

IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) UNDER RULE 144A OF THE SECURITIES ACT (AS DEFINED BELOW) OR (2) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S (AS DEFINED BELOW).

IMPORTANT: *You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments.* The following applies to the offering circular following this page (the "Offering Circular"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S., EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED, DELIVERED OR SOLD, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, WITHIN ONE YEAR FOLLOWING THE ISSUANCE OF THE SECURITIES, THE SECURITIES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (OR A "KOREAN QIB," AS DEFINED IN THE REGULATION ON ISSUANCE, PUBLIC DISCLOSURE, ETC. OF SECURITIES OF KOREA) REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE SECURITIES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE SECURITIES.

Confirmation of your Representation: You have accessed the attached document on the basis that you have confirmed your representation to BNP PARIBAS, Citigroup Global Markets Inc., Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, the Korea Development Bank and Mizuho Securities Asia Limited (collectively the "Initial Purchasers") that (i) either (a) you are outside the United States and, to the extent you purchase the Notes, as defined and described in the Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act or (b) you are acting on behalf of, or you are, a qualified institutional buyer ("QIB"), as defined in Rule 144A under the Securities Act, and (ii) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the Offering Circular to any other person. If this is not the case, you must return the Offering Circular to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of POSCO International Corporation ("POSCO International") in such jurisdiction. The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Initial Purchasers nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

The Initial Purchasers are acting exclusively for POSCO International and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than POSCO International for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You should not reply by e-mail to this transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR



(incorporated with limited liability under the laws of the Republic of Korea)

US\$500,000,000 5.125% Notes due 2031

We are offering US\$500,000,000 aggregate principal amount of 5.125% notes due 2031 (the "Notes"). Until redemption or maturity, interest on the Notes will be payable in arrear on June 29 and December 29 of each year, commencing December 29, 2026. We may not redeem the Notes in whole or in part prior to maturity except upon the occurrence of certain events related to Korean tax law as described herein.

The Notes will be our unsecured senior obligations and will rank *pari passu* with all of our other unsecured senior indebtedness.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering circular (the "Offering Circular"). Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of POSCO International or the Notes.

The Notes are expected to be rated Baa2 by Moody's Investors Service ("Moody's") and BBB by S&P Global Ratings, a division of S&P Global, Inc. ("S&P"). Such ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by such rating organizations.

The Notes will be issued in registered form in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes will be represented on issuance by one or more global notes registered in the name of a nominee of The Depository Trust Company ("DTC"), as depositary. It is expected that delivery of the Notes will be made through the book-entry facilities of DTC, in each case on or about June 29, 2026.

Investing in the Notes involves risks. See the section entitled "Risk Factors" beginning on page 10 of this Offering Circular for a discussion of certain factors to be considered in connection with investing in the Notes.

Issue Price:

99.791%

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, subject to certain exceptions, may not be offered or sold directly or indirectly within the United States. The Notes may be offered for sale only (i) in the United States, to qualified institutional buyers ("QIBs") within the meaning of, and in reliance on, Rule 144A under the Securities Act ("Rule 144A"); or (ii) outside the United States in reliance on, and in accordance with, Regulation S under the Securities Act ("Regulation S"), in each case, in compliance with applicable laws, regulations and directives. See "Plan of Distribution — Selling Restrictions" and "Transfer Restrictions."

Joint Bookrunners and Joint Lead Managers

BNP PARIBAS

Citigroup

Crédit Agricole CIB

HSBC

KDB

Mizuho

The date of this Offering Circular is June 22, 2026.

TABLE OF CONTENTS

PRESENTATION OF FINANCIAL INFORMATION	vi
CERTAIN DEFINED TERMS AND CONVENTIONS	vi
FORWARD-LOOKING STATEMENTS	vi
AVAILABLE INFORMATION	vii
ENFORCEMENT OF CIVIL LIABILITIES	vii
SUMMARY	1
THE OFFERING	3
SUMMARY FINANCIAL AND OTHER INFORMATION	7
RISK FACTORS	10
USE OF PROCEEDS	33
CAPITALIZATION	34
EXCHANGE RATES	35
SELECTED FINANCIAL AND OTHER DATA	36
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	39
BUSINESS	66
MANAGEMENT	78
SHAREHOLDERS	81
RELATED PARTY TRANSACTIONS	82
DESCRIPTION OF THE NOTES	84
FORM OF THE NOTES	96
TAXATION	97
PLAN OF DISTRIBUTION	104
TRANSFER RESTRICTIONS	113
LEGAL MATTERS	116
INDEPENDENT AUDITORS	116
INDEX TO FINANCIAL STATEMENTS	F-1

You should rely only on the information contained in this Offering Circular. We have not and the Initial Purchasers have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to offer and sell these Notes. The information in this document may only be accurate as of the date of this Offering Circular.

