	100.00	-	100.00	Turkiye
POSCO BRAZIL LTDA	Office Administration, Management Consulting	100.00	-	100.00	100.00	-	100.00	Brazil
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Steel manufacturing and sales	51.00	-	51.00	51.00	-	51.00	Vietnam
Port Hedland Green Steel Pty Ltd	Other iron and steel manufacturing	100.00	-	100.00	100.00	-	100.00	Australia
POSCO MEXICO S.A. DE C.V.	Automotive steel manufacturing and sales	63.28	-	63.28	63.28	-	63.28	Mexico
PT. POSCO INDONESIA JAKARTA PROCESSING CENTER	Steel processing and sales	70.51	-	70.51	70.51	-	70.51	Indonesia
PT. KRAKATAU POSCO(2)	Steel manufacturing and sales	50.00	-	50.00	50.00	-	50.00	Indonesia
POSCO-Mexico Villagran Wire-rod Processing Center	Steel processing and sales	56.75	-	56.75	56.75	-	56.75	Mexico
PT. KRAKATAU POSCO SOCIAL ENTERPRISE SERVICES INDONESIA	Social enterprise	-	99.91	99.91	-	99.91	99.91	Indonesia
POSCO Maharashtra Steel Private Limited	Steel processing and sales	100.00	-	100.00	100.00	-	100.00	India
POSCO-India Pune Processing Center Private Limited	Steel processing and sales	65.00	35.00	100.00	65.00	-	65.00	India
POSCO ASSAN TST STEEL INDUSTRY Inc.	Steel processing and sales	60.00	-	60.00	60.00	-	60.00	Turkiye
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	Steel processing and sales	93.34	1.88	95.22	93.34	1.88	95.22	India
POSCO-INDIA STEEL DISTRIBUTION CENTER PRIVATE LIMITED	Steel logistics	-	100.00	100.00	-	100.00	100.00	India

POSCO and its subsidiaries

Notes to the consolidated financial statements, continued December 31, 2025 and 2024

1. General Information (cont'd)

*(*1) Excluding the treasury shares held as of December 31, 2025, the controlling company's voting rights ownership amounted to 56.96%.*

*(*2) As of December 31, 2025, the Group classified the entities as investments in a subsidiary, considering additional facts and circumstances, such as the relative size of the voting rights held by the Group, structure of its Board of Directors and the degree of diversification of other voting rights holders, although the Group holds less than half of the voting rights of the entities.*

*(*3) Excluding the treasury shares held as of December 31, 2025, the controlling company's voting rights ownership amounted to 48.85%*

POSCO received dividends of ₩ 16,329 million and ₩ 8,473 million from its subsidiaries in aggregate for each of the two years in the period ended December 31, 2025, respectively.

There are no significant restrictions on the ability of subsidiaries and associates to transfer funds to the controlling company, such as in the forms of cash dividends and repayment of loans or payment of advances.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

1. General Information (cont'd)

(c) The summarized financial information on major subsidiaries as of and for each of the two years in the period ended December 31, 2025 are as follows:

1) As of and for the year ended December 31, 2025

(in millions of Won)

Company	Assets	Liabilities	Equity	Sales(*1)	Net income (loss)(*1)
[Domestic]					
POSCO STEELEON Co., Ltd.	479,864	105,249	374,615	1,093,989	14,436
eNtoB Corporation	163,126	90,343	72,783	995,642	4,404
POSCO M-TECH	155,483	41,231	114,252	357,432	1,411
PNR	43,601	35,511	8,090	43,479	(5,642)
POSCO Humans Co.,Ltd.	25,536	8,085	17,451	62,963	873
POSCO PS Tech	32,070	22,142	9,928	152,513	(411)
POSCO PR Tech	32,831	20,595	12,236	147,568	2,181
POSCO PH Solution	20,076	12,454	7,622	66,506	(767)
POSCO GYS Tech	39,887	22,696	17,191	140,192	3,444
POSCO GYR Tech	43,096	22,898	20,198	136,896	1,527
POSCO GY Solution	27,232	11,942	15,290	74,252	503
eSteel4U(*1)	149,246	139,404	9,842	197,746	12,612
POSCO Stainless Precision & Processing(*1)	200,348	414	199,934	-	(66)
Pohang Scrap Recycling Distribution Center Co., Ltd.(*1)	13,543	3,460	10,083	5,150	436
CHEMGAS KOREA CO.,LTD(*1)	42,586	14,464	28,122	11,673	2,324
[Foreign]					
POSCO (Thailand) Company.Ltd	181,303	51,750	129,553	460,933	2,683
POSCO-MKPC SDN BHD	157,680	54,285	103,395	244,146	5,895
POSCO-India Private Limited	101,371	1,485	99,886	-	3,356
POSCO-VIETNAM Co., Ltd.	297,547	287,963	9,584	800,445	(3,180)
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	91,424	56,276	35,148	129,335	(1,778)
POSCO Thainox Public Company Limited	513,813	103,715	410,098	595,928	(2,639)
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	33,280	5,300	27,980	157,011	(902)
POSCO-Malaysia SDN. BHD.	60,100	55,777	4,323	136,236	2,132
Myanmar POSCO C&C Company,Limited.	26,853	14,006	12,847	31,366	3,712
POSCO COATED STEEL (THAILAND) CO., LTD.	323,171	210,451	112,720	447,580	9,970
POSCO ChengDu Processing Center	34,996	30,724	4,272	91,840	(279)
POSCO Philippine Manila Processing Center, Inc.	24,561	2,013	22,548	24,208	840
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	143,617	117,412	26,205	234,910	6,715
POSCO BRAZIL LTDA	57	122	(65)	952	9
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	433,768	112,956	320,812	391,439	4,037
Port Hedland Iron Pty Ltd	4,986	397	4,589	-	(1,206)
POSCO MEXICO S.A. DE C.V.	516,173	267,912	248,261	779,354	(19,631)
PT. POSCO INDONESIA JAKARTA PROCESSING CENTER	172,330	106,353	65,977	324,739	(6,721)
PT. KRAKATAU POSCO	3,233,243	2,656,952	576,291	2,627,285	(55,749)
POSCO-Mexico Villagran Wire-rod Processing Center	54,159	55,323	(1,164)	47,499	(3,344)
POSCO Maharashtra Steel Private Limited	1,410,778	616,607	794,171	1,962,507	74,068
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	449,056	328,739	120,317	1,038,388	15,473
POSCO ASSAN TST STEEL INDUSTRY Inc.	528,879	545,403	(16,524)	578,928	(16,426)
POSCO-India Pune Processing Center Private Limited	219,226	156,960	62,266	561,938	13,138
POSCO-INDIA STEEL DISTRIBUTION CENTER PRIVATE LIMITED	29,477	17,200	12,277	111,715	2,220

(*1) For newly consolidated subsidiaries for the year ended December 31, 2025, their amounts occurred after their new inclusion in the consolidation scope.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

1. General Information (cont'd)

2) As of and for the year ended December 31, 2024

(in millions of Won)

Company	Assets	Liabilities	Equity	Sales(*1)	Net income (loss)(*1)
[Domestic]					
POSCO STEELEON Co., Ltd.	530,860	154,751	376,109	1,175,769	32,358
eNtoB Corporation	186,221	116,120	70,101	1,018,894	4,683
POSCO M-TECH	149,758	37,945	111,813	346,628	568
PNR	39,267	25,608	13,659	46,507	(246)
POSCO Humans Co.,Ltd.	25,220	8,642	16,578	62,656	1,128
POSCO PS Tech	37,161	27,244	9,917	144,264	309
POSCO PR Tech	29,519	20,038	9,481	124,512	1,260
POSCO PH Solution	23,138	15,173	7,965	68,588	576
POSCO GYS Tech	37,162	22,830	14,332	140,138	4,301
POSCO GYR Tech	42,780	23,954	18,826	136,217	4,292
POSCO GY Solution	27,072	12,439	14,633	76,846	2,611
[Foreign]					
POSCO (Thailand) Company.Ltd	197,326	77,129	120,197	407,074	2,400
POSCO-MKPC SDN BHD	164,150	72,783	91,367	257,822	7,271
POSCO-India Private Limited	106,006	2,091	103,915	-	4,402
POSCO-VIETNAM Co., Ltd.	350,524	337,418	13,106	835,631	1,136
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	81,553	48,406	33,147	116,366	(356)
POSCO Thainox Public Company Limited	512,321	115,149	397,172	576,912	14,948
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	39,169	10,748	28,421	65,154	433
POSCO-Malaysia SDN. BHD.	61,951	60,051	1,900	143,209	349
Myanmar POSCO C&C Company,Limited.	25,285	15,961	9,324	33,927	3,399
POSCO COATED STEEL (THAILAND) CO., LTD.	324,391	228,055	96,336	402,981	(3,165)
POSCO ChengDu Processing Center	40,586	36,102	4,484	49,006	(3,184)
POSCO Philippine Manila Processing Center, Inc.	26,659	4,451	22,208	29,701	266
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	145,488	120,415	25,073	200,891	7,949
POSCO BRAZIL LTDA	42	110	(68)	792	(45)
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	466,488	142,002	324,486	423,938	(24,091)
Port Hedland Iron Pty Ltd	5,773	209	5,564	-	(2,086)
POSCO MEXICO S.A. DE C.V.	749,960	475,331	274,629	999,807	16,243
PT. POSCO INDONESIA JAKARTA PROCESSING CENTER	244,928	170,375	74,553	345,729	1,006
PT. KRAKATAU POSCO	3,523,003	2,874,800	648,203	2,817,274	(168,700)
POSCO-Mexico Villagran Wire-rod Processing Center	50,765	47,657	3,108	57,310	(1,668)
POSCO Maharashtra Steel Private Limited(*1)	1,471,597	695,297	776,300	58,451	50,904
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED(*1)	424,014	310,883	113,131	30,213	49
POSCO ASSAN TST STEEL INDUSTRY Inc.(*1)	568,566	568,513	53	13,314	1,352
POSCO-India Pune Processing Center Private Limited(*1)	210,000	156,856	53,144	15,810	160
POSCO-INDIA STEEL DISTRIBUTION CENTER PRIVATE LIMITED(*1)	26,992	16,123	10,869	3,968	66

(*1) For newly consolidated subsidiaries for the year ended December 31, 2024, their amounts occurred after their new inclusion in the consolidation scope.

1. General Information (cont'd)

(d) Details of non-controlling interests as of and for each of the two years in the period ended December 31, 2025 are as follows:

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

1) As of and for the year ended December 31, 2025

(in millions of Won)	POSCO STEELEON Co., Ltd.	PT. KRAKATAU POSCO	POSCO Thabrox Public Company Limited	POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	POSCO MEXICO S.A. DE C.V.	POSCO ASSAN TST STEEL INDUSTRY Inc.	Others
[Accumulated non-controlling interests of subsidiaries]							
Current assets	317,716	830,243	400,688	251,478	278,391	331,823	1,559,124
Non-current assets	162,148	2,403,000	113,125	182,290	237,782	197,056	294,456
Current liabilities	(102,229)	(1,113,658)	(93,935)	(112,956)	(247,165)	(529,930)	(1,149,877)
Non-current liabilities	(3,020)	(1,543,294)	(9,780)	-	(20,747)	(15,474)	(41,015)
Equity	374,615	576,291	410,098	320,812	248,261	(16,525)	662,688
Non-controlling interest (before elimination of inter-segment revenue)	161,249	288,145	104,321	157,198	41,505	(6,610)	177,010
Elimination of inter-segment revenue	4,415	(118)	857	-	(226)	(11,988)	16,102
Non-controlling interest (after elimination of inter-segment revenue)	165,664	288,027	105,178	157,198	41,279	(18,598)	193,112
[Profit attributable to non-controlling interests of subsidiaries]							
Sales	1,093,989	2,627,285	595,928	391,439	779,354	578,928	4,844,993
Profit for the period	14,436	(55,749)	(2,639)	4,037	(19,631)	(16,426)	33,338
Profit attributable to non-controlling interests (before elimination of inter-segment revenue)	6,214	(27,875)	(671)	1,978	(3,282)	(6,570)	2,773
Elimination of inter-segment revenue	(4)	(86)	(5)	-	-	(151)	4,528
Profit attributable to non-controlling interests (after elimination of inter-segment revenue)	6,210	(27,961)	(676)	1,978	(3,282)	(6,721)	7,301
[Summarized Cash Flows]							
Cash flows from operating activities	42,569	43,738	(9,430)	30,156	30,572	41,304	98,829
Cash flows from investing activities	(21,561)	(13,986)	(9,964)	(977)	(6,394)	(2,053)	(18,581)
Cash flows from financing activities (before dividends to non-controlling interest)	(32,594)	(26,245)	(8,532)	(24,840)	(28,826)	-	(66,715)
Dividends to non-controlling interest	(5,570)	-	(1,928)	-	-	-	(1,367)
Effect of exchange rate fluctuation on cash held	(270)	(92)	6,799	(49)	(787)	16	292
Net increase (decrease) in cash and cash equivalents	(17,426)	3,415	(23,055)	4,290	(5,435)	39,267	12,458

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

1. General Information (cont'd)

2) As of and for the year ended December 31, 2024

(in millions of Won)

	POSCO STEELEON Co., Ltd.	PT. KRAKATAU POSCO	POSCO Thainox Public Company Limited	POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	POSCO MEXICO S.A. DE C.V.	Others
[Accumulated non-controlling interests of subsidiaries]						
Current assets	376,939	769,024	399,869	257,212	463,794	1,829,295
Non-current assets	153,921	2,753,979	112,452	209,276	286,166	483,909
Current liabilities	(151,878)	(1,272,856)	(106,642)	(141,798)	(442,346)	(1,458,895)
Non-current liabilities	(2,873)	(1,601,944)	(8,507)	(204)	(32,986)	(235,236)
Equity	376,109	648,203	397,172	324,486	274,628	619,073
Non-controlling interest (before elimination of inter-segment revenue)	161,892	324,102	101,033	158,998	45,914	186,312
Elimination of inter-segment revenue	4,423	(45)	786	-	(231)	(829)
Non-controlling interest (after elimination of inter-segment revenue)	166,315	324,057	101,819	158,998	45,683	185,483
[Profit attributable to non-controlling interests of subsidiaries]						
Sales	1,175,769	2,817,274	576,912	423,938	999,807	4,572,018
Profit for the period	32,358	(168,700)	14,948	(24,091)	16,243	1,498
Profit attributable to non-controlling interests (before elimination of inter-segment revenue)	13,928	(84,350)	3,803	(11,804)	2,716	(4,575)
Elimination of inter-segment revenue	(184)	159	15	-	-	30
Profit attributable to non-controlling interests (after elimination of inter-segment revenue)	13,744	(84,191)	3,818	(11,804)	2,716	(4,545)
[Summarized Cash Flows]						
Cash flows from operating activities	31,973	324,031	38,732	(51,878)	19,989	47,622
Cash flows from investing activities	(10,339)	(37,704)	(8,545)	(166)	1,275	(4,460)
Cash flows from financing activities (before dividends to non-controlling interest)	(10,739)	(319,100)	(1,500)	51,915	(22,667)	(19,946)
Dividends to non-controlling interest	(4,164)	-	-	-	-	(1,663)
Effect of exchange rate fluctuation on cash held	50	4,978	15,603	413	3,907	2,295
Net increase (decrease) in cash and cash equivalents	6,781	(27,795)	44,290	284	2,504	23,848

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

1. General Information (cont'd)

(e) Details of associates

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

Investee	Category of business	Ownership (%)		Region
		2025	2024	
[Domestic]				
DAEHO GLOBAL MANAGEMENT CO., LTD.	Investment advisory service	35.82	35.82	Pohang
Pohang Special Welding Co., Ltd.	Welding material and tools manufacturing and sales	50.00	50.00	Pohang
FEWM CO., LTD.(*1)	Industrial gas manufacturing and sales	40.00	-	Yongin
POSCO CVC 1st Fund(*2,3)	New technology business investment association	80.00	-	Pohang
[Foreign]				
POSK(Pinghu) Steel Processing Center Co., Ltd.	Steel processing and sales	20.00	20.00	China
LLP POSUK TITANIUM	Titanium raw material manufacturing and sales	33.90	33.90	Kazakhstan
POSCO (SUZHOU) STEEL PROCESSING CENTER CO.,LTD.(*4)	Steel processing and sales	-	30.00	China
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.(*5)	Steel processing and sales	-	23.82	China
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	Steel processing and sales	30.00	30.00	Slovakia
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD.(*6)	Steel processing and sales	17.50	17.50	China
POSCO Vietnam Processing Center. Co.,Ltd.(*6)	Steel processing and sales	9.17	9.17	Vietnam
NS-Thainox Auto Co., Ltd.	STS cold-rolled steel sales and distribution	49.00	49.00	Thailand
POS-SeAH Steel Wire (Thailand) Co., Ltd.	Steel manufacturing and sales	25.00	25.00	Thailand
SAMHWAN VINA CO., LTD.(*6)	Steel manufacturing and sales	17.26	17.26	Vietnam
Brazil Sao Paulo Steel Processing Center	Steel processing and sales	25.00	25.00	Brazil
POSCO-POGGENAMP ELECTRICAL STEEL PRIVATE LIMITED(*5)	Steel processing and sales	-	26.00	India
POSCO INTERNATIONAL INDIA E-MOBILITY	Steel processing and sales	26.00	26.00	India
M RES NSW HCC II Pty Ltd(*2,7)	Overseas mining investment	61.54	-	Australia

(*1) Newly acquired for the year ended December 31, 2025.

(*2) Newly established for the year ended December 31, 2025.

(*3) As of December 31, 2025, the Group has determined that it has significant influence even though the Group's percentage of ownership is more than 50% considering the control ability of a limited partner.

(*4) Excluded from associates as a result of its liquidation during the year ended December 31, 2025.

(*5) Excluded from associates as a result of its disposal during the year ended December 31, 2025.

(*6) As of December 31, 2025, the Group has determined that it has significant influence even though the Group's percentage of ownership is less than 20% considering the composition of board of directors.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

1. General Information (cont'd)

*(*7) As of December 31, 2025, the Group has determined that it has significant influence even though the Group's percentage of ownership is more than 50% considering the composition of board of directors.*

(f) New subsidiaries

Details of consolidated subsidiaries newly included in the consolidation scope for the year ended December 31, 2025 are as follows:

Company	Date of inclusion	Ownership (%)	Reason
<i>Pohang Scrap Recycling Distribution Center Co., Ltd.</i>	<i>May 2025</i>	<i>51.00</i>	<i>Acquired from POSCO INTERNATIONAL Corporation</i>
<i>CHEMGAS KOREA CO.,LTD</i>	<i>July 2025</i>	<i>100.00</i>	<i>Newly included</i>
<i>eSteel4U</i>	<i>August 2025</i>	<i>61.12</i>	<i>Acquired from POSCO INTERNATIONAL Corporation</i>
<i>POSCO Stainless Precision & Processing</i>	<i>August 2025</i>	<i>100.00</i>	<i>Newly established</i>

(g) Loss of controls

There are no subsidiaries over which the Group has lost control for the year ended December 31, 2025.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

2. Basis of Preparation

Statement of compliance

POSCO and its subsidiaries (collectively referred to as the "Group") prepares its consolidated financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"), enacted based on the Act on External Audit of Stock Companies. The accompanying consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The consolidated financial statements were authorized for issue by the Board of Directors on February 2, 2026 and will be submitted for approval at the shareholders' meeting to be held on March 25, 2026.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position, as described in the accounting policy below.

- (a) Derivatives instruments measured at fair value*
- (b) Financial instruments measured at fair value through profit or loss*
- (c) Financial instruments measured at fair value through other comprehensive income*
- (d) Defined benefit liabilities measured at the present value of the defined benefit obligation less the fair value of the plan assets*

Functional and presentation currency

The consolidated financial statements are presented in Korean Won (presented as "Korean won" or "Won"), which is the Group's functional currency which is the currency of the primary economic environment in which the Group operates.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with KIFRS requires management to make judgments, estimates about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

(a) Judgments

The information about judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- *Note 1 – Subsidiaries and associates; and*
- *Note 11 - Investments in associates.*

(b) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in the following notes:

- *Note 6 - Allowance for trade accounts and notes receivable;*
- *Note 9 – Inventory;*
- *Note 13 - Property, plant and equipment;*
- *Note 19 – Provisions;*
- *Note 20 - Employee benefits;*
- *Note 22 - Financial instruments;*
- *Note 31 - Income taxes; and*
- *Note 34 - Commitments and contingencies.*

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

(c) Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of KIFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;**
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and**
- Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).**

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Information about the assumptions made in measuring fair values is included in the following note:

- Note 22 – Financial instruments.**

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

Changes in accounting policies

Except for the standards and amendments applied for the first time for the reporting period commenced January 1, 2025 described below, the Group has applied the same accounting policies to the current and comparative prior period financial statements.

1) Amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange Rates 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 the disclosure of information that enables users of the financial statements to understand how the currency that is not exchangeable into another currency affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. When applying the amendments, the Group cannot restate comparative information. The amendments do not have material impact on the Group's consolidated financial statements.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

2) Amendments to KIFRS 1117 Insurance Contracts – Disclosure of estimated techniques for inputs used in measuring insurance contracts

Amendments to KIFRS 1117 Insurance Contracts, effective for annual reporting periods ending on or after December 31, 2025, address circumstances in which an entity may have limited historical data or experience available for insurance products and are required to apply principle-based estimation techniques under insurance-related laws and regulations. In such cases, the amendments require entities to disclose information about the estimation techniques used for inputs in measuring insurance contracts when the estimation techniques applied differ from the principle-based techniques required by applicable laws or regulations, and when such information is considered relevant and material to users of financial statements. Specifically, the amendments require disclosure of the following:

- the estimation techniques for inputs used based on significant judgments made by the entity, including the basis for such judgments, and how they differ from the principle-based estimation techniques required by applicable laws or regulations; and**
- the effects on estimates of future cash flows, the contractual service margin, insurance revenue and insurance service expenses if the principle-based estimation techniques required by applicable laws or regulations were applied.**

These amendments are effective until the annual reporting period that includes December 31, 2029.

The amendments do not have any material impact on the Group's consolidated financial statements.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

3. Material Accounting Policy Information

The material accounting policies applied by the Group in preparation of its consolidated financial statements are included below.

Basis of consolidation

(a) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Business combination of entities or businesses under common control

In a business combination of entities or businesses under common control, the assets acquired and liabilities acquired are recognized at their carrying amounts in the consolidated financial statements of the Group. The difference between the consideration transferred and the carrying amount of the net assets acquired is adjusted in capital surplus.

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3. Material Accounting Policies (cont'd)

Foreign currency

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments in highly liquid securities that are readily convertible to known amounts of cash with maturities of three months or less from the acquisition date and which are subject to an insignificant risk of changes in value.

Non-derivative financial assets

Financial assets are recognized only when the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at financial assets measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
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3. Material Accounting Policies (cont'd)

On initial recognition, a financial asset is classified as measured at amortized cost, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and*
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, gains and losses on foreign currency translation and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Debt instruments measured at fair value through other comprehensive income

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss.

- it is held within a business model whose objective is achieved by both collection contractual cash flows and selling financial assets; and*

POSCO and its subsidiaries
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3. Material Accounting Policies (cont'd)

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments measured at fair value through other comprehensive income are subsequently measured at fair value. Interest income which is calculated using the effective interest method, gains and losses from foreign currency translation and impairment losses are recognized in profit or loss and other net profit or loss is recognized in other comprehensive income. At the time of elimination, other accumulated comprehensive income is reclassified to profit or loss.

(c) Equity instruments measured at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Equity instruments measured at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and never reclassified to profit or loss.

(d) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
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3. Material Accounting Policies (cont'd)

Financial assets measured at fair value through profit or loss are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(e) Interest rate benchmark reform

The Group reflects the changes in the basis for determining contractual cash flows of financial assets and financial liabilities as a result of interest rate benchmark reform by updating the effective interest rate. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and*
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.*

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate, and then applies the policies on accounting for modifications to the additional changes.

POSCO and its subsidiaries
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3. Material Accounting Policies (cont'd)

(f) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group has neither transferred nor retained substantially all the risks and rewards of ownership of a financial asset and has not retained control of the financial asset, it derecognizes the financial asset. If the Group continues to control the transferred financial asset, it continues to recognize the transferred asset to the extent of its continuing involvement and recognizes a related liability.

If the Group has transferred the contractual rights to the cash flows from a financial asset but has retained substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset and recognizes the consideration received as a liability.

(g) Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Inventories

Inventory costs, except materials-in-transit in which costs are determined by using specific identification method, are determined by using the moving-weighted average method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The allocation of

POSCO and its subsidiaries
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3. Material Accounting Policies (cont'd)

fixed production overheads to the costs of finished goods or work in progress are based on the normal capacity of the production facilities.

The carrying amount of those inventories is recognized as cost of goods sold in the period in which the related revenue is recognized.

Investment property

Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses. Depreciation methods, useful lives and residual values are identical to those applied for property, plant and equipment.

Property, plant and equipment

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Depreciation of property and equipment is provided using the straight-line method over the following estimated useful lives:

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3. Material Accounting Policies (cont'd)

<i>Buildings</i>	<i>3-50 years</i>
<i>Structures</i>	<i>3-45 years</i>
<i>Machinery</i>	<i>2-25 years</i>
<i>Vehicles</i>	<i>3-15 years</i>
<i>Tools and equipment</i>	<i>2-20 years</i>
<i>Furniture and fixtures</i>	<i>2-15 years</i>

Intangible assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which club memberships are expected to be available for use, this intangible asset is determined as having an indefinite useful life and not amortized.

<i>Intellectual property rights</i>	<i>3-20 years</i>
<i>Development expense</i>	<i>4-5 years</i>
<i>Port facilities usage rights</i>	<i>4-75 years</i>
<i>Other intangible assets</i>	<i>3-10 years</i>

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which necessarily takes a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. All other borrowing costs are recognized as expenses in the period in which they are incurred.

Government grants

(a) Grants related to assets

Government grants whose primary condition is that the Group purchase, construct or otherwise acquire long-term assets are deducted from the carrying amount of the assets and recognized in profit or loss on a systematic and rational basis over the life of the depreciable assets.

(b) Grants related to income

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Government grants which are intended to compensate the Group for expenses incurred are recognized as other income (government grants) in profit or loss over the periods in which the Group recognizes the related costs as expenses.

3. Material Accounting Policies (cont'd)

Leases

(a) Group as a lessee

At inception or reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Group presents right-of-use assets in the same line item as it presents underlying assets of the same nature that it owns, and lease liabilities are included in other payables on the consolidated statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. The Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group leases out its investment properties. The Group classifies these leases as operating leases. The Group recognizes lease payments received under lease

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agreements as revenue on a straight-line basis over the lease term.

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3. Material Accounting Policies (cont'd)

Impairment on financial assets

The Group recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost (i.e., cash and cash equivalents and trade and other receivables);*
- debt instruments measured at fair value through other comprehensive income; and*
- lease receivables, contractual assets, loan commitments, and financial guarantee contracts.*

If credit risk has increased significantly since the initial recognition, a loss allowance for lifetime expected credit loss is required to be measured at the end of every reporting period. If credit risk has not increased significantly since the initial recognition, a loss allowance is measured based on 12-month expected credit loss.

If the financial instrument has low credit risk at the end of the reporting period, the Group may assume that the credit risk has not increased significantly since initial recognition. However, a loss allowance for lifetime expected credit losses is required for contract assets or trade receivables that do not contain a significant financing component.

(a) Judgments on credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to investment grade defined by reliable credit rating agencies.

(b) Measurement of expected credit losses

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The 12-month expected credit losses are the portion of lifetime expected credit losses that result from default that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period

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over which the Group is exposed to credit risk.

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3. Material Accounting Policies (cont'd)

(c) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortized cost and debt instrument measured at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Objective evidence that a financial asset or group of financial assets are impaired includes:

- significant financial difficulty of the issuer or borrower;*
- a breach of contract, such as a default or delinquency in interest or principal payments;*
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;*
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization; and*
- the disappearance of an active market for that financial asset because of financial difficulties.*

(d) Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in entirety or a portion. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery based on continuous payments and extinct prescriptions. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

POSCO and its subsidiaries
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3. Material Accounting Policies (cont'd)

Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as financial liabilities at fair value through profit or loss when they are held for trading, are derivatives, or are designated at fair value through profit or loss at initial recognition.

Financial liabilities at fair value through profit or loss are measured at fair value after initial recognition, and changes in fair value are recognized in profit or loss. Transaction costs incurred in connection with the issuance of such financial liabilities are recognized immediately in profit or loss at initial recognition.

(b) Financial liabilities measured at amortized cost

Non-derivative financial liabilities that are not classified as financial liabilities at fair value through profit or loss are classified as other financial liabilities. Financial liabilities measured at amortized cost are initially measured at fair value, net of transaction costs that are directly attributable to the issuance of the financial liabilities. Subsequently, such financial liabilities are measured at amortized cost using the effective interest method, and interest expense is recognized using the effective interest method.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire. When the contractual terms of a financial liability are modified and the resulting cash flows are substantially different, the Group derecognizes the original financial liability and recognizes a new financial liability based on the new contractual terms at fair value. Upon derecognition of a financial liability, the difference between the carrying amount of the financial liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Employee benefits

(a) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to

POSCO and its subsidiaries
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be paid in exchange for that service as profit or loss. If the Group has a legal or constructive obligation which can be reliably measured, the Group recognizes the amount of expected payment for profit-sharing and bonuses payable as liabilities.

3. Material Accounting Policies (cont'd)

(b) Other long-term employee benefits

Other long-term employee benefits include employee benefits that are settled beyond 12 months after the end of the period in which the employees render the related service, and are calculated at the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, less the fair value of any related assets. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

(c) Retirement benefits: Defined contribution plans

For defined contribution plans, when an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as an accrued expense, after deducting any contributions already paid. If the contributions already paid exceed the contribution due for service before the end of the reporting period, the Group recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(d) Retirement benefits: Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method.

The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

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3. Material Accounting Policies (cont'd)

When the fair value of plan assets exceeds the present value of the defined benefit obligation, the Group recognizes an asset, to the extent of the present value of the total of cumulative any economic benefits available in the form of refunds from the plan or reduction in the future contributions to the plan.

Remeasurements of net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments, net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss in curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Provisions

A Provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for restoration regarding contamination of land is recognized in accordance with the Group's announced Environment Policy and legal requirement as needed.

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3. Material Accounting Policies (cont'd)

Emission rights

The Group accounts for greenhouse gases emission right and the relevant liability as follows pursuant to the Act on Allocation and Trading of Greenhouse Gas Emission Permits which became effective in Korea in 2015.

(a) Greenhouse gas emission right

Greenhouse gas emission rights consist of emission allowances which are allocated from the government free of charge and those purchased from the market. Emission allowances which are allocated from the government free of charge are measured and recognized as zero (0) and the cost includes any directly attributable costs incurred during the normal course of business.

Emission rights held for the purpose of performing the obligation are classified as intangible asset and initially measured at cost and subsequently carried at cost less accumulated impairment losses. The portion to be submitted to the government within one year from the reporting date is classified as current assets.

Green gas emission rights are derecognized when future economic benefits are not expected with the rights submitted to the government, sold or not available for sale any more.

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3. Material Accounting Policies (cont'd)

(b) Emission liability

Emission liability is a present obligation of submitting emission rights to the government with regard to emission of greenhouse gas. Emission liability is recognized when there is a probable of outflows of resources in performing the obligation and the costs required to perform the obligation are reliably estimable. Emission liability is an amount of estimated obligations for emission rights to be submitted to the government for the commitment period. The emission liability is measured based on the expected quantity of emission for the commitment period in excess of emission allowance in possession and the unit price for such emission rights in the market at the end of the reporting period. The emission liability is derecognized when submitted to the government.

The Group derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to government when the future economic benefits are no longer expected to be probable.

Revenue from contracts with customers

Revenue is measured based on the consideration promised in the contract with the customer. The Group recognizes revenue when the control over a good or service is transferred to the customer. The following are the revenue recognition policies for performance obligations in the contracts with customers in accordance with KIFRS 1115.

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3. Material Accounting Policies (cont'd)

(a) Sale of goods

The goods sold by the Group consist mainly of steel products.

For domestic sales, the control of the product is usually transferred to the customer when the product is delivered to the customer, at which point in time revenue is recognized. Invoices are generally due within 10 to 90 days. When a customer makes payment prior to the due date, they are offered a discount at certain percentage of the invoice amount.

For export sales, revenue is recognized at the time when control of the product is transferred to the customer based on the "International Incoterms for Interpretation of Trade Terms" in the respective contracts. The Group's export contracts typically stipulate transfer of control to the customer at the shipment of the products. Invoices are usually issued on the date of bill of lading and revenues are recognized based on the terms of Letter of Credit (L / C), Acceptance Condition (D / A), Payment Condition (D / P), Telegraphic Transfer (T / T) and others.

The Group offers certain discount when the customer makes payments prior to the due date in the invoice in accordance with the payment terms. The Group recognized revenue only to the extent that it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the credit term period elapses.

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3. Material Accounting Policies (cont'd)

(b) Transportation service

Revenue for the transportation services performance included in the Group's product sales contracts is recognized over the period when in which the services are provided. Revenue is measured by reference to the degree to which the service has been completed. The billing date and payment terms for the service charge are the same as those for the sale of goods.

Finance income and finance costs

The Group's finance income and finance costs include:

- *interest income;*
- *interest expense;*
- *dividend income;*
- *the foreign currency gain or loss on financial assets and financial liabilities;*
- *the net gain or loss on financial assets measured at fair value through profit or loss; and*
- *the net gain or loss on the disposal of investments in debt securities measured at fair value through other comprehensive income.*

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

POSCO and its subsidiaries
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3. Material Accounting Policies (cont'd)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Group recognizes interest and penalties related to corporate tax as if it is applicable to the income taxes, the Group applies KIFRS 1012 Income Taxes, if it is not applicable to the income taxes, the Group applies KIFRS 1037 Provisions Contingent Liabilities and Contingent Assets.

(a) Current income tax

Current income tax is the expected income tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit of future periods, and non-taxable or non-deductible items from the accounting profit.

The Group offsets current tax assets and current tax liabilities if, and only if, the Group:

- has a legally enforceable right to set off the recognized amounts; and*
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.*

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3. Material Accounting Policies (cont'd)

(b) Deferred income tax

The measurement of deferred income tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Group recognizes a deferred income tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes a deferred income tax asset for deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

A deferred income tax asset is recognized for the carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilized. The future taxable profit depends on reversing taxable temporary differences. When there are insufficient taxable temporary differences, the probability of future taxable profit (including the reversal of temporary differences) should be considered.

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3. Material Accounting Policies (cont'd)

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current income tax liabilities and assets on a net basis.

Standards issued but not yet adopted

New and amended standards that have been issued but are not yet effective are set out below. The Group has not early adopted the following new and amended standards in preparing these consolidated financial statements.

*(a) Amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments:
Disclosures – Classification and measurement of financial instruments*

The amendments to KIFRS 1109 and KIFRS 1107 relating to the classification and measurement of financial instruments include the following:

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3. Material Accounting Policies (cont'd)

- *clarification introducing an accounting policy choice (subject to certain conditions being met) to derecognize financial liabilities settled through an electronic payment system before the settlement date, as well as financial liabilities that are derecognized on the settlement date;*
- *additional guidance on how to assess the contractual cash flows of financial assets with ESG-linked or similar features;*
- *clarification of what constitutes non-recourse features and of the characteristics of contractually linked instruments; and*
- *introduction of additional disclosure requirements for financial instruments with contingent features and for equity instruments designated at fair value through other comprehensive income.*

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

(b) KIFRS Annual Improvements, Volume 11

KIFRS Annual Improvements, Volume 11, were issued to improve consistency across standards, clarify ambiguous wording and enhance understandability. The improvements include amendments to the following standards:

- *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*

These amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted and must be disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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3. Material Accounting Policies (cont'd)

(c) Amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures – Contracts related to nature-dependent electricity

Amendments to KIFRS 1109 and KIFRS 1107 relating to contracts for nature-dependent electricity have been issued. The key aspects of the amendments include the following:

- 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.**

These amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted and must be disclosed. Amendments related to the ‘own-use’ exception are applied retrospectively, while amendments related to hedge accounting are applied prospectively to new hedge relationships designated on or after the date of initial application. In addition, the disclosure amendments to KIFRS 1107 must be applied together with the amendments to KIFRS 1109, and comparative information for disclosures is not required if comparative information is not restated.

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3. Material Accounting Policies (cont'd)

These amendments are not expected to have a material impact on the Group's consolidated financial statements.

(d) KIFRS 1118 Presentation and Disclosure in Financial Statements

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

KIFRS 1118 also requires disclosure of newly defined management-defined performance measures (MPMs) and intermediate subtotals of income and expenses, and introduces new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. As a result of the issuance of KIFRS 1118, narrow-scope amendments have also been made to KIFRS 1007 Statement of Cash Flows. For example, under the indirect method, the starting point for operating cash flows will change from profit or loss for the period to operating profit or loss, and the options for classifying cash flows arising from dividends and interest will be removed. In addition, consequential amendments have been made to several other standards.

KIFRS 1118 and the related amendments to other standards are effective for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted and must be disclosed. KIFRS 1118 is required to be applied retrospectively on initial application.

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3. Material Accounting Policies (cont'd)

The Group is currently assessing the impact of these amendments on its primary financial statements and notes. Items that are expected to have a material impact on the Group's consolidated financial statements upon initial application include the following:

- *rental income, changes in the fair value of investment property, and the share of profit or loss of associates and joint ventures will be classified within the investing category in the statement of profit or loss;*
- *foreign exchange differences will be classified in the same category as the income and expenses arising from the items that give rise to those foreign exchange differences;*
- *the following new disclosures will be required:*
 - Ⓐ *management-defined performance measures (MPMs);*
 - Ⓑ *specified expenses by nature when expenses in the operating category of the statement of profit or loss are presented by function; and*
 - Ⓒ *reconciliations showing the differences between amounts presented under KIFRS 1118 and those presented under KIFRS 1001 for each line item presented separately in the statement of profit or loss; and*
- *in the statement of cash flows, interest received and interest paid will be classified as investing activities and financing activities, respectively.*

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4. Risk management

The Group has exposure to the following risks from its use of financial instruments:

- *credit risk;*
- *liquidity risk;*
- *market risk; and*
- *capital risk.*

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Financial risk management

1) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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4. Risk management (cont'd)

2) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. In addition, credit risk arises from finance guarantees.

The Group implements a credit risk management policy under which the Group only transacts business with counterparties that have a certain level of credit rate evaluated based on financial condition, historical experience, and other factors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of a nation or an industry in which a customer operates its business does not have a significant influence on credit risk. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for companies of similar assets in respect of losses that have been incurred.

Credit risk also arises from transactions with financial institutions, and such transactions include transactions of cash and cash equivalents, various deposits, and financial instruments such as derivative contracts. The Group manages its exposure to this credit risk by only entering into transactions with banks that have high international credit ratings. The Group's treasury department authorizes, manages, and oversees new transactions with financial institutions with whom the Group has no previous relationship.

Furthermore, the Group limits its exposure to credit risk of financial guarantee contracts by strictly evaluating their necessity based on internal decision making processes, such as the approval of the Board of Directors.

4. Risk management (cont'd)

3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's cash flow from business, borrowing or financing is sufficient to meet the cash requirements for the Group's strategic investments. Management believes that the Group is capable of raising funds by borrowing or financing if the Group is not able to generate cash flow requirements from its operations. The Group has committed borrowing facilities with various banks.

4) Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The goal of market risk management is optimization of profit and controlling the exposure to market risk within acceptable limits.

4. Risk management (cont'd)

① **Currency risk**

The Group's policy in respect of foreign currency risks is a natural hedge whereby foreign currency income is offset with foreign currency expenditures. The remaining net exposures after the natural hedge have been hedged using derivative contracts such as forward exchange contracts. In addition, the Group's derivative transactions are limited to hedging actual foreign currency transactions and speculative hedging is not permitted. Based on this policy, the Group has performed currency risk management specific to various characteristics of different segments. The Group reduces the foreign currency exposure by repayment of foreign currency borrowings subjected to investment in overseas when its maturities come.

② **Interest rate risk**

The Group manages the exposure to interest rate risk by adjusting of borrowing structure ratio between borrowings at fixed interest rate and variable interest rate. The Group monitors interest rate risks regularly in order to avoid exposure to interest rate risk on borrowings at variable interest rate.

③ **Market price risk**

Equity price risk arises from fluctuation of market price of listed equity securities. Management of the Group measures regularly the fair value of listed equity securities and the risk of variance in future cash flow caused by market price fluctuations. Significant investments are managed separately and all buy and sell decisions are approved by management of the Group.

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Notes to the consolidated financial statements, continued
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4. Risk management (cont'd)

(b) Management of capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's capital structure consists of net borrowings, which is the borrowings less cash and cash equivalents. Details of the net borrowing-to-equity ratio as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Total borrowings</i>	<i>₩</i>	<i>9,777,743</i>	<i>10,834,806</i>
<i>Less: Cash and cash equivalents</i>		<u><i>2,700,455</i></u>	<u><i>2,435,951</i></u>
<i>Net borrowings</i>		<i>7,077,288</i>	<i>8,398,855</i>
<i>Total equity</i>	<i>₩</i>	<i>34,193,497</i>	<i>33,367,399</i>
<i>Net borrowings-to-equity ratio</i>		<i>20.70%</i>	<i>25.17%</i>

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5. Cash and Cash Equivalents

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

(in millions of Won)		<u>2025</u>	<u>2024</u>
Cash	₩	360	406
Demand deposits and checking accounts(*1)		203,502	29,748
Time deposits		911,217	1,466,289
Other cash equivalents		1,585,376	939,508
	₩	<u>2,700,455</u>	<u>2,435,951</u>

5. Cash and Cash Equivalents (cont'd)

(*1) As of December 31, 2025 and 2024, cash and cash equivalents of ₩3,364 million and ₩1,845 million, respectively, are restricted for use in connection with government entrustments.

6. Trade Accounts and Notes Receivable

Details of trade accounts and notes receivable as of December 31, 2025 and 2024 are as follows:

(in millions of Won)		<u>2025</u>	<u>2024</u>
Current			
Trade accounts and notes receivable	₩	4,561,578	4,884,992
Unbilled construction revenue		787	-
Less: Allowance for doubtful accounts		(16,205)	(16,458)
	₩	<u>4,546,160</u>	<u>4,868,534</u>
Non-current			
Trade accounts and notes receivable	₩	34,441	30,078
Less: Present value discount		(1,501)	(316)
Less: Allowance for doubtful accounts		(18,742)	(19,128)
	₩	<u>14,198</u>	<u>10,634</u>

The Group discounted its trade receivables in accordance with factoring agreement entered into with financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position because the Group retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of December 31, 2025 and 2024, the carrying amount of such trade accounts and notes receivable was ₩406,409 million and ₩56,079 million, respectively, and the amounts

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received on transfer are presented in the statements of financial position as short-term borrowings (see Note 16).

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7. Other Receivables

(a) Details of other receivables as of December 31, 2025 and 2024, are as follows:

(in millions of Won)		<u>2025</u>	<u>2024</u>
Current			
Loans	₩	39,610	25,683
Other accounts receivable		532,118	647,592
Lease receivables		12,767	12,121
Accrued income		178,999	177,763
Others		5,373	3,947
Less: Allowance for doubtful accounts		<u>(3,379)</u>	<u>(3,814)</u>
	₩	<u>765,488</u>	<u>863,292</u>
Non-current			
Loans	₩	42,813	56,452
Other accounts receivable		7,593	9,156
Accrued income		181,979	188,089
Deposits		64,731	59,034
Lease receivables		37,737	46,568
Less: Allowance for doubtful accounts		<u>(42,511)</u>	<u>(25,710)</u>
	₩	<u>292,342</u>	<u>333,589</u>

(b) Other receivables include finance lease receivables and details of lease receivables for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Won)			<u>2025</u>	<u>2024</u>
Customer	Leased items			
Pohang University of Science and Technology	Lease contract	₩	7,267	7,429
Korea Business Angels Association	Lease contract		1,563	2,090
POSCO FUTURE MCO.,LTD.	Lease contract		<u>41,674</u>	<u>49,170</u>
		₩	<u>50,504</u>	<u>58,689</u>

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Notes to the consolidated financial statements, continued
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7. Other Receivables (cont'd)

(c) As of December 31, 2025 and 2024, details of the total lease investment and net lease investment by maturity are as follows:

<i>(in millions of Won)</i>	<u>2025</u>	<u>2024</u>
<i>Less than 1 year</i>	W 15,727	14,155
<i>1 year 3 years</i>	27,440	41,627
<i>3 years 5 years</i>	1,639	919
<i>Over 5 years</i>	13,583	9,905
<i>Undiscounted lease payments</i>	<u>58,389</u>	<u>66,606</u>
<i>Unrealized interest income</i>	<u>(7,885)</u>	<u>(7,917)</u>
<i>Present value of minimum lease payment</i>	<u>W 50,504</u>	<u>58,689</u>

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8. Other Financial Assets

(a) Details of other financial assets as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Current			
Derivative assets	₩	181,720	301,242
Debt securities		697,041	400,000
Deposit instruments(*1,2)		2,488,892	2,977,402
Short-term financial instruments		318,097	413,976
	₩	<u>3,685,750</u>	<u>4,092,620</u>
Non-current			
Derivative assets	₩	329,877	453,652
Equity securities		729,113	468,418
Debt securities		-	3,217
Other securities(*3)		10,983	10,091
Deposit instruments(*1)		144	123
Long-term financial instruments(*1)		2	213
	₩	<u>1,070,119</u>	<u>935,714</u>

(*1) As of December 31, 2025 and 2024, financial instruments amounting to ₩351 million and ₩369 million, respectively, are restricted in use for financial arrangements, pledge and others.

(*2) As of December 31, 2025 and 2024, ₩283,700 million and ₩288,700 million, respectively, are restricted in use in connection with the Group's participation in the shared growth fund.

(*3) As of December 31, 2025 and 2024, ₩1,240 million and ₩213 million, of other securities, respectively, have been provided as collateral for business of automation of packaging facilities.

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Notes to the consolidated financial statements, continued
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8. Other Financial Assets (cont'd)

(b) Details of equity securities as of December 31, 2025 and 2024 are as follows:

(in millions of Won)	2025					2024	
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
Marketable equity securities							
SANWONSTEEL Co., Ltd.	5,700,000	14.25	14,878	13,680	(1,198)	13,680	13,367
YODOKO, Ltd	3,000,000	1.72	13,842	37,467	23,625	37,467	31,522
DONGKUK INDUSTRIES CO., LTD.	2,611,989	4.82	12,852	7,131	(5,721)	7,131	11,571
PT. Krakatau Steel	236,625,000	1.22	6,876	6,927	51	6,927	2,177
AJUSTEEL Co., Ltd.	510,000	1.32	4,600	1,701	(2,899)	1,701	1,981
dhSteel	1,564,296	7.21	4,224	2,059	(2,165)	2,059	698
Woori Financial Group Inc.	20,280,000	2.76	261,638	567,840	306,202	567,840	311,704
Others (5 companies)			14,616	10,594	(4,022)	10,594	12,731
			333,526	647,399	313,873	647,399	385,751
Non-marketable equity securities							
TAECHANG STEEL	99,999	10.99	8,845	8,845	-	8,845	8,845
Pinetree PosMagnesium Co., Ltd.	11,144,000	19.90	8,794	8,794	-	8,794	8,794
WINSTEEL CO.	342,577	10.00	8,060	8,060	-	8,060	8,060
KOH-A JUNG GONG CO., LTD.	490,000	19.84	7,573	7,573	-	7,573	7,573
POONGSAN SPECIAL METAL CO., LTD.	315,790	5.00	7,556	7,556	-	7,556	7,556
DK Corporation	55,000	4.91	7,446	7,446	-	7,446	7,446
DaeSung SnM Co., Ltd.	50,567	8.21	7,237	7,237	-	7,237	7,237
Others (19 companies)			29,166	26,203	(2,963)	26,203	27,156
			84,677	81,714	(2,963)	81,714	82,667
			W 418,203	729,113	310,910	729,113	468,418

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9. Inventories

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

<i>(in millions of Won)</i>	<u>2025</u>	<u>2024</u>
<i>Finished goods</i>	₩ 2,144,231	2,178,803
<i>Merchandise</i>	104,713	39,832
<i>Semi-finished goods</i>	2,336,842	2,162,964
<i>Raw materials</i>	2,215,694	2,515,302
<i>Fuel and materials</i>	852,647	790,243
<i>Materials-in-transit</i>	1,628,329	1,791,284
<i>Others</i>	40,882	28,374
	<u>9,323,338</u>	<u>9,506,802</u>
<i>Less: Allowance for inventories valuation</i>	<u>(103,222)</u>	<u>(59,135)</u>
	<u>₩ 9,220,116</u>	<u>9,447,667</u>

(b) Details of allowance for inventories valuation as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>	<u>2025</u>	<u>2024</u>
<i>Finished goods</i>	₩ 47,243	49,059
<i>Merchandise</i>	1,322	289
<i>Semi-finished goods</i>	9,081	1,984
<i>Raw materials</i>	42,572	7,628
<i>Others</i>	3,004	175
	<u>₩ 103,222</u>	<u>59,135</u>

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9. Inventories (cont'd)

(c) Changes in allowance for inventories valuation for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Beginning</i>	₩	59,135	58,225
<i>Loss on valuation of inventories</i>		101,911	52,893
<i>Utilization on sale</i>		(59,135)	(58,225)
<i>Business combination</i>		1,270	2,518
<i>Others</i>		41	3,724
<i>Ending</i>	₩	<u>103,222</u>	<u>59,135</u>

10. Assets held for sale

Details of assets held for sales as of December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>
<i>Property, plant and equipment, net</i>	₩	206

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11. Investments in Associates

(a) Details of investments in associates as of December 31, 2025 and 2024 are as follows:

(in millions of Won)

		<u>2025</u>	<u>2024</u>
Investments in associates	₩	136,844	70,599

(b) Details of investments in associates as of December 31, 2025 and 2024 are as follows:

(in millions of Won)

Company	<u>2025</u>			<u>2024</u>	
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
[Domestic]					
DAEHO GLOBAL MANAGEMENT CO., LTD.	71,648	35.82	₩ 4,108	5,490	4,502
Pohang Special Welding Co.,Ltd.	400,000	50.00	3,111	4,027	4,121
FEWMCO., LTD.	1,015,385	40.00	12,800	12,836	-
POSCO CVC 1st Fund(*1)	-	80.00	800	526	-
			<u>20,819</u>	<u>22,879</u>	<u>8,623</u>
[Foreign]					
POSK(Pinghu) Steel Processing Center Co., Ltd.	-	20.00	2,313	892	410
LLP POSUK TITANIUM	-	33.90	10,068	10,951	11,428
POSCO (SUZHOU) STEEL PROCESSING CENTER CO.,LTD.	-	-	-	-	4,752
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	-	-	-	-	9,932
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	-	30.00	6,206	3,950	4,151
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD(*2)	-	17.50	2,885	1,833	2,919
POSCO Vietnam Processing Center Co.,Ltd(*2)	6,544,366	9.17	12,101	14,692	14,177
SAMHWAN VINA CO., LTD(*2)	1,890,000	17.26	2,039	5,859	6,838
MRES NSW HCC II Pty Ltd(*3)	48,000,000	61.54	68,861	67,482	-
Others (5 companies)	-	-	10,429	8,306	7,369
			<u>114,902</u>	<u>113,965</u>	<u>61,976</u>
			<u>₩ 135,721</u>	<u>136,844</u>	<u>70,599</u>

(*1) As of December 31 2025, the Group has determined that it has significant influence even though the Group's percentage of ownership is more than 50% considering the control ability of a limited partner.

(*2) As of December 31 2025, it was classified as an associate even though the Group's ownership percentage is less than 20%, considering the Group's significant influence over the investee when it comes to the composition of its Board of Directors and others.

(*3) As of December 31 2025, it was classified as an associate even though the Group's ownership percentage is more than 50%, considering the Group's significant influence over the investee when it comes to the composition of its Board of Directors and others.

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11. Investments in Associates (cont'd)

(c) Changes in investments in associates for the year ended December 31, 2025 are as follows:

(in millions of Won)

Company	December 31, 2024, Book value	Acquisition	Dividend received	Share of profits (losses)	Excluded	Others increase (decrease)(*1)	December 31, 2025, Book value
[Domestic]							
DAEHO GLOBAL MANAGEMENT CO., LTD.	W 4,502	-	-	61	-	927	5,490
Pohang Special Welding Co., Ltd.	4,121	-	-	(96)	-	2	4,027
FEWIMCO, LTD.	-	12,800	-	65	-	(29)	12,836
POSCO CVC 1st Fund	-	800	-	(274)	-	-	526
	<u>8,623</u>	<u>13,600</u>	<u>-</u>	<u>(244)</u>	<u>-</u>	<u>900</u>	<u>22,879</u>
[Foreign]							
POSK(Pinghu) Steel Processing Center Co., Ltd.	410	-	-	455	-	27	892
LLP POSUK TITANIUM	11,428	-	-	(321)	-	(156)	10,951
POSCO (SUZHOU) STEEL PROCESSING CENTER CO.,LTD	4,752	-	-	88	(4,509)	(331)	-
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD	9,932	-	-	(3,740)	(4,446)	(1,746)	-
POSCO-SANSUNG-SLOVAKIA PROCESSING CENTER	4,151	-	-	(630)	-	429	3,950
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD	2,919	-	(666)	(428)	-	8	1,833
POSCO Vietnam Processing Center Co.,Ltd	14,177	-	(163)	951	-	(273)	14,692
SAMHWAN VINA CO., LTD	6,838	-	(1,001)	436	-	(414)	5,859
MRES NSW HCC II Pty Ltd	-	68,861	-	(2,207)	-	828	67,482
Others (5 companies)	7,369	-	-	279	-	658	8,306
	<u>61,976</u>	<u>68,861</u>	<u>(1,830)</u>	<u>(5,117)</u>	<u>(8,955)</u>	<u>(970)</u>	<u>113,965</u>
W	<u>70,599</u>	<u>82,461</u>	<u>(1,830)</u>	<u>(5,361)</u>	<u>(8,955)</u>	<u>(70)</u>	<u>136,844</u>

(*1) Other increase (decrease) represents the changes in investments in associates and joint ventures due to change in capital adjustments effect from accumulated other comprehensive income and others for the year ended December 31, 2025.

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11. Investments in Associates (cont'd)

(d) The summarized financial information on associates and joint ventures as of and for each of the two years in the period ended December 31, 2025 are as follows:

1) As of and for the year ended December 31, 2025

(in millions of Won)

Company		Assets	Liabilities	Equity	Sales	Net income (loss)
[Domestic]						
DAEHO GLOBAL MANAGEMENT CO., LTD.	₩	21,158	270	20,888	-	170
Pohang Special Welding Co.,Ltd.		10,080	2,542	7,538	5,731	(191)
FEWMCO., LTD.		19,561	11,571	7,990	13,294	161
POSCO CVC 1st Fund		658	-	658	-	(342)
[Foreign]						
POSK(Pinghu) Steel Processing Center Co., Ltd.		6,695	1,242	5,453	4,392	2,276
LLP POSUK TITANIUM		74,753	58,263	16,490	5,163	(947)
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER		53,783	39,228	14,555	80,446	(1,550)
ZHANGJAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD		29,033	15,053	13,980	53,434	(2,369)
POSCO Vietnam Processing Center. Co.,Ltd		248,102	109,499	138,603	593,802	10,364
SANHWAN VINA CO., LTD		28,731	2,362	26,369	26,710	2,445
MRES NSW HCC II Pty Ltd		109,139	3	109,136	-	(2,761)

2) As of and for the year ended December 31, 2024

(in millions of Won)

Company		Assets	Liabilities	Equity	Sales	Net income (loss)
[Domestic]						
DAEHO GLOBAL MANAGEMENT CO., LTD.	₩	18,400	269	18,131	-	1,284
Pohang Special Welding Co., Ltd.		10,073	2,346	7,727	6,021	(187)
[Foreign]						
POSK(Pinghu) Steel Processing Center Co., Ltd.		4,478	1,435	3,043	782	(3,623)
LLP POSUK TITANIUM		71,619	53,748	17,871	36,385	796
POSCO (SUZHOU) STEEL PROCESSING CENTER CO.,LTD.		15,095	1,280	13,815	11,565	6,797
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.		98,195	37,710	60,485	104,495	(31,480)
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER		41,208	26,533	14,675	74,377	(3,415)
ZHANGJAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD		29,090	8,911	20,179	59,552	(248)
POSCO Vietnam Processing Center. Co.,Ltd		267,778	134,759	133,019	637,594	5,307
SANHWAN VINA CO., LTD		33,551	2,413	31,138	39,324	3,636

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12. Investment Property, Net

(a) Details of investment properties as of December 31, 2025 and 2024 are as follows:

(in millions of Won)		2025			2024		
		Acquisition cost	Accumulated depreciation and accumulated impairment loss	Book value	Acquisition cost	Accumulated depreciation and accumulated impairment loss	Book value
Land	₩	81	-	81	81	-	81
Buildings		7,260	(3,634)	3,626	7,260	(3,283)	3,977
Structures		1,749	(858)	891	1,749	(771)	978
Right-of-use assets		80,367	(55,960)	24,407	77,044	(27,018)	50,026
	₩	89,457	(60,452)	29,005	86,134	(31,072)	55,062

As of December 31, 2025, the fair values of investment properties approximate their carrying amounts.

(b) Changes in the carrying amounts of investment properties for each of the two years in the period ended December 31, 2025 are as follows:

1) For the year ended December 31, 2025

(in millions of Won)		Beginning	Depreciation(*1)	Others(*2)	Ending
Land	₩	81	-	-	81
Buildings		3,977	(351)	-	3,626
Structures		978	(87)	-	891
Right-of-use assets		50,026	(28,942)	3,323	24,407
	₩	55,062	(29,380)	3,323	29,005

(*1) The useful life and depreciation method of investment property are identical to those of property, plant and equipment.

(*2) Others include reclassification resulting from changes in rental ratio of the assets provided under sublease by the Group.

POSCO and its subsidiaries
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12. Investment Property, Net (cont'd)

2) For the year ended December 31, 2024

(in millions of Won)		Beginning	Depreciation(*1)	Others(*2)	Ending
Land	₩	81	-	-	81
Buildings		4,328	(351)	-	3,977
Structures		1,065	(87)	-	978
Right-of-use assets		75,072	(27,018)	1,972	50,026
	₩	80,546	(27,456)	1,972	55,062

(*1) The useful life and depreciation method of investment property are identical to those of property, plant and equipment.

(*2) Others include reclassification resulting from changes in rental ratio of the assets provided under sublease by the Group.

13. Property, Plant and Equipment, Net

(a) Details of property, plant and equipment as of December 31, 2025 and 2024 are as follows:

(in millions of Won)	2025					2024				
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Government grants	Book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Government grants	Book value
Land	₩ 1,942,768	-	-	-	1,942,768	1,900,497	-	-	-	1,900,497
Buildings	8,730,013	(5,577,885)	(107,199)	(3,182)	3,041,747	8,142,941	(5,326,425)	(109,050)	(3,275)	2,704,191
Structures	6,872,842	(4,026,209)	(58,678)	-	2,787,955	6,642,258	(3,779,983)	(58,396)	-	2,803,879
Machinery and equipment	51,352,698	(36,679,147)	(587,895)	(40)	14,085,616	49,923,972	(34,983,913)	(596,277)	(44)	14,343,738
Vehicles	349,313	(299,076)	(855)	(1,479)	47,903	326,997	(274,063)	(894)	(2,172)	49,868
Tools	342,672	(282,461)	(4,491)	-	55,720	329,657	(267,447)	(4,572)	-	57,638
Furniture and fixtures	514,766	(403,997)	(3,667)	(9)	107,093	454,365	(361,483)	(3,786)	(13)	89,083
Right-of-use assets	1,291,746	(745,295)	(2,914)	-	543,537	1,305,848	(668,274)	(1,918)	-	635,656
Construction-in-progress	2,109,106	-	(27,465)	(4,092)	2,077,549	2,651,919	-	(41,153)	-	2,610,766
	₩ 73,505,324	(48,014,070)	(793,164)	(8,802)	24,689,888	71,678,454	(45,661,588)	(816,046)	(5,504)	25,195,316

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13. Property, Plant and Equipment, Net (cont'd)

(b) Changes in the carrying amounts of property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

1) For the year ended December 31, 2025

(in millions of Won)		Beginning	Acquisitions	Business Combination	Disposals	Depreciation	Impairment(*2)	Others(*1)	Ending
Land	₩	1,900,497	-	15,456	(27)	-	-	26,842	1,942,768
Buildings		2,704,191	12,138	11,364	(9,142)	(260,730)	(280)	584,206	3,041,747
Structures		2,803,879	2,081	1,499	(1,214)	(254,822)	(5,434)	241,966	2,787,955
Machinery and equipment		14,343,738	59,734	9,560	(14,435)	(2,079,666)	(56,815)	1,823,500	14,085,616
Vehicles		49,868	3,930	57	(349)	(27,889)	-	22,286	47,903
Tools		57,638	11,250	24	(142)	(22,649)	-	9,599	55,720
Furniture and fixtures		89,083	8,761	2,252	(488)	(47,110)	(3)	54,598	107,093
Right-of-use assets		635,656	15,322	420	-	(98,149)	-	(9,712)	543,537
Construction-in-progress		2,610,766	2,316,159	6,926	(76)	-	(8,081)	(2,848,145)	2,077,549
	₩	<u>25,195,316</u>	<u>2,429,375</u>	<u>47,558</u>	<u>(25,873)</u>	<u>(2,791,015)</u>	<u>(70,613)</u>	<u>(94,860)</u>	<u>24,689,888</u>

(*1)Others represent assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, reclassifications resulting from changing purpose of use, right-of-use assets transferred to investment properties, adjustments of foreign currency translation differences and others.

(*2)For the year ended December 31, 2025, the Group recognized an impairment loss of ₩70,613 million on individual assets, including the 3FINEX factory in Pohang, which had been shut down, based on the estimated recoverable amount at net fair value.

POSCO and its subsidiaries
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13. Property, Plant and Equipment, Net (cont'd)

2) For the year ended December 31, 2024

(in millions of Won)		Beginning	Acquisitions	Business Combination	Disposals	Depreciation	Impairment(*2)	Others(*1)	Ending
Land	₩	1,780,406	-	36,363	(130)	-	-	83,858	1,900,497
Buildings		2,454,512	1,375	210,065	(528)	(234,934)	(10,390)	284,091	2,704,191
Structures		2,330,140	4,597	50,627	(3,777)	(237,531)	(16,701)	676,524	2,803,879
Machinery and equipment		13,132,289	57,852	361,614	(21,889)	(2,037,558)	(178,800)	3,030,230	14,343,738
Vehicles		40,918	4,611	3,554	(347)	(27,384)	-	28,516	49,868
Tools		52,893	7,477	4,481	(210)	(21,164)	(24)	14,185	57,638
Furniture and fixtures		95,364	7,573	4,986	(889)	(36,982)	(216)	19,247	89,083
Right-of-use assets		637,589	30,675	27,493	(4,144)	(88,210)	-	32,253	635,656
Construction-in-progress		3,077,468	3,261,280	2,226	(1,587)	-	(17,718)	(3,710,903)	2,610,766
	₩	<u>23,601,579</u>	<u>3,375,440</u>	<u>701,409</u>	<u>(33,501)</u>	<u>(2,683,763)</u>	<u>(223,849)</u>	<u>458,001</u>	<u>25,195,316</u>

(*1)Others represent assets transferred from construction-in-progress to property, plant and equipment, reclassifications resulting from changes in the purpose of use, right-of-use assets transferred to investment properties, adjustments of foreign currency translation differences and others.

(*2)The Group estimated the recoverable amount after calculating the net fair value of individual assets whose operation was suspended due to operation plan changes, such as steelmaking plant no. 1 and blast furnace no. 4 in Pohang, and recognized an impairment loss of ₩223,849 million for property, plant and equipment for the year ended December 31, 2024.

(c) Details of borrowing costs capitalized and the capitalized interest rate for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Won)		<u>2025</u>	<u>2024</u>
Weighted average expenditure	₩	1,168,849	1,918,316
Borrowing costs capitalized		55,087	90,333
Capitalization rate		4.71%	4.71%

POSCO and its subsidiaries
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13. Property, Plant and Equipment, Net (cont'd)

(d) Details of property, plant and equipment and investment property pledged as collateral for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Won)

	Collateral right holder		Book value	
			2025	2024
Land	Korea Development Bank and others	₩	15,820	11,047
Buildings and structures	Korea Development Bank and others		175,943	181,184
Machinery and equipment	Korea Development Bank		437,997	481,436
		₩	<u>629,760</u>	<u>673,667</u>

In relation to the borrowings, etc., the Group's property, plant and equipment has been provided as collateral, and the pledged amount is ₩773,357 million.

(e) Changes in the carrying amounts of right-of-use assets presented as property, plant and equipment and investment property for each of the two years in the period ended December 31, 2025 are as follows:

1) For the year ended December 31, 2025

(in millions of Won)	Beginning	Acquisitions	Business Combination	Depreciation	Others	Ending
Land	₩ 61,959	10	-	(1,740)	(3,606)	56,623
Buildings and structures	196,076	8,887	188	(70,031)	3,073	138,193
Machinery and equipment	242,908	89	-	(28,462)	(5,155)	209,380
Vehicles	9,205	5,505	39	(5,845)	1,391	10,295
Ships	160,002	-	-	(16,049)	-	143,953
Furniture and fixtures	15,532	831	193	(4,964)	(2,092)	9,500
	₩ 685,682	15,322	420	(127,091)	(6,389)	567,944

2) For the year ended December 31, 2024

(in millions of Won)	Beginning	Acquisitions	Business Combination	Depreciation	Others	Ending
Land	₩ 52,186	-	6,157	(1,124)	4,740	61,959
Buildings and structures	236,687	16,465	525	(62,475)	4,874	196,076
Machinery and equipment	224,120	2,171	19,801	(25,042)	21,858	242,908
Vehicles	10,361	3,115	185	(4,977)	521	9,205
Ships	176,687	-	-	(16,685)	-	160,002
Furniture and fixtures	12,620	8,924	825	(4,926)	(1,911)	15,532
	₩ 712,661	30,675	27,493	(115,229)	30,082	685,682

POSCO and its subsidiaries
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13. Property, Plant and Equipment, Net (cont'd)

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

<i>(in millions of Won)</i>	<u>2025</u>	<u>2024</u>
<i>Interest on lease liabilities</i>	₩ 51,035	53,429
<i>Expenses relating to short-term leases</i>	9,760	13,422
<i>Expenses relating to leases of low-value assets</i>	7,669	7,855
	<u>₩ 68,464</u>	<u>74,706</u>

POSCO and its subsidiaries
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14. Intangible Assets, Net

(a) Details of intangible assets as of December 31, 2025 and 2024 are as follows:

(in millions of Won)

		2025			2024		
		Acquisition cost	Accumulated amortization and impairment loss	Book value	Acquisition cost	Accumulated amortization and impairment loss	Book value
Goodwill	₩	39,378	-	39,378	-	-	-
Intellectual property rights		83,438	(64,376)	19,062	79,083	(58,420)	20,663
Membership		90,555	(3,680)	86,875	89,622	(3,720)	85,902
Development expense		912,710	(706,130)	206,580	717,828	(648,488)	69,340
Port facilities usage rights(*1)		682,305	(529,732)	152,573	681,386	(514,013)	167,373
Construction-in-progress		64,382	-	64,382	106,029	-	106,029
Other intangible assets		334,440	(309,926)	24,514	322,598	(304,913)	17,685
	₩	<u>2,207,208</u>	<u>(1,613,844)</u>	<u>593,364</u>	<u>1,996,546</u>	<u>(1,529,554)</u>	<u>466,992</u>

(*1) In accordance with the Enforcement Decree of the Industrial Sites and Development Act, the Group completed the construction of dedicated berths through consultations with the Pohang, Gwangyang and Pyeongtaek Regional Offices of Oceans and Fisheries, and subsequently donated such facilities to the government. The Group obtained the right to use the port facilities free of charge from the completion date until the cumulative usage fees reach the total construction cost, and recognized such port facility usage rights as intangible assets. As of December 31, 2025 and 2024, there are no outstanding payables related to the port facility usage rights.

(b) Changes in the carrying amounts of intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

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14. Intangible Assets, Net (cont'd)

1) For the year ended December 31, 2025

(in millions of Won)

		Beginning	Acquisitions	Business Combination	Disposals	Amortization	Impairment	Others(*2)	Ending
Goodwill	₩	-	-	39,378	-	-	-	-	39,378
Intellectual property rights		20,663	11	20	-	(6,385)	-	4,753	19,062
Membership(*1)		85,902	1,102	-	(89)	-	(11)	(29)	86,875
Development expense		69,340	1,151	-	-	(29,424)	-	165,513	206,580
Port facilities usage rights		167,373	-	-	-	(14,800)	-	-	152,573
Construction-in-progress		106,029	128,648	389	(2)	-	-	(170,682)	64,382
Other intangible assets		17,685	2,238	9,605	(10)	(7,286)	-	2,282	24,514
	₩	<u>466,992</u>	<u>133,150</u>	<u>49,392</u>	<u>(101)</u>	<u>(57,895)</u>	<u>(11)</u>	<u>1,837</u>	<u>593,364</u>

(*1) Economic useful life of membership is indefinite.

(*2) Others represent assets transferred from construction-in-progress to intangible assets and adjustments of foreign currency translation difference and others.

2) For the year ended December 31, 2024

(in millions of Won)

		Beginning	Acquisitions	Business Combination	Disposals	Amortization	Impairment loss	Others(*2)	Ending
Intellectual property rights	₩	15,782	197	-	(235)	(8,581)	-	13,500	20,663
Membership(*1)		85,803	68	-	(64)	-	(11)	106	85,902
Development expense		100,261	5,073	-	(22)	(58,089)	(597)	22,714	69,340
Port facilities usage rights		182,173	-	-	-	(14,800)	-	-	167,373
Construction-in-progress		47,954	95,388	-	(36)	-	-	(37,277)	106,029
Other intangible assets		15,647	926	589	(24)	(6,202)	-	6,749	17,685
	₩	<u>447,620</u>	<u>101,652</u>	<u>589</u>	<u>(381)</u>	<u>(87,672)</u>	<u>(608)</u>	<u>5,792</u>	<u>466,992</u>

(*1) Economic useful life of membership is indefinite.

(*2) Others represent assets transferred from construction-in-progress to intangible assets and adjustments of foreign currency translation difference and others.

15. Other Assets

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

(in millions of Won)

		2025	2024
Current			
Advance payments	₩	53,878	22,273
Prepaid expenses		89,503	122,878
Others		754	542
	₩	<u>144,135</u>	<u>145,693</u>
Non-current			
Long-term advance payments	₩	15,303	380
Long-term prepaid expenses		3,982	5,421
Others		6,563	29,046
	₩	<u>25,848</u>	<u>34,847</u>

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16. Borrowings

(a) Details of short-term borrowings and current portion of long-term borrowings and others as of December 31, 2025 and 2024 are as follows:

(in millions of Won)	<u>Lenders</u>	<u>Maturity date</u>	<u>Interest rate (%)</u>		<u>2025</u>	<u>2024</u>
Short-term borrowings						
Bank overdrafts	JP Morgan	January, 2026~ December, 2026	3.40 ~ 6.20	₩	42,333	67,328
Short-term borrowings	HSBC and others	January, 2026~ December, 2026	1.64 ~ 7.95		1,530,941	1,076,198
					<u>1,573,274</u>	<u>1,143,526</u>
Current portion of long-term liabilities						
Current portion of long-term borrowings	POSCO-ASIA and others	April, 2026~ December, 2026	3.22~7.20		288,356	5,351
Current portion of debentures	Global debentures 9-1st and others	January, 2026~ September, 2026	1.72~5.63		1,824,430	2,375,800
Less: Current portion of discount on debentures issued					(363)	(2,473)
					<u>2,112,423</u>	<u>2,378,678</u>
				₩	<u>3,685,697</u>	<u>3,522,204</u>

(b) Details of long-term borrowings as of December 31, 2025 and 2024 are as follows:

(in millions of Won)	<u>Lenders</u>	<u>Maturity date</u>	<u>Interest rate (%)</u>		<u>2025</u>	<u>2024</u>
Long-term borrowings	Korea Development Bank and others	April, 2027~ July, 2035	2.01~7.85	₩	552,342	840,994
Less: Present value discount					(5,184)	(7,599)
Debentures	Global debentures 8-2nd and others	January, 2027~ January, 2033	1.77 ~ 6.38		5,567,720	6,515,000
Less: Discount on debentures issued					(22,832)	(35,793)
				₩	<u>6,092,046</u>	<u>7,312,602</u>

(c) Details of assets pledged as collateral with regards to the borrowings as of December 31, 2025 are as follows:

(in millions of Won)	<u>Lenders</u>	<u>Book value</u>	<u>Pledged amount</u>
Property, plant and equipment	Korea Development Bank and others	₩ 629,484	772,815
Trade accounts and notes receivable	Shinhan Card and others	406,409	406,409
		<u>₩ 1,035,893</u>	<u>1,179,224</u>

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17. Other Payables

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Current			
Accounts payable	₩	769,534	830,843
Accrued expenses		727,733	800,276
Dividend payable		11	9
Lease liabilities		114,901	113,023
Withholdings		20,355	20,711
	₩	<u>1,632,534</u>	<u>1,764,862</u>
Non-current			
Accounts payable	₩	684	1,109
Accrued expenses		2,733	1,848
Lease liabilities		517,717	632,592
Long-term withholdings		911	1,314
	₩	<u>522,045</u>	<u>636,863</u>

18. Other Financial Liabilities

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Current			
Derivative liabilities	₩	17	-

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19. Provisions

(a) Details of provisions as of December 31, 2025 and 2024 are as follows:

(in millions of Won)	2025		2024	
	Current	Non-current	Current	Non-current
Provision for bonus payments	₩ 31,206	74,936	29,274	51,143
Provision for restoration	3	1,036	2,977	977
Emission liabilities(*1)	711	-	542	-
Provision for product warranties(*2)	17,115	3,589	17,844	3,599
Provision for legal contingencies and claims(*3)	670	21,357	652	32,211
Others(*4)	69,173	-	-	-
	₩ <u>118,878</u>	<u>100,918</u>	<u>51,289</u>	<u>87,930</u>

(*1)The Group has recognized liabilities for the amount of greenhouse gas emissions expected to exceed its greenhouse gas allowances allocated free of charge.

(*2)As of December 31, 2025, the Group recognized the expected claim cost to be charged as a provision.

(*3)As of December 31, 2025, the Group recognized a provision in relation to ongoing lawsuits.

(*4)As of December 31, 2025, the Group recognized a provision in relation to potential penalties following a prior notice of administrative disposition issued by a government authority. The Group estimated the amount of penalties that may be imposed and recognized a provision of ₩69,173 million.

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19. Provisions (cont'd)

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

1) For the year ended December 31, 2025

(in millions of Won)

		<u>Beginning</u>	<u>Increase</u>	<u>Utilization</u>	<u>Reversal</u>	<u>Others</u>	<u>Ending</u>
Provision for bonus payments	W	80,417	66,825	(40,697)	(562)	159	106,142
Provision for restoration		3,954	42	(3,009)	-	52	1,039
Emission liabilities		542	727	(558)	-	-	711
Provision for product warranties		21,443	17,056	(17,837)	-	42	20,704
Provision for legal contingencies and claims		32,863	776	(714)	(10,859)	(39)	22,027
Others		-	76,328	(7,155)	-	-	69,173
	W	<u>139,219</u>	<u>161,754</u>	<u>(69,970)</u>	<u>(11,421)</u>	<u>214</u>	<u>219,796</u>

2) For the year ended December 31, 2024

(in millions of Won)

		<u>Beginning</u>	<u>Increase</u>	<u>Utilization</u>	<u>Reversal</u>	<u>Business Combination</u>	<u>Others</u>	<u>Ending</u>
Provision for bonus payments	W	55,629	88,626	(37,560)	(27,024)	105	641	80,417
Provision for restoration		6,362	244	(1,012)	(1,640)	-	-	3,954
Emission liabilities		370	531	(359)	-	-	-	542
Provision for product warranties		23,780	10,572	(12,909)	-	-	-	21,443
Provision for legal contingencies and claims		516	32,211	(47)	-	135	48	32,863
Others		-	9,237	(9,237)	-	-	-	-
	W	<u>86,657</u>	<u>141,421</u>	<u>(61,124)</u>	<u>(28,664)</u>	<u>240</u>	<u>689</u>	<u>139,219</u>

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20. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Expense related to post-employment benefit plans under defined contribution plans</i>	₩	58,809	57,148

(b) Defined benefit plans

1) The amounts recognized in relation to net defined benefit assets in the consolidated statements of financial position as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Present value of funded obligations</i>	₩	1,495,459	1,473,467
<i>Fair value of plan assets(*1)</i>		(1,632,884)	(1,717,646)
<i>Present value of non-funded obligations</i>		21,010	26,171
<i>Net defined benefit assets</i>	₩	<u>(116,415)</u>	<u>(218,008)</u>

(*1) As of December 31, 2025 and 2024, the Group recognized net defined benefit assets amounting to ₩147,501 million and ₩242,940 million respectively, since there are consolidated entities whose fair value of plan assets exceeded the present value of defined benefit obligations.

POSCO and its subsidiaries
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20. Employee Benefits (cont'd)

2) **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:**

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Defined benefit obligation at the beginning of period	₩	1,499,638	1,383,973
Current service cost		141,675	135,343
Interest cost		51,003	52,899
Past service cost		3,907	(27)
Remeasurements :		62,388	102,816
- Loss from change in financial assumptions		16,909	51,384
- Loss (gain) from change in demographic assumptions		(2,421)	2,133
- Loss from change in others		47,900	49,299
Benefits paid		(240,034)	(188,721)
Business combination		1,771	11,889
Others		(3,879)	1,466
Defined benefit obligation at the end of period	₩	<u>1,516,469</u>	<u>1,499,638</u>

3) **Changes in the fair values of plan assets for each of the two years in the period ended December 31, 2025 are as follows:**

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Fair value of plan assets at the beginning of period	₩	1,717,646	1,681,398
Interest on plan assets		61,528	68,203
Remeasurement of plan assets		2,785	11,252
Contributions to plan assets		69,889	118,996
Benefits paid		(216,034)	(162,310)
Business combination		1,764	-
Others		(4,694)	107
Fair value of plan assets at the end of period	₩	<u>1,632,884</u>	<u>1,717,646</u>

The Group expects to make an estimated contribution of ₩154,346 million to the defined benefit plan assets in 2026.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
December 31, 2025 and 2024

20. Employee Benefits (cont'd)

4) *The fair values of plan assets as of December 31, 2025 and 2024 are as follows:*

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Debt instruments</i>	₩	269,285	238,849
<i>Deposits</i>		1,362,457	1,478,772
<i>Others</i>		1,142	25
	₩	<u>1,632,884</u>	<u>1,717,646</u>

5) *The amounts related to net defined benefit plans recognized in the consolidated statement of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:*

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Current service costs</i>	₩	141,675	135,343
<i>Net interest costs(*1)</i>		(10,525)	(15,304)
<i>Past service cost</i>		3,907	(27)
	₩	<u>135,057</u>	<u>120,012</u>

(*1) *The actual return on plan assets amounts to ₩64,313 million and ₩79,455 million for each of the two years in the period ended December 31, 2025, respectively.*

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
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20. Employee Benefits (cont'd)

The above expenses by function are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Cost of sales	₩	108,726	94,058
Selling and administrative expenses		24,812	24,155
Others		1,519	1,799
	₩	<u>135,057</u>	<u>120,012</u>

6) Details of remeasurement gains (losses) in other comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Beginning	₩	3,014	70,778
Remeasurements of defined benefit plans		(59,603)	(91,255)
Tax effects		16,231	23,491
Ending	₩	<u>(40,358)</u>	<u>3,014</u>

7) The principal actuarial assumptions as of December 31, 2025 and 2024 are as follows:

<i>(%)</i>		<u>2025</u>	<u>2024</u>
Discount rate		3.07 ~ 7.06	2.50 ~ 7.09
Expected future increases in salaries		1.50 ~ 29.32	1.50 ~ 29.32

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20. Employee Benefits (cont'd)

All assumptions for the calculation of the defined benefit obligations are reviewed at the end of the reporting period. Additionally, the total estimated defined benefit obligation includes actuarial assumptions associated with the long-term characteristics of the defined benefit plan.

8) A quantitative sensitivity analysis for changes in significant assumptions of defined benefit obligations as of December 31, 2025 is as follows:

(in millions of Won)		1% Increase		1% Decrease	
		Amount	Percentage (%)	Amount	Percentage (%)
Discount rate	₩	(104,536)	(6.9)	118,729	7.8
Expected future increases in salaries		115,388	7.6	(103,830)	(6.8)

9) As of December 31, 2025, the maturity of the expected benefit payments is as follows:

(in millions of Won)		Within 1 year	1 year - 5 years	5 years - 10 years	10 years - 20 years	After 20 years	Total
Benefits to be paid	₩	173,691	530,310	407,300	712,069	394,962	2,218,332

The maturity analysis of the defined benefit obligation was nominal amounts of defined benefit obligations using expected remaining period of service of employees.

10) During the year ended December 31, 2025, the weighted-average duration of the defined benefit obligation is 7.46 years.

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21. Other Liabilities

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Current			
<i>Advances received</i>	<i>₩</i>	46,312	60,132
<i>Unearned revenue</i>		51,803	81,086
<i>Withholdings</i>		56,532	72,745
<i>Others</i>		880	45
	<i>₩</i>	<u>155,527</u>	<u>214,008</u>
Non-current			
<i>Unearned revenue</i>	<i>₩</i>	380	1,380
<i>Others</i>		30	92
	<i>₩</i>	<u>410</u>	<u>1,472</u>

POSCO and its subsidiaries
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December 31, 2025 and 2024

22. Financial Instruments

(a) Classification and fair value of financial instruments

1) The carrying amounts and fair values of financial assets and liabilities by fair value hierarchy as of December 31, 2025 and 2024 are as follows:

① As of December 31, 2025

<i>(in millions of Won)</i>		Fair value				
		Book value	Level 1	Level 2	Level 3	Total
Financial assets						
<i>Fair value through profit or loss</i>						
<i>Derivative assets</i>	W	511,597	-	511,597	-	511,597
<i>Short term financial instruments</i>		318,097	-	318,097	-	318,097
<i>Long term financial instruments</i>		2	-	2	-	2
<i>Debt securities</i>		3,041	-	-	3,041	3,041
<i>Equity securities</i>		35,469	-	-	35,469	35,469
<i>Other securities</i>		10,983	-	-	10,983	10,983
<i>Fair value through other comprehensive income</i>						
<i>Equity securities</i>		693,644	647,399	-	46,245	693,644
<i>Financial assets measured at amortized cost(*1)</i>						
<i>Cash and cash equivalents</i>		2,700,455	-	-	-	-
<i>Trade accounts and notes receivable</i>		4,550,365	-	-	-	-
<i>Other receivables</i>		734,963	-	-	-	-
<i>Debt securities</i>		694,000	-	-	-	-
<i>Deposit instruments</i>		2,489,036	-	-	-	-
	W	12,741,652	647,399	829,696	95,738	1,572,833
Financial liabilities						
<i>Fair value through profit or loss</i>						
<i>Derivative liabilities</i>		17	-	17	-	17
<i>Financial liabilities measured at amortized cost(*1)</i>						
<i>Trade accounts and notes payable</i>		3,611,124	-	-	-	-
<i>Borrowings</i>		9,777,743	-	9,995,325	-	9,995,325
<i>Others</i>		1,760,040	-	-	-	-
	W	15,148,924	-	9,995,342	-	9,995,342

(*1) The fair value of financial assets and liabilities measured at amortized cost except borrowings approximates their carrying amounts.

POSCO and its subsidiaries
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December 31, 2025 and 2024

22. Financial Instruments (cont'd)

② **As of December 31, 2024**

(in millions of Won)

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
<i>Fair value through profit or loss</i>					
<i>Derivative assets</i>	₩ 754,894	-	754,894	-	754,894
<i>Short term financial instruments</i>	413,976	-	413,976	-	413,976
<i>Long term financial instruments</i>	213	-	213	-	213
<i>Debt securities</i>	3,217	-	-	3,217	3,217
<i>Equity securities</i>	35,541	-	-	35,541	35,541
<i>Other securities</i>	10,091	-	-	10,091	10,091
<i>Fair value through other comprehensive income</i>					
<i>Equity securities</i>	432,877	385,750	-	47,127	432,877
<i>Financial assets measured at amortized cost(*1)</i>					
<i>Cash and cash equivalents</i>	2,435,951	-	-	-	-
<i>Trade accounts and notes receivable</i>	4,867,571	-	-	-	-
<i>Other receivables</i>	753,880	-	-	-	-
<i>Debt securities</i>	400,000	-	-	-	-
<i>Deposit instruments</i>	2,977,524	-	-	-	-
₩	<u>13,085,735</u>	<u>385,750</u>	<u>1,169,083</u>	<u>95,976</u>	<u>1,650,809</u>
Financial liabilities					
<i>Financial liabilities measured at amortized cost(*1)</i>					
<i>Trade accounts and notes payable</i>	4,186,525	-	-	-	-
<i>Borrowings</i>	10,834,806	-	11,032,896	-	11,032,896
<i>Others</i>	2,178,243	-	-	-	-
₩	<u>17,199,574</u>	<u>-</u>	<u>11,032,896</u>	<u>-</u>	<u>11,032,896</u>

(*1) The fair value of financial assets and liabilities measured at amortized cost except borrowings approximates their carrying amounts.

POSCO and its subsidiaries
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22. Financial Instruments (cont'd)

2) Financial assets and financial liabilities classified as the fair value hierarchy Level 2

Fair values of financial instruments are measured using the derivatives instrument valuation models such as market approach method and discounted cash flow method. Inputs of the financial instrument valuation model include forward rate, interest rate and others. The fair value of derivatives may change depending on the type of derivatives and the nature of the underlying assets. Debt instruments were measured using market-observable interest rates.

3) Financial assets and financial liabilities classified as the fair value hierarchy Level 3

- ① *Details of valuation methods for major financial assets classified as the fair value hierarchy Level 3 and input variables that are significant but not observable as of December 31, 2025 are as follows:*

<i>(in millions of Won)</i>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Inputs</u>	<u>Range of inputs</u>	<u>Effect on fair value assessment with unobservable input</u>
<i>Financial assets at fair value</i>	₩ 95,737	Asset value approach	-	-	-

- ② *Changes in the fair values of financial assets classified as the fair value hierarchy Level 3 for each of the two years in the period ended December 31, 2025 are as follows:*

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Beginning</i>	₩	95,976	108,306
<i>Acquisition</i>		471	348
<i>Gain or loss on valuation of financial assets</i>		688	2,073
<i>Other comprehensive income (loss)</i>		(324)	(1,059)
<i>Disposal</i>		(1,073)	(13,692)
<i>Ending</i>	₩	<u>95,738</u>	<u>95,976</u>

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22. Financial Instruments (cont'd)

4) Details of contingent liabilities on outstanding guarantees provided by the Group as of December 31, 2025 are as follows:

(in millions of Won, USD, CNY, THB, INR)

Guarantor	Guarantee beneficiary	Financial institution	Guarantee limit		Guarantee amount			
			Foreign currency	Won equivalent	Foreign currency	Won equivalent		
[The company]								
POSCO	POSCO ASSANTST STEEL IN DUSTRY Inc.	Citi	USD	42,145,620	60,475	42,145,620	60,475	
		Shinhan Bank	USD	40,352,190	57,901	40,352,190	57,901	
		Woori Bank	USD	40,352,190	57,901	40,352,190	57,901	
POSCO STEELEONCO.,LTD.	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd.	CNY	121,678,106	24,915	101,398,422	20,762	
[Associates]								
POSCO	LLP POSUK TITANIUM	Shinhan Bank	USD	12,750,000	18,295	12,750,000	18,295	
[Others]								
POSCO Maharashtra Steel Private Limited	Gail India	DB	INR	692,139,329	11,060	692,139,329	11,060	
		MAHARASHTRA STATE ELECTRICITY	HSBC	INR	354,932,264	5,672	354,932,264	5,672
		MAHARASHTRA POLLUTION CONTROL BOARD	HSBC	INR	2,500,000	40	2,500,000	40
POSCO COATED STEEL (THAILAND) CO., LTD.	AMATA NATURAL GAS DISTRIBUTION COMPANY LIMITED	SC	THB	38,500,000	1,756	38,500,000	1,756	
		AMATA B.GRINMPOWER (RAYONG) S LIMITED	SC	THB	16,114,000	735	16,114,000	735
		BUREAU OF INDIAN STANDARDS	SC	USD	10,000	14	10,000	14
			USD	135,610,000	194,586	135,610,000	194,586	
			THB	54,614,000	2,491	54,614,000	2,491	
	CNY	121,678,106	24,915	101,398,422	20,762			
	INR	1,049,571,593	16,772	1,049,571,593	16,772			

5) Details of finance income and costs by category of financial instruments for each of the two years in the period ended December 31, 2025 are as follows:

① **For the year ended December 31, 2025**

(in millions of Won)

	Finance income and costs						Total	Other comprehensive income
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Dividend income	Others		
Financial assets at fair value through profit or loss	₩ 151	(3,619)	-	36,654	-	(81)	33,105	-
Derivative assets	-	57,920	-	(58,327)	-	-	(407)	-
Financial assets at fair value through other comprehensive income	-	-	-	-	29,371	-	29,371	191,112
Financial assets measured at amortized cost	176,786	-	(66,959)	-	-	-	109,827	-
Derivative liabilities	-	-	-	534	-	-	534	-
Financial liabilities measured at amortized cost	(583,793)	-	155,323	-	-	(2,132)	(430,602)	-
	₩ (406,856)	54,301	88,364	(21,139)	29,371	(2,213)	(258,172)	191,112

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22. Financial Instruments (cont'd)

② For the year ended December 31, 2024

		Finance income and costs						Total	Other comprehensive income
		Interest income (expense)	Gain on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Dividend income	Others		
Financial assets at fair value through profit or loss	₩	151	31,921	-	100,355	-	(5,560)	126,867	-
Derivative assets		-	679,953	-	76,643	-	-	756,596	-
Financial assets at fair value through other comprehensive income		-	-	-	-	26,886	-	26,886	30,687
Financial assets measured at amortized cost		170,848	-	415,430	(53)	-	-	586,225	-
Derivative liabilities		-	54,956	-	373	-	-	55,329	-
Financial liabilities measured at amortized cost		(573,394)	-	(1,105,653)	-	-	2,104	(1,676,943)	-
	₩	(402,395)	766,830	(690,223)	177,318	26,886	(3,456)	(125,040)	30,687

(b) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets represent the Group's maximum exposure to credit risk. The maximum exposure to credit risk as of December 31, 2025 and 2024 are as follows:

(in millions of Won)		2025	2024
Cash and cash equivalents	₩	2,700,455	2,435,951
Derivative assets		511,597	754,894
Short-term financial instruments		318,097	413,976
Long-term financial instruments		2	213
Debt securities		697,041	403,217
Other securities		10,983	10,091
Equity securities		35,469	35,541
Other receivables		734,963	753,880
Trade accounts and notes receivable		4,550,365	4,879,168
Deposit instruments		2,489,036	2,977,524
	₩	12,048,008	12,664,455

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22. Financial Instruments (cont' d)

The Group provided financial guarantee for the repayment of loans of associates and third parties. As of December 31, 2025 and 2024, the maximum exposure to credit risk caused by financial guarantee amounts to ₩37,572 million and ₩34,760 million, respectively.

2) Impairment losses on financial assets and contract assets

The Group assesses expected credit losses by estimating the default rate based on the credit loss experience of prior periods and overdue conditions and considers the credit default swap (CDS) premium to reflect changes in credit risk by sector. For credit-impaired assets and significant receivables where the credit risk is significantly increased, credit losses are individually assessed.

- ① Details of allowances for doubtful accounts as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Trade accounts and notes receivable	₩	34,947	35,586
Other accounts receivable		9,054	9,685
Loans		36,438	19,379
Others		398	460
	₩	<u>80,837</u>	<u>65,110</u>

- ② Details of impairment losses on financial assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Bad debt expenses	₩	1,193	3,903
Other bad debt expenses(*1)		18,430	2,302
Less: Reversal of allowance for other bad debt accounts		-	-
	₩	<u>19,623</u>	<u>6,205</u>

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22. Financial Instruments (cont' d)

(*1) Other bad debt expenses are related to loans and other accounts receivable.

- ③ The aging analysis on trade receivables and their allowance for doubtful accounts as of December 31, 2025 and 2024 are as follows:

(in millions of Won)

	2025		2024	
	Trade accounts and notes receivable	Allowance for doubtful accounts	Trade accounts and notes receivable	Allowance for doubtful accounts
Not due	₩ 4,421,656	2,632	4,786,932	974
Over due less than 1 month	89,837	563	58,505	799
1 month - 3 months	17,367	165	10,465	161
3 months - 12 months	18,912	26	7,240	2,621
Over 12 months	49,225	31,561	51,612	31,031
₩	<u>4,596,997</u>	<u>34,947</u>	<u>4,914,754</u>	<u>35,586</u>

- ④ The aging analysis on other receivables and their allowances for doubtful accounts as of December 31, 2025 and 2024 is as follows:

(in millions of Won)

	2025		2024	
	Loans and other account receivable	Allowance for doubtful accounts	Loans and other account receivable	Allowance for doubtful accounts
Not due	₩ 647,437	13	716,315	24,749
Over due less than 1 month	23,592	-	1,595	1
1 month - 3 months	7,832	-	40,194	-
3 months - 12 months	44,566	33	8,763	2
Over 12 months	57,426	45,844	16,538	4,772
₩	<u>780,853</u>	<u>45,890</u>	<u>783,405</u>	<u>29,524</u>

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December 31, 2025 and 2024

22. Financial Instruments (cont' d)

- ⑤ **Changes in allowances for doubtful accounts for each of the two years in the period ended December 31, 2025 are as follows:**

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Beginning</i>	₩	65,110	47,994
<i>Bad debt expenses</i>		1,193	3,903
<i>Write-off</i>		-	(35)
<i>Other bad debt expenses</i>		18,430	2,302
<i>Others</i>		(3,896)	10,946
<i>Ending</i>	₩	<u>80,837</u>	<u>65,110</u>

(c) Liquidity risk

The contractual maturities for financial liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>Book value</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1 year - 5 years</u>	<u>After 5 years</u>
<i>Trade accounts and notes payable</i>	₩	3,611,124	3,611,124	3,611,124	-	-
<i>Borrowings</i>		9,777,743	10,286,621	3,660,981	5,936,125	689,515
<i>Financial guarantee liabilities(*1)</i>		-	37,572	37,572	-	-
<i>Lease liabilities</i>		632,619	645,759	133,502	289,672	222,585
<i>Others</i>		1,127,438	1,127,497	1,123,197	4,300	-
	₩	<u>15,148,924</u>	<u>15,708,573</u>	<u>8,566,376</u>	<u>6,230,097</u>	<u>912,100</u>

(*1) For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

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22. Financial Instruments (cont' d)

(d) Currency risk

1) The Group has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The exposure to currency risk as of December 31, 2025 and 2024 are as follows:

		2025		2024	
		Assets	Liabilities	Assets	Liabilities
USD	₩	1,497,420	5,522,889	1,789,288	7,466,533
JPY		53,789	2,974	75,633	9,588
CNY		201,746	11,104	281,254	10,692
INR		344,796	-	559,290	-
EUR		28,286	25,276	15,544	22,470
Others		319,310	63,428	669,351	79,463
	₩	<u>2,445,347</u>	<u>5,625,671</u>	<u>3,390,360</u>	<u>7,588,746</u>

2) As of December 31, 2025 and 2024, provided that functional currency against foreign currencies other than functional currency hypothetically strengthens or weakens by 10%, the changes in gains or losses for each of the two years in the period ended December 31, 2025 are as follows:

		2025		2024	
		10% increase	10% decrease	10% increase	10% decrease
USD	₩	(402,547)	402,547	(567,724)	567,724
JPY		5,082	(5,082)	6,605	(6,605)
CNY		19,064	(19,064)	27,056	(27,056)
INR		34,480	(34,480)	55,929	(55,929)
EUR		301	(301)	(693)	693

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22. Financial Instruments (cont' d)

(e) Interest rate risk

- 1) *The carrying amount of interest-bearing financial instruments as of December 31, 2025 and 2024 are as follows:*

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Fixed rate			
Financial assets	₩	6,635,647	6,290,221
Financial liabilities		<u>(10,372,581)</u>	<u>(11,532,100)</u>
		<u>(3,736,934)</u>	<u>(5,241,879)</u>
Variable rate			
Financial liabilities	₩	(37,281)	(48,321)

- 2) *Sensitivity analysis on the cash flows of financial instruments with variable interest rate*

The Group's interest rate risk mainly arises from borrowings with variable interest rate. As of December 31, 2025 and 2024, provided that other factors remain the same and the interest rate of borrowings with floating rates increases or decreases by 1%, the changes in interest expense for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>		<u>2024</u>	
		<u>1% increase</u>	<u>1% decrease</u>	<u>1% increase</u>	<u>1% decrease</u>
Variable rate					
Financial instruments	₩	(373)	373	(483)	483

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23. Share Capital and Capital Surplus

(a) Details of share capital as of December 31, 2025 and 2024 are as follows:

<i>(share, in Won)</i>	<u>2025</u>	<u>2024</u>
<i>Authorized shares</i>	200,000,000	200,000,000
<i>Par value</i>	₩ 5,000	5,000
<i>Issued shares</i>	96,480,625	96,480,625
<i>Shared capital</i>	₩ 482,403,125,000	482,403,125,000

(b) Details of capital surplus as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>	<u>2025</u>	<u>2024</u>
<i>Share premium</i>	₩ 24,222,056	24,222,056
<i>Other capital surplus</i>	(1,534,970)	(1,516,488)
	<u>₩ 22,687,086</u>	<u>22,705,568</u>

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24. Accumulated Other Comprehensive Income

(a) Details of accumulated other comprehensive income as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Accumulated comprehensive income of investments in associates</i>	₩	5,996	6,977
<i>Changes in fair value of equity investments at fair value through other comprehensive income</i>		226,958	35,743
<i>Foreign currency translation differences</i>		151,508	199,346
	₩	<u>384,462</u>	<u>242,066</u>

(b) Changes in the fair values of equity investments at fair value through other comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Beginning balance</i>	₩	35,743	1,445
<i>Changes in fair value of equity investments</i>		261,288	43,523
<i>Tax effects</i>		(70,176)	(12,836)
<i>Reclassification</i>		103	3,611
<i>Ending balance</i>	₩	<u>226,958</u>	<u>35,743</u>

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25. Revenue

(a) Details of revenue disaggregated by types of revenue and timing of revenue recognition for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Types of revenue			
Revenue from sales of goods	₩	41,935,188	43,007,231
Revenue from services		1,455,703	1,435,447
Others		<u>168,245</u>	<u>201,414</u>
	₩	<u>43,559,136</u>	<u>44,644,092</u>
Timing of revenue recognition			
Revenue recognized at a point in time	₩	42,094,227	43,198,379
Revenue recognized over time		<u>1,464,909</u>	<u>1,445,713</u>
	₩	<u>43,559,136</u>	<u>44,644,092</u>

(b) Details of contract assets and liabilities from contracts with customers as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Receivables			
Account receivables	₩	4,550,365	4,868,903
Contract assets			
Account receivables		9,206	10,265
Unbilled construction revenue		787	-
Contract liabilities			
Advance received		42,853	60,192
Overbilled construction revenue		753	-
Unearned revenue		50,092	82,467

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Notes to the consolidated financial statements, continued
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26. Selling and Administrative Expenses

(a) Other administrative expenses

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Wages and salaries</i>	<i>₩</i>	418,610	376,798
<i>Expenses related to post-employment benefits</i>		33,202	34,396
<i>Other employee benefits</i>		99,019	101,379
<i>Travel</i>		15,262	13,004
<i>Depreciation</i>		62,672	54,067
<i>Amortization</i>		30,255	30,123
<i>Communication</i>		10,701	10,373
<i>Electricity</i>		4,700	4,095
<i>Taxes and public dues</i>		22,237	18,563
<i>Rental</i>		70,266	67,998
<i>Repairs</i>		9,290	10,687
<i>Entertainment</i>		3,043	3,184
<i>Advertising</i>		53,689	57,948
<i>Research & development</i>		24,225	27,400
<i>Service fees</i>		285,288	296,488
<i>Vehicles maintenance</i>		3,514	2,578
<i>Industry associaton fee</i>		6,647	5,761
<i>Conference</i>		7,495	6,904
<i>Increase to provisions</i>		32	-
<i>Impairment loss on trade and other receivables</i>		1,193	3,903
<i>Others</i>		49,798	49,868
	<i>₩</i>	<u>1,211,138</u>	<u>1,175,517</u>

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26. Selling and Administrative Expenses (cont'd)

(b) Selling expenses

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Freight and custody expenses</i>	<i>₩</i>	180,234	175,774
<i>Operating expenses for distribution center</i>		5,236	6,233
<i>Sales commissions</i>		107,559	114,082
<i>Sales advertising</i>		1,591	4,362
<i>Sales promotion</i>		7,484	4,231
<i>Sample</i>		1,059	1,658
<i>Sales insurance premium</i>		7,774	8,270
<i>Contract cost</i>		970	653
<i>Others</i>		13,679	11,140
	<i>₩</i>	<u><u>325,586</u></u>	<u><u>326,403</u></u>

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27. Research and Development Expenditures Recognized as Expenses

Details of research and development expenditures recognized as expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>	<u>2025</u>	<u>2024</u>
<i>Administrative expenses</i>	₩ 24,225	27,400
<i>Cost of sales</i>	327,727	343,504
	<u>₩ 351,952</u>	<u>370,904</u>

POSCO and its subsidiaries
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28. Finance Income and Costs

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Finance income			
Interest income(*1)	₩	176,937	170,999
Gain on foreign currency transactions		481,378	545,673
Gain on foreign currency translations		274,413	710,467
Gain on transactions of derivatives		534	79,987
Gain on valuation of derivatives		58,501	736,502
Gain on disposal of financial assets at fair value through profit or loss		36,654	104,008
Gain on valuation of financial assets at fair value through profit or loss		879	31,921
Others		29,375	27,660
	₩	<u>1,058,671</u>	<u>2,407,217</u>
Finance costs			
Interest expenses	₩	583,793	573,394
Loss on foreign currency transactions		486,852	572,603
Loss on foreign currency translations		180,575	1,373,760
Loss on transactions of derivatives		58,327	2,971
Loss on valuation of derivatives		581	1,593
Loss on valuation of financial assets at fair value through profit or loss		4,498	-
Others		2,217	7,937
	₩	<u>1,316,843</u>	<u>2,532,258</u>

(*1) Interest income calculated using the effective interest method for each of the two years in the period ended December 31, 2025 is ₩ 170,852 million and ₩ 151,612 million, respectively.

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29. Other Non-Operating Income and Expenses

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

<i>(in millions of Won)</i>	<u>2025</u>	<u>2024</u>
Other non-operating income		
Gain on disposals of assets held for sale	₩ 6,456	4,801
Gain on disposals of property, plant and equipment	2,192	11,297
Gain on disposals of intangible assets	694	-
Gain on insurance settlement	18,867	157,282
Others	35,114	35,073
	<u>₩ 63,323</u>	<u>208,453</u>
Other non-operating expenses		
Loss on disposals of property, plant and equipment	₩ 86,032	132,495
Loss on disposals of intangible assets	21	256
Impairment loss on property, plant and equipment	70,613	223,849
Impairment loss on intangible assets	11	608
Idle tangible asset expenses	5,345	2,827
Donations	58,400	46,151
Other bad debt expense	18,430	2,302
Others	95,386	21,925
	<u>₩ 334,238</u>	<u>430,413</u>

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30. Expenses by Nature

Details of expenses categorized by nature for each of the two years in the period ended December 31, 2025 are as follows (excluding finance costs and income tax expense):

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Raw material used, changes in inventories and others	₩	27,522,827	29,292,768
Employee benefits expenses(*2)		2,894,311	2,745,841
Outsourced processing cost		3,204,238	3,265,097
Electricity and water expenses		903,557	765,871
Service fees		415,495	421,712
Depreciation(*1)		2,820,394	2,711,220
Amortization		57,895	87,672
Freight and custody expenses		1,444,352	1,541,534
Sales commissions		107,559	114,082
Loss on disposal of property, plant and equipment		86,032	132,495
Impairment loss on property, plant and equipment		70,613	223,849
Donations		58,400	46,151
Other expenses		2,080,998	1,994,060
	₩	<u>41,666,671</u>	<u>43,342,352</u>

(*1) Including depreciation of investment property.

(*2) Details of employee benefits for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Wages and salaries	₩	2,700,445	2,568,681
Expenses related to post-employment benefits		193,866	177,160
	₩	<u>2,894,311</u>	<u>2,745,841</u>

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31. Income Taxes

(a) Details of income tax expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Current income taxes(*1)	₩	464,453	298,949
Deferred income tax due to temporary differences		(19,937)	(15,109)
Items credited directly to equity		<u>(52,818)</u>	<u>10,655</u>
Income tax expense	₩	<u>391,698</u>	<u>294,495</u>

(*1) Income tax refunds (additions) incurred from the final tax filings are included in income payables.

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Changes in fair value of equity investments			
at fair value through other comprehensive income(*1)	₩	(70,176)	(12,836)
Remeasurements of defined benefit plans(*1)		16,231	23,491
Gain on business combination		1,127	-
	₩	<u>(52,818)</u>	<u>10,655</u>

(*1) Those amounts are recognized in other comprehensive income.

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31. Income Taxes (cont'd)

(c) Reconciliations between income tax expense at the effective income tax rate and profit before tax at the statutory tax rate of the Republic of Korea for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Won)		<u>2025</u>	<u>2024</u>
Profit before income tax expense	₩	1,692,255	1,373,239
Income tax expense computed at statutory rate		436,393	352,173
Adjustments:			
Tax credit		(12,211)	(51,736)
Tax effect of investment in subsidiaries and associates		27,232	(4,956)
Tax effect due to permanent differences		(248)	3,038
Tax effects due to a tax audit		17,264	-
Effect of tax rate change		(28,290)	-
Tax savings from consolidated taxation		(49,588)	-
Others		1,146	(4,024)
		<u>(44,695)</u>	<u>(57,678)</u>
Income tax expense	₩	<u>391,698</u>	<u>294,495</u>
Effective tax rate (%)		23.10%	21.45%

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

(in millions of Won)	<u>2025</u>			<u>2024</u>		
	Beginning	Increase (decrease)	Ending	Beginning	Increase (decrease)	Ending
Deferred income tax due to temporary differences						
PPE - Depreciation	221,878	(907,327)	(685,449)	176,292	45,586	221,878
Prepaid expenses	11,754	17	11,771	9,993	1,761	11,754
Gain or loss on foreign currency translation	215,134	(86,098)	129,036	92,268	122,866	215,134
Defined benefit liabilities	(62,163)	9,806	(52,357)	(25,285)	(36,878)	(62,163)
Accrued revenue	(12,146)	(5,837)	(17,983)	(7,974)	(4,172)	(12,146)
Effect of spin-off	1,535,619	1,080,541	2,616,160	1,536,176	(557)	1,535,619
Others	(43,128)	37,124	(6,004)	93,592	(136,720)	(43,128)
	<u>1,866,948</u>	<u>128,226</u>	<u>1,995,174</u>	<u>1,875,062</u>	<u>(8,114)</u>	<u>1,866,948</u>
Deferred income taxes recognized directly to equity						
Net changes in fair value of equity investments at fair value through other comprehensive income	(13,787)	(70,176)	(83,963)	(951)	(12,836)	(13,787)
Remeasurements of defined benefit plans	4,999	16,231	21,230	(18,492)	23,491	4,999
Gain on business combination	-	1,127	1,127	-	-	-
	<u>(8,788)</u>	<u>(52,818)</u>	<u>(61,606)</u>	<u>(19,443)</u>	<u>10,655</u>	<u>(8,788)</u>
Deferred tax from tax credit						
Tax credit carry-forward and others	7,526	(1,082)	6,444	10,704	(3,178)	7,526
Deferred tax on unrealized gains and losses, etc.						
Unrealized gains and losses and others	265,165	(54,389)	210,776	249,419	15,746	265,165
	<u>₩ 2,130,851</u>	<u>19,937</u>	<u>2,150,788</u>	<u>2,115,742</u>	<u>15,109</u>	<u>2,130,851</u>

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31. Income Taxes (cont'd)

(e) Deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Won)

	2025			2024		
	Asset	Liabilities	Net	Asset	Liabilities	Net
Deferred income tax due to temporary differences						
PPE - Depreciation	W 1,456	(686,905)	(685,449)	275,283	(53,405)	221,878
Prepaid expenses	11,771	-	11,771	11,754	-	11,754
Gain or loss on foreign currency translation	297,274	(168,238)	129,036	380,280	(165,146)	215,134
Defined benefit liabilities	372,642	(424,999)	(52,357)	377,347	(439,510)	(62,163)
Accrued revenue	-	(17,983)	(17,983)	-	(12,146)	(12,146)
Effect of spin-off	2,616,160	-	2,616,160	1,535,619	-	1,535,619
Others	266,021	(272,025)	(6,004)	107,282	(150,410)	(43,128)
	<u>3,565,324</u>	<u>(1,570,150)</u>	<u>1,995,174</u>	<u>2,687,565</u>	<u>(820,617)</u>	<u>1,866,948</u>
Deferred income taxes recognized directly to equity						
Net changes in fair value of equity investments at fair value through other comprehensive income	4,161	(88,123)	(83,962)	4,626	(18,413)	(13,787)
Remeasurements of defined benefit plans	21,639	(410)	21,229	6,263	(1,264)	4,999
Gain on business combination	1,127	-	1,127	-	-	-
	<u>26,927</u>	<u>(88,533)</u>	<u>(61,606)</u>	<u>10,889</u>	<u>(19,677)</u>	<u>(8,788)</u>
Deferred tax from tax credit						
Tax credit carry-forward and others	6,444	-	6,444	7,526	-	7,526
Deferred tax on unrealized gains and losses, etc.						
Unrealized gains and losses and others	217,967	(7,191)	210,776	268,353	(3,188)	265,165
	<u>W 3,816,662</u>	<u>(1,665,874)</u>	<u>2,150,788</u>	<u>2,974,333</u>	<u>(843,482)</u>	<u>2,130,851</u>

(f) As of December 31, 2025, deductible temporary differences of ₩951,076 million and taxable temporary differences of ₩568,853 million related to investments in subsidiaries and associates were not recognized as deferred tax assets or liabilities, because it is not probable, they will reverse in the foreseeable future.

(g) The Group recognized current tax payable or receivable at the amount expected to be paid or received that reflects uncertainty related to income taxes.

(h) The Group is not subject to the global minimum top-up tax in relation to the enactment of the global minimum top-up tax law.

(i) During the year ended December 31, 2025, POSCO Holdings Inc., as the parent company of the Group, and its domestic subsidiaries applied a consolidated tax filing system, under which they are treated as a single taxable entity and their taxable incomes are aggregated.

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32. Earnings Per Share

Basic earnings per share for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in Won, except share information)</i>		<u>2025</u>	<u>2024</u>
<i>Profit attributable to controlling interest</i>	<i>₩</i>	1,323,708,328,486	1,159,006,394,342
<i>Weighted-average number of common shares outstanding(*1)</i>		<u>96,480,625</u>	<u>96,480,625</u>
<i>Basic earnings per share</i>	<i>₩</i>	<u>13,720</u>	<u>12,013</u>

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

<i>(shares)</i>		<u>2025</u>	<u>2024</u>
<i>Total number of common shares issued</i>		96,480,625	96,480,625
<i>Weighted-average number of common shares outstanding</i>		96,480,625	96,480,625

The Group does not have any dilutive potential common shares as of December 31, 2025 and 2024, so diluted earnings per share are the same as basic earnings per share.

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33. Related Party Transactions

(a) The Group's related parties as of December 31, 2025 are as follows:

	Company
The parent company	POSCO HOLDINGS INC.
Associates and joint ventures	DAEHO GLOBAL MANAGEMENT CO., LTD., Pohang Special Welding Co., Ltd., FEWMCO., LTD., POSCO CVC 1st Fund, POSK(Pinghu) Steel Processing Center Co., Ltd., LLP POSUK TITANIUM, ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD, POSCO Vietnam Processing Center. Co.,Ltd, POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER, MRES NSW HCC II Pty Ltd and others
Other related parties(*1)	POSCO Eco & Challenge Co., Ltd., POSCO DX, POSCO WIDE Co., Ltd., POSCO FUTURE M CO., LTD., POSCO FLOW CO., LTD., SNMC, POSCO Mbbility Solution Corporation, POSCO INTERNATIONAL Corporation, POSCO Canada Ltd., POSCO(Guangdong) Automotive Steel Co., Ltd., POSCO VST CO., LTD., POSCO INTERNATIONAL SINGAPORE PTE LTD., Roy Hill Holdings Pty Ltd, POSCO Asia CO., LTD., POSCO-China Holding Corp., POSCO Group AC Fund I and others

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

POSCO and its subsidiaries
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33. Related Party Transactions (cont' d)

(b) The Group's significant transactions with its related parties for each of the two years in the period ended December 31, 2025 are as follows:

1) For the year ended December 31, 2025

(in millions of Won)	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
The parent company						
POSCO HOLDINGS INC.(*3)	₩ 28,720	1,186	-	89	-	671,203
Associates and joint ventures						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	39,698	-	5	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	205,362	163	1,104	-	-	570
POSCO INTERNATIONAL INDIA E-MOBILITY	47,745	-	-	-	-	-
POS-SeAH Steel Wire (Thailand) Co., Ltd.	21,317	-	53	-	-	-
Others	2,096	1,701	439	-	-	19
	<u>316,218</u>	<u>1,864</u>	<u>1,601</u>	<u>-</u>	<u>-</u>	<u>589</u>
Other related parties						
POSCO Eco & Challenge Co., Ltd.	134,325	25	-	668,777	176	22,336
POSCO DX(*4)	16,540	147	4,028	320,687	69,790	207,552
POSCO WIDE Co., Ltd.	15,346	99	676	1,782	27,928	52,475
POSCO FUTURE MCO., LTD.	549,010	215	615,186	8,763	270,191	1,785
POSCO FLOW CO., LTD.(*5)	13,762	-	671,297	38	8,048	1,153,761
SNNC	18,612	4	286,877	701	2,102	-
POSCO MObility Solution Corporation	827,529	-	17,722	1,905	17,309	1,539
POSCO INTERNATIONAL Corporation(*6)	10,775,967	8	3,167,379	-	1,797	58,360
POSCO(Guangdong) Automotive Steel Co.,Ltd	188,172	-	6,533	-	-	-
POSCO VST CO., LTD.	269,816	-	11,404	-	-	83
POSCO INTERNATIONAL SINGAPORE PTE LTD.	39,608	40	1,634,540	-	-	-
Roy Hill Holdings Pty Ltd	-	-	1,544,120	-	-	-
POSCO JAPAN Co., Ltd.	193,652	212	40,483	3,336	-	6,107
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	87,857	-	6	-	95	19
Posco International (Thailand) Co., Ltd.	128,697	-	93	-	-	3
POSCO INTERNATIONAL MEXICO S.A. de C.V.	451,150	1	573	-	-	338
POSCHROME (PROPRIETARY) LIMITED	-	-	83,092	-	-	-
POSCO INTERNATIONAL VIETNAMCO.,LTD.	11,397	-	338,742	-	-	362
PT POSCO INTERNATIONAL INDONESIA	476	-	192,242	-	-	73,921
Others	322,360	3,731	174,560	45,222	13,111	136,916
	<u>14,044,276</u>	<u>4,482</u>	<u>8,789,553</u>	<u>1,051,211</u>	<u>410,547</u>	<u>1,715,557</u>
₩	<u>14,389,214</u>	<u>7,532</u>	<u>8,791,154</u>	<u>1,051,300</u>	<u>410,547</u>	<u>2,387,349</u>

(*1) Sales and others mainly consist of sales of steel products to related parties.

(*2) Purchases and others mainly consist of related party's purchases of construction services and purchases of raw materials to manufacture steel products.

(*3) Others (purchase) mainly consist of dividend, service fees for brand usage and rentals.

(*4) Others (purchase) mainly consist of maintenance expenses for the ERP System.

(*5) Others (purchase) mainly consist of freight expenses.

(*6) Purchase of material consist of swap agreements for LNG purchases in corporation with POSCO INTERNATIONAL Corporation.

POSCO and its subsidiaries
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33. Related Party Transactions (cont' d)

2) For the year ended December 31, 2024

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
The parent company						
POSCO HOLDINGS INC. (*3)	W 23,687	396	-	209	-	1,040,539
Associates and joint ventures						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	38,749	-	781	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	160,170	-	1,235	-	-	397
POS-SeAH Steel Wire (Thailand) Co., Ltd.	22,433	-	90	-	-	-
Others	2,538	56	552	-	-	-
	<u>223,890</u>	<u>56</u>	<u>2,658</u>	<u>-</u>	<u>-</u>	<u>397</u>
Other related parties						
POSCO Eco & Challenge Co., Ltd.	179,314	-	-	979,454	143	37,644
POSCO DX(*4)	39,573	63	1,069	557,789	67,484	196,186
POSCO WIDE Co., Ltd.	15,648	70	774	2,978	24,080	48,900
POSCO FUTURE MCO., LTD.	545,822	769	566,236	39,498	238,076	12,850
POSCO FLOW CO., LTD.(*5)	14,929	4	723,473	32	14,136	1,296,771
SNMC	20,995	8	279,194	1,168	-	19
POSCO Mobility Solution Corporation	777,826	1	5,916	2,594	52,004	898
eSteel4U	540,863	-	178	-	-	256
POSCO INTERNATIONAL Corporation(*6)	11,572,349	93	3,560,564	-	753	30,453
POSCO Canada Ltd.	-	-	26,700	-	-	-
POSCO Maharashtra Steel Private Limited (*7)	863,770	169	-	-	-	-
POSCO(Guangdong) Automotive Steel Co.,Ltd	267,797	-	3,118	-	-	-
POSCO VST CO., LTD.	239,223	-	4,114	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	37	1,748,474	-	-	-
POSCO ASSANTST STEEL INDUSTRY Inc.(*7)	380,822	2,590	-	-	-	68
Roy Hill Holdings Pty Ltd	-	-	1,729,572	-	-	-
POSCO-India Pune Processing Center Private Ltd(*7)	19,507	-	-	-	-	-
POSCO India Processing Center(*7)	150,930	53	-	-	-	1,416
POSCO-India Steel Distribution Center Private Ltd(*7)	6	-	-	-	-	-
Others	1,304,508	1,756	792,172	228,870	19,266	152,215
	<u>16,933,882</u>	<u>5,613</u>	<u>9,441,554</u>	<u>1,812,383</u>	<u>415,942</u>	<u>1,777,676</u>
W	<u>17,181,459</u>	<u>6,065</u>	<u>9,444,212</u>	<u>1,812,592</u>	<u>415,942</u>	<u>2,818,612</u>

(*1) Sales and others mainly consist of sales of steel products to related parties.

(*2) Purchases and others mainly consist of related party's purchases of construction services and purchases of raw materials to manufacture steel products.

(*3) Others (purchase) mainly consist of dividend, service fees for brand usage and rentals.

(*4) Others (purchase) mainly consist of maintenance expenses for the ERP System.

(*5) Others (purchase) mainly consist of freight expenses.

(*6) Purchase of material consist of swap agreements for LNG purchases in corporation with POSCO INTERNATIONAL Corporation.

(*7) Transactions occurred prior to the acquisition from POSCO HOLDINGS INC. during the year ended December 31, 2024.

POSCO and its subsidiaries
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33. Related Party Transactions (cont' d)

(c) The Group's outstanding balances arising from material transactions with its related parties as of December 31, 2025 and 2024 are as follows:

1) As of December 31, 2025

(in millions of Won)	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
The parent company							
POSCO HOLDINGS INC.	W 578	42,525	43,103	-	92,517	126,040	218,557
Associates							
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	5	-	5	-	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	20,708	4	20,712	22	-	-	22
POSCO INTERNATIONAL INDIA E-MOBILITY	11,886	-	11,886	-	-	-	-
Others	650	45	695	32	-	-	32
	<u>33,249</u>	<u>49</u>	<u>33,298</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>54</u>
Other related parties							
POSCO Eco & Challenge Co., Ltd.	27,385	13	27,398	-	126,426	238	126,664
POSCO DX	1,911	105	2,016	1,455	109,174	22,136	132,765
POSCO WIDE Co., Ltd.	1,349	1,623	2,972	-	5,371	5,895	11,266
POSCO FUTURE MCO., LTD.	48,284	56,433	104,717	51,811	16,698	23,585	92,094
POSCO FLOW CO., LTD.	1,069	944	2,013	109,304	7,719	43,843	160,866
SNNC	1,834	28,433	30,267	5,439	360	87	5,886
POSCO Mbility Solution Corporation	125,441	15,167	140,608	392	348	2,084	2,824
POSCO INTERNATIONAL Corporation	958,734	2,798	961,532	945,545	9,029	3,076	957,650
POSCO(Guangdong) Automotive Steel Co., Ltd.	31,513	-	31,513	1,040	-	-	1,040
POSCO VST CO., LTD.	49,385	534	49,919	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	210,965	-	-	210,965
Roy Hill Holdings Pty Ltd	-	-	-	426,829	-	-	426,829
POSCO JAPAN Co., Ltd.	27,496	-	27,496	2,064	-	-	2,064
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	1,001	-	1,001	6	3	-	9
Posco International (Thailand) Co., Ltd.	12,076	-	12,076	-	-	-	-
POSCHROME (PROPRIETARY) LIMITED	-	-	-	2,447	-	-	2,447
POSCO INTERNATIONAL VIETNAMCO.,LTD.	718	-	718	10,584	59	-	10,643
PT POSCO INTERNATIONAL INDONESIA	6	-	6	57,130	9	-	57,139
Others	31,987	23,965	55,952	23,574	14,243	14,063	51,880
	<u>1,320,189</u>	<u>130,015</u>	<u>1,450,204</u>	<u>1,848,585</u>	<u>289,439</u>	<u>115,007</u>	<u>2,253,031</u>
	W <u>1,354,016</u>	<u>172,589</u>	<u>1,526,605</u>	<u>1,848,639</u>	<u>381,956</u>	<u>241,047</u>	<u>2,471,642</u>

2) As of December 31, 2024

(in millions of Won)	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
The parent company							
POSCO HOLDINGS INC.	W 810	41,992	42,802	-	102,621	85,734	188,355
Associates							
POSCO Vietnam Processing Center. Co.,Ltd	16,962	1	16,963	33	-	-	33
POS-SeAH Steel Wire (Thailand) Co., Ltd.	5,097	-	5,097	-	-	-	-
Others	760	33	793	47	-	-	47
	<u>22,819</u>	<u>34</u>	<u>22,853</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>80</u>
Other related parties							
POSCO Eco & Challenge Co., Ltd.	38,130	9	38,139	-	70,431	1,806	72,237
POSCO DX	7,889	49	7,938	286	181,638	26,172	208,096
POSCO WIDE Co., Ltd.	1,342	1,450	2,792	-	6,724	4,664	11,388
POSCO FUTURE MCO., LTD.	53,227	4,770	57,997	43,889	17,221	20,835	81,945
POSCO FLOW CO., LTD.	806	546	1,352	120,986	4,595	43,533	169,114
SNNC	2,318	70	2,388	8,426	1,285	13	9,724
POSCO Mbility Solution Corporation	112,987	-	112,987	693	1,746	5,055	7,494
eSteel4U	107,464	-	107,464	-	-	-	-
POSCO INTERNATIONAL Corporation	959,125	2,647	961,772	1,192,472	6,138	4,330	1,202,940
POSCO(Guangdong) Automotive Steel Co., Ltd.	48,546	-	48,546	378	-	-	378
POSCO VST CO., LTD.	91,390	519	91,909	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	209,202	188	-	209,390
Roy Hill Holdings Pty Ltd	-	2,440	2,440	356,234	25	-	356,259
Others	67,646	32,501	100,147	48,483	44,120	332,072	424,675
	<u>1,490,870</u>	<u>45,001</u>	<u>1,535,871</u>	<u>1,981,049</u>	<u>334,111</u>	<u>438,480</u>	<u>2,753,640</u>
	W <u>1,514,499</u>	<u>87,027</u>	<u>1,601,526</u>	<u>1,981,129</u>	<u>436,732</u>	<u>524,214</u>	<u>2,942,075</u>

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33. Related Party Transactions (cont' d)

(d) Significant borrowing transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

1) For the year ended December 31, 2025

<i>(in millions of Won)</i>	Transaction		Beginning	Increase	Decrease	Others(*1)	Ending
Other related parties							
POSCO Asia CO., LTD.	Short-term borrowings	₩	318,511	151,611	(243,795)	(1,545)	224,782
POSCO-China Holding Corp.	Short-term borrowings		23,197	48,850	(58,294)	332	14,085
		₩	<u>341,708</u>	<u>200,461</u>	<u>(302,089)</u>	<u>(1,213)</u>	<u>238,867</u>

(*1) Others include adjustments of foreign currency translation differences.

2) For the year ended December 31, 2024

<i>(in millions of Won)</i>	Transaction		Beginning	Increase	Decrease	Others(*1)	Ending
Other related parties							
POSCO Asia CO., LTD.	Short-term borrowings	₩	203,886	268,379	(226,152)	72,398	318,511
POSCO-China Holding Corp.	Short-term borrowings		17,798	93,852	(88,780)	327	23,197
POSCO MPPC S.A. de C.V.	Short-term borrowings		6,785	38,132	(45,216)	299	-
		₩	<u>228,469</u>	<u>400,363</u>	<u>(360,148)</u>	<u>73,024</u>	<u>341,708</u>

(*1) Others include adjustments of foreign currency translation differences.

POSCO and its subsidiaries
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33. Related Party Transactions (cont' d)

(e) Significant loan transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

1) For the year ended December 31, 2025

(in millions of Won)	Transaction	Beginning	Increase	Decrease	Others(*1)	Ending
Other related parties						
POSCO-China Holding Corp.	Short-term loans	₩ -	13,205	(4,708)	(1,036)	7,461
POSCO Asia CO., LTD.	Short-term loans	14,700	-	-	(351)	14,349
POSCO E&C India	Short-term loans	608	-	-	(43)	565
	₩	15,308	13,205	(4,708)	(1,430)	22,375

(*1) Others include adjustments of foreign currency translation differences.

2) For the year ended December 31, 2024

(in millions of Won)	Transaction	Beginning	Increase	Decrease	Others(*1)	Ending
Other related parties						
POSCO-India Pune Processing Center. Pvt. Ltd.	Short-term loans	₩ 31,069	71,934	(102,926)	(77)	-
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	Short-term loans	171	41,327	(41,425)	(73)	-
POSCO-China Holding Corp.	Short-term loans	308	34,602	(31,088)	(3,822)	-
POSCO Asia CO., LTD.	Short-term loans	-	27,767	(14,073)	1,006	14,700
POSCO E&C India	Short-term loans	-	586	-	22	608
	₩	31,548	176,216	(189,512)	(2,944)	15,308

(*1) Others include adjustments of foreign currency translation differences.

(f) For each of the two years in the period ended December 31, 2025, details of compensation to key management officers are as follows:

(in millions of Won)		2025	2024
Short-term benefits	₩	58,345	58,440
Long-term benefits		1,331	302
Retirement benefits		10,207	13,614
	₩	69,883	72,356

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33. Related Party Transactions (cont' d)

Key management officers include directors (including non-standing directors), executive officials and fellow officials who have significant influences and responsibilities in the Group's business and operations.

(g) Guarantees provided to related parties

The Group has entered into a financial guarantee contract for related parties as of the year ended December 31, 2025. (See Note 22)

(h) Guarantees provided from related parties

As of December 31, 2025, POSCO ASSAN TST STEEL INDUSTRY Inc. has received a payment guarantee from POSCO INTERNATIONAL Corporation, an other related party, in connection with its borrowings.

(i) The Group acquired equity and the steel scrap business segment from other related party for the year ended December 31, 2025. (See Note 1 and 37).

(j) As of December 31, 2025, the Group has entered into agreements with related parties, including lease agreements, long-term purchase agreements, and capital contribution agreements (see Note 34).

(k) During the year ended December 31, 2025, the Group entered into transactions with related parties involving acquisitions of equity interests and capital contributions (see Note 1 and 11).

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Notes to the consolidated financial statements, continued
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34. Commitments and Contingencies

(a) Contingent liabilities

Contingent liabilities may develop in a way not initially expected. Therefore, management continuously assesses contingent liabilities to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

The management makes estimates and assumptions that affect disclosures of commitments and contingencies. All estimates and assumptions are based on the evaluation of current circumstances and appraisals with the supports of internal specialists or external consultants.

The management regularly analyzes current information about these matters and provides information on provisions for probable contingent losses including the estimate of legal expense to resolve the matters. Internal and external lawyers are used for these assessments. In making the decision regarding the need for a provision, management considers whether the Group has an obligation as a result of a past event, whether it is probable that an outflow of cash or other resources embodying economic benefits will be required to settle the obligation and the ability to make a reliable estimate of the amount of the obligation.

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34. Commitments and Contingencies (cont'd)

(b) Other commitments

Details of other commitments of the Group as of December 31, 2025 are as follows:

Company	Description
POSCO	<p>The Group entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than two years and three years, respectively, and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of December 31, 2025, 48 million tons of iron ore and 18 million tons of coal remain to be purchased under such long-term contracts.</p> <p>The Group entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia. The contractual volume is 550,000 tons per year for 20 years of contract period from August 2005 to August 2025 and 120,000 tons per year for the contract period from September 2025 to December 2026. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.</p> <p>The Group entered into a consecutive voyage charter (CVC) contract for the transportation of raw materials. As of December 31, 2025, there are 32 vessels under contract and the average remaining contract period is about 6 years.</p> <p>The Group entered into an agreement (LNG SPA) with POSCO INTERNATIONAL SINGAPORE PTE LTD. to purchase 370 thousand tons of LNG annually for 15 years commencing in November 2026. The purchase price is subject to change based on changes of U.S. Henry Hub Natural Gas Spot Price. The Company has extension option of extending the contract by five years.</p> <p>The Group has entered into an LNG terminal use agreement with POSCO INTERNATIONAL Corporation to unload, store, regasify, and deliver LNG directly imported by the Group through the Gwangyang LNG terminal for use in process operations and power generation at its Pohang and Gwangyang steelworks. Under the agreement, the Group is granted the exclusive right to use 200,000 kL of LNG storage capacity in a newly constructed LNG storage tank, as well as access to related terminal facilities. The contract period is from September 1, 2025 to August 31, 2041.</p> <p>In relation to the shares of FEWMCO., LTD., the Group holds a put option exercisable during the period from July 1, 2026 to June 30, 2027, under which the Group may require the largest shareholder to purchase a portion of its shares in the target company at a pre-agreed exercise price. The option may be exercised to the extent that the Group's shareholding reaches 59% of the target company's total issued shares at the relevant exercise date.</p>
PT. KRAKATAU POSCO	<p>The Group has entered into an annual purchase agreement for 222,000 tons of quicklime and an annual sales agreement for 44,400 tons of limestone fines with PT.KRAKATAU POSCO FUTUREM, effective through 2028.</p> <p>The Group has also entered into a long-term power purchase agreement with PT. KRAKATAU POSCO ENERGY, effective through 2038.</p>
POSCO STEELEON CO.,Ltd.	<p>Myanmar Economic Holdings Limited ('MEHL'), a non-controlling shareholder of the Group's subsidiary, Myanmar Posco C&C Company Limited ('MPCC'), holds a call option, pursuant to a shareholders' agreement, to purchase 5% of the MPCC shares held by the Group at fair value. The option is exercisable from October 2013 through September 2028. Upon exercise, MEHL's voting rights would increase from 30% to 35%, while the Group would retain control over MPCC. The Group considers the likelihood of exercise to be remote.</p>

As of December 31, 2025, the Group has entered into agreements for overdraft and trade finance with financial institutions, including Woori Bank, with a credit limit of ₩ 7,465.1 billion.

POSCO and its subsidiaries
Notes to the consolidated financial statements, continued
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34. Commitments and Contingencies (cont'd)

(c) Commitments for acquisition of assets

As of December 31, 2025, the commitments for the acquisition of property, plant and equipment and intangible assets that have not yet occurred are as follows:

<i>(in millions of Won)</i>		<u>2025</u>
Property, plant and equipment	₩	2,446,756
Intangible assets		39
	₩	<u>2,446,795</u>

(d) Supplier finance arrangements

The Group utilizes supplier finance arrangements in transactions with certain suppliers in order to manage working capital efficiently. Under these arrangements, financial institutions make advance payments to suppliers based on the creditworthiness of the Group, and the Group repays the financial institutions after a specified period. As of December 31, 2025, the Group entered into purchase card and reverse factoring arrangements.

- ① As of December 31, 2025 and 2024, the carrying amounts of financial liabilities related to supplier finance arrangements and the carrying amounts of a portion received and the related items on the consolidated statement of financial position are as follows.

<i>(in millions of Won)</i>	<u>2025</u>		<u>2024</u>
	<u>Balance</u>	<u>Amount received by suppliers</u>	<u>Balance</u>
Trade accounts and notes payable ₩	674,277	617,912	880,576
Reverse factoring	638,976	595,450	836,391
Purchase card	35,301	22,462	44,185
Accounts Payables	230,913	7,551	206,335
Purchase card	230,913	7,551	206,335
	₩	<u>905,190</u>	<u>1,086,911</u>

- ② As of December 31, 2025, the payment due dates of financial liabilities subject to supplier finance arrangements and those of other financial liabilities are as follows:

POSCO and its subsidiaries
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34. Commitments and Contingencies (cont'd)

<i>(in millions of Won)</i>	Contractual payment terms of supplier finance arrangements	Payment terms of other financial liabilities
Trade accounts and notes payable		
Reverse factoring	30~150 days	Within 60 days
Purchase card	40~60 days	-
Accounts Payables		
Purchase card	40~60 days	-

- ③ There were no significant non-cash changes in the carrying amount of trade payables and other payables that are part of the supplier finance arrangements.
- ④ As of December 31, 2025, the Group has entered into supplier finance arrangements for up to ₩2,794 billion with SMBC and eleven other financial institutions.

(e) As of December 31, 2025, the Group's significant capital commitment arrangements are as follows:

<i>(in millions of Won, USD)</i>	Currency	Total commitment	Cumulative contributions	Remaining commitment
POSCO CVC 1st Fund	KRW	40,000	800	39,200
MRES NSW HCC II Pty Ltd	USD	19,987,500	-	19,987,500

(f) **Litigation in progress**

As of December 31, 2025, litigations in progress in which the Group is engaged as defendants in legal actions arising from the normal course of business are as follows:
(in millions of won and foreign currencies in thousands)

Company	Legal actions	Currency	Claim amount	Won equivalent	Description
POSCO	181	KRW	542,579	542,579	Lawsuit on claim for employee right and others
PT. KRAKATAU POSCO	2	IDR	11,108,052	951	Lawsuit related to employee dismissal
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	1	INR	54,420	870	Lawsuit for severance pay claims and others
POSCO STEELON CO.,Ltd.	1	KRW	271	271	Lawsuit for damages claim
POSCO ASSAN TST STEEL INDUSTRY INC.	27	USD	132	189	Lawsuit for severance pay claims and others
POSCO Thainox Public Company Limited	2	THB	3,480	159	Lawsuit on invalidation of a check
POSCO Maharashtra Steel Private Limited	1	INR	9,500	152	Lawsuit on unfair dismissal
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	1	CNY	510	104	Lawsuit for payment claims and others
POSCO-India Private Limited	1	INR	2,466	39	Lawsuit for severance pay
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	2	TRY	-	-	Lawsuit for reinstatement and dismissal

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34. Commitments and Contingencies (cont'd)

The Group has reasonably estimated the probability and amount of 26 lawsuits, including lawsuit for severance pay claims and others, and recognized ₩22,027 million as provisions for legal contingencies and claims.

- (g) The Group was spun off from POSCO HOLDINGS INC. and newly incorporated with March 1, 2022 as the date of spin-off, and the Group is jointly liable for the liabilities of POSCO HOLDINGS INC. under Article 530(9)(1) of the Commercial Act of the Republic of Korea.*
- (h) POSCO Stainless Precision & Processing entered into a business transfer agreement with POSCO Mobility Solution Corporation in August 2025 to strengthen its domestic STS business. The total committed investment amount is 256,036 million, and the transfer of assets, including facilities, is expected to be carried out during 2026.*

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35. Statements of Cash Flows

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

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Trade accounts and notes receivable</i>	₩	257,663	632,768
<i>Other receivables</i>		121,473	(158,366)
<i>Inventories</i>		124,548	228,818
<i>Other current assets</i>		(505)	17,042
<i>Other non-current assets</i>		96,527	49,483
<i>Trade accounts and notes payable</i>		(579,465)	83,365
<i>Other payables</i>		(84,059)	71,212
<i>Other current liabilities</i>		(58,377)	51,745
<i>Provisions</i>		(3,493)	483
<i>Payments of severance benefits</i>		(240,034)	(188,721)
<i>Plan assets</i>		146,145	43,314
<i>Other non-current liabilities</i>		(25,532)	(8,172)
	₩	<u>(245,109)</u>	<u>822,971</u>

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35. Statements of Cash Flows (cont'd)

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

1) For the year ended December 31, 2025

(in millions of Won)

	Liabilities				
	Short-term borrowings	Debentures and long-term borrowings	Dividend payable	Finance lease liabilities	Derivatives that hedge borrowings
Beginning	₩ 1,143,526	9,691,280	9	745,615	(617,165)
Changes from financing cash flows	441,826	(1,376,176)	(536,227)	(111,527)	194,273
Changes arising from obtaining or losing control of subsidiaries or other business	4,000	10,300	-	232	-
The effect of changes in foreign exchange rates	(16,078)	(127,384)	-	(20,211)	-
Gain(loss) on valuation of derivatives	-	-	-	-	(50,935)
Gain(loss) on derivative transactions	-	-	-	-	53,127
Other changes:					
Use of supplier finance agreements	-	-	-	-	-
Decrease in retained earnings	-	-	527,364	-	-
Decrease in non-controlling interest	-	-	8,865	-	-
Interest expenses	-	6,449	-	23	-
Increase in lease assets	-	-	-	18,487	-
Ending	₩ 1,573,274	8,204,469	11	632,619	(420,700)

2) For the year ended December 31, 2024

(in millions of Won)

	Liabilities				
	Short-term borrowings	Debentures and long-term borrowings	Dividend payable	Finance lease liabilities	Derivatives that hedge borrowings
Beginning	₩ 739,029	10,226,685	8	738,562	(146,855)
Changes from financing cash flows	101,759	(1,710,336)	(893,835)	(107,976)	177,380
Changes arising from obtaining or losing control of subsidiaries or other business	219,115	262,473	-	25,401	-
The effect of changes in foreign exchange rates	83,623	899,127	-	23,566	-
Changes in fair values	-	-	-	-	(647,690)
Other changes:					
Decrease in retained earnings	-	-	888,008	-	-
Decrease in non-controlling interest	-	-	5,828	-	-
Interest expenses	-	13,331	-	24	-
Increase in lease assets	-	-	-	66,038	-
Ending	₩ 1,143,526	9,691,280	9	745,615	(617,165)

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35. Statements of Cash Flows (cont'd)

(C) Significant transaction not involving cash inflows and outflows for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
<i>Transfer from construction-in-progress to other property, plant and equipment</i>	<i>₩</i>	2,856,607	3,735,495
<i>Change in account payables due to PP&E and intangible asset</i>		36,121	54,788
<i>Reclassification of current portion of borrowings and bonds</i>		2,112,423	2,222,983
<i>Increase in right-of-use assets</i>		23,306	35,884

(d) Interest paid, including interest and other cost incurred in connection with borrowings, amounted to ₩638,305 million and ₩635,599 million for each of the two years in the period ended December 31, 2025, respectively.

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36. Operating Segments

The Group makes decisions regarding the allocation of resources to segments and distinguishes the segments based on internal reporting materials that are periodically reviewed by the chief operating decision maker to evaluate segment performance. The Group is composed of a single segment, the steel division.

(a) Geographic information

- 1) Revenue by geographic area for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Domestic	₩	33,009,837	37,107,316
China		248,812	114,112
Indonesia		2,935,596	3,158,193
Asia-other		5,596,766	2,892,543
Europe		941,977	316,695
Others		826,148	1,055,233
	₩	<u>43,559,136</u>	<u>44,644,092</u>

- 2) Non-current assets by geographic area as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		<u>2025</u>	<u>2024</u>
Domestic	₩	21,292,493	21,156,971
China		11,942	24,282
Indonesia		2,428,877	2,783,720
Asia-other		1,145,474	1,249,152
Europe		184,216	205,142
Others		249,254	298,103
	₩	<u>25,312,256</u>	<u>25,717,370</u>

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36. Operating Segments (cont'd)

The geographic information has been determined based on the locations where the Company and its subsidiaries are located. Non-current assets by geographic area include investment property, property, plant and equipment and other intangible assets.

(b) Except for the related parties described in Note 33, there are no customers from whom revenue accounts for 10% or more of the consolidated revenue for each of the two years in the period ended December 31, 2025, respectively.

37. Business combination

(a) Overview of Business Combination

On May 16, 2025, the Group acquired the domestic scrap metal business's tangible and intangible assets of POSCO International, as well as its equity interest in Pohang Scrap Recycling Distribution Center Co., Ltd. The purpose of this business combination is to strengthen purchasing competitiveness through the acquisition of the domestic scrap metal business operations.

On July 31, 2025, the Group acquired 100% of the equity interest in CHEMGAS KOREA CO.,LTD. The purpose of this business combination is to secure a business platform for promoting the semiconductor specialty gas business.

On August 22, 2025, the Group acquired 61.12% of the equity interest in eSteel4U from POSCO International. The purpose of this business combination is to reinforce leadership in the domestic distribution market.

	Acquisition date of control	Acquired voting equity interest
Pohang Scrap Recycling Distribution Center Co., Ltd.	May 16, 2025	51.00
CHEMGAS KOREA CO.,LTD.	July 31, 2025	100.00
eSteel4U	August 22, 2025	61.12

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37. Business Combination (cont' d)

(b) Accounting for Business Combinations

Business combinations involving Pohang Scrap Recycling Distribution Center Co., Ltd., eSteel4U are business combinations under common control. Accordingly, the assets acquired and liabilities assumed from POSCO International have been recognized at their carrying amounts in the consolidated financial statements of the ultimate parent company.

The difference between the consideration transferred and the carrying amount of the net assets acquired has been adjusted to capital surplus.

The business combination involving CHEMGAS KOREA CO.,LTD. is business combinations from an external party, and the difference between the consideration transferred and the carrying amount of the net assets acquired was recognized as goodwill.

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37. Business Combination (cont' d)

1) Pohang Scrap Recycling Distribution Center Co., Ltd. and Scrap metal business of POSCO International

<i>(in millions of Won)</i>	<u>Amount</u>
Consideration transferred	
Cash	₩ 25,915
	<u>₩ 25,915</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 1,550
Inventories	9,491
Property, plant and equipment	15,675
Other assets	1,420
Borrowings	(3,500)
Other liabilities	(572)
	<u>₩ 24,064</u>
Equity arising from the business combination	
Capital surplus	₩ (6,282)
Non-controlling interests	4,431
	<u>₩ (1,851)</u>

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37. Business Combination (cont' d)

2) CHEMGAS KOREA CO.,LTD.

<i>(in millions of Won)</i>	<u>Amount</u>
Consideration transferred	
Cash	₩ 68,942
	<u>₩ 68,942</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 1,940
Trade accounts and notes receivable	2,697
Inventories	1,804
Property, plant and equipment	31,577
Intangible assets	4,979
Other assets	1,115
Trade accounts and notes payable	(447)
Borrowings	(10,800)
Deferred tax liabilities	(1,090)
Other liabilities	(2,211)
	<u>₩ 29,564</u>
Equity arising from the business combination	
Goodwill	₩ 39,378
	<u>₩ 39,378</u>

POSCO and its subsidiaries
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37. Business Combination (cont' d)

3) eSteel4U

(in millions of Won)

	<u>Amount</u>
Consideration transferred	
Cash	₩ 4,331
	<u>₩ 4,331</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 74,422
Trade accounts and notes receivable	2,928
Inventories	65,207
Property, plant and equipment	306
Intangible assets	5,035
Other assets	3,242
Trade accounts and notes payable	(149,290)
Other liabilities	<u>(9,678)</u>
	<u>₩ (7,828)</u>
Equity arising from the business combination	
Capital surplus	₩ (11,089)
Non-controlling interests	<u>(1,070)</u>
	<u>₩ (12,159)</u>

(c) Effects of the Business Combination on Profit or Loss

Only the profit or loss of Pohang Scrap Recycling Distribution Center Co., Ltd. which was incurred after the acquisition date, has been included in the consolidated financial performance. The revenue and net income of Pohang Scrap Recycling Distribution Center Co., Ltd. during the year ended December 31, 2025 after the acquisition date amounted to ₩5,150 million and ₩436 million, respectively. If Pohang Scrap Recycling Distribution Center Co., Ltd. had been consolidated from January 1, 2025, the consolidated statement of comprehensive income would have included revenue of ₩7,413 million and net income of ₩394 million.

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37. Business Combination (cont' d)

Only the profit or loss of CHEMGAS KOREA CO., LTD. which was incurred after the acquisition date, has been included in the consolidated financial performance. The revenue and net income of CHEMGAS KOREA CO.,LTD. during the year ended December 31, 2025 after the acquisition date amounted to ₩11,673 million and ₩2,324 million, respectively. If CHEMGAS KOREA CO., LTD. had been consolidated from January 1, 2025, the consolidated statement of comprehensive income would have included revenue of ₩26,002 million and net income of ₩4,443 million.

Only the profit or loss of eSteel4U, which was incurred after the acquisition date, has been included in the consolidated financial performance. The revenue and net income of eSteel4U during the year ended December 31, 2025 after the acquisition date amounted to ₩197,746 million and ₩12,612 million, respectively. If eSteel4U had been consolidated from January 1, 2025, the consolidated statement of comprehensive income would have included revenue of ₩566,814 million and net income of ₩3,224 million.

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38. Uncertainty in Estimates Due to Imposition of Tariffs by the United States

In June 2025, the U.S. government announced an executive order imposing a 50% tariff on all steel and aluminum products, effective from June 4, 2025. This tariff imposition introduces uncertainty in the estimation of financial statements.

39. Events after the Reporting Period

(a) On January 16, 2026, the Group issued unsecured senior bonds in USD with par value of USD 700 million. The bonds mature on January 16, 2031 (USD 400 million) and January 16, 2036 (USD 300 million).

(b) To strengthen the Group's competitiveness in the North American steel market and secure a foundation for eco-friendly automotive steel sheets, the Group made an investment to jointly construct an electric arc furnace-based integrated steel mill in Louisiana, USA, together with Hyundai Motor Group. The Group established a special purpose company ("SPC"), POS-Louisiana Inc., through a 100% equity contribution, and this SPC will acquire a 20% equity interest in HYUNDAI-POSCO Louisiana Steel LLC. The Group's total committed investment amount is approximately USD 582 million.