IN CONNECTION WITH THIS OFFERING, TO THE EXTENT PERMITTED BY, AND IN ACCORDANCE WITH, APPLICABLE LAWS AND REGULATIONS, ANY OF THE INITIAL PURCHASERS APPOINTED AS A STABILIZATION MANAGER (THE “STABILIZATION MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) WILL UNDERTAKE SUCH STABILIZATION. ANY STABILIZATION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA (THE “FSCMA”). ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, DELIVERED OR SOLD, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, WITHIN ONE YEAR FOLLOWING THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (OR A “KOREAN QIB,” AS DEFINED IN THE REGULATION ON ISSUANCE, PUBLIC DISCLOSURE, ETC. OF SECURITIES OF KOREA) REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION (THE “KOFIA”) AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

No person has been authorized in connection with any offering of the Notes to give any information or make any representation other than as contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorized by us or by the Initial Purchasers (as defined in “Plan of Distribution”). This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Notes by any person except in compliance with all applicable laws and regulations. No representation or warranty, express or implied, is made by the Initial Purchasers or any of their affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by us in connection with the offering of the Notes or

the Notes or their distribution or for any other statement made or purported to be made by any Initial Purchaser or on its behalf in connection with us or the offering of the Notes. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their affiliates or advisers. To the fullest extent permitted by law, none of the Initial Purchasers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by any of the Initial Purchasers or on its behalf in connection with us, or the issue and offering of the Notes. Each Initial Purchaser accordingly disclaims any and all responsibility or liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the information contained in this Offering Circular, any other information provided by us in connection with the offering of the Notes or any other such statement. Neither the delivery of this Offering Circular nor any sale made in connection with this Offering Circular shall under any circumstances imply that the information in this Offering Circular is correct as of any date subsequent to the date of this Offering Circular or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs since the date of this Offering Circular.

We, having made all reasonable inquiries, confirm that this Offering Circular contains all information with respect to us and the Notes which is material in the context of the issue and offering of the Notes, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make this Offering Circular as a whole or any information or the expression of any opinions or intentions expressed in this Offering Circular misleading in any material respect. We accept responsibility accordingly.

The Notes have not been registered with or approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

Notice to investors in Singapore: By accepting this Offering Circular, if you are an investor in Singapore, you: (I) represent and warrant that you are either (1) an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA; or (2) an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA, and (II) agree to be bound by the limitations and restrictions described herein.

MiFID II product governance/Retail investors, professional investors and ECPs target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients each as defined in Directive 2014/65/EU (as amended, “MiFID II”) and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

This Offering Circular is for distribution only to, and is only directed at, persons who (i) are outside of the United Kingdom, (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, or (iv) are persons to whom, in connection with the issue or sale of any securities, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

This Offering Circular does not constitute, and may not be used for purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come are required by us and the Initial Purchasers to inform themselves about and to observe the relevant restrictions. For a description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular, see “Plan of Distribution” and “Transfer Restrictions.” No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering of the Notes, including the merits and risks involved. We are not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including all Initial Purchasers, are “capital market intermediaries” (together, the “CMI”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (together, the “OCs”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are our directors, employees or major shareholders, a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with us, the CMI or the relevant group company (as the case may be). Prospective investors associated with us or any CMI (including its group companies) should

specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Initial Purchaser, such prospective investor should so indicate when placing an order if it is for a fund or portfolio where the Initial Purchaser or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order.” If a prospective investor is otherwise affiliated with any Initial Purchaser, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should so indicate to the relevant Initial Purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order.” Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Initial Purchasers and/or any other third parties as may be required by the SFC Code, including to us, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

PRESENTATION OF FINANCIAL INFORMATION

Our audited consolidated financial statements as of and for the years ended December 31, 2025 and 2024 (the “Annual Financial Statements”) included in this Offering Circular have been prepared in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea (“K-IFRS”), which may differ in certain respects from generally accepted accounting principles in other countries, including generally accepted accounting principles in the United States and International Financial Reporting Standards applied in other countries. Our unaudited condensed consolidated interim financial statements as of March 31, 2026 and for the three months ended March 31, 2026 and 2025 (the “Interim Financial Statements”) included in this Offering Circular have been prepared in accordance with K-IFRS No. 1034 “*Interim Financial Reporting*.”

All financial information, descriptions and other information regarding us are, unless indicated otherwise, given on a consolidated basis. Discrepancies pertaining to certain tables in this Offering Circular are due to rounding.

CERTAIN DEFINED TERMS AND CONVENTIONS

All references to “we,” “us,” “our,” “our company” or “the Company” refer to POSCO International and its consolidated subsidiaries, unless otherwise specified or the context otherwise requires.

References to “Korea” or the “Republic” are references to The Republic of Korea. References to the “Government” are references to the government of the Republic of Korea. References to the “United States” or the “U.S.” are references to the United States of America. We publish our financial statements in Won. References to “Won” or “₩” are to Korean Won, which is the legal tender currency of Korea. References to “US\$,” “U.S. dollars” or “cents” are to the currency of the United States of America. References to “Euro” are to the currency of the European Union. References to “Japanese Yen” are to the currency of Japan. References to “Chinese Yuan” are to the currency of the People’s Republic of China. For a discussion of historical information regarding the rate of exchange between Won and the U.S. dollar, see “Exchange Rates.” Unless otherwise specified, all conversions of U.S. dollars into Won and vice versa appearing in this Offering Circular were made at the applicable base rate under the market average exchange rate system, announced by Seoul Money Brokerage Services, Ltd., rounded down to the nearest tenth of a Won (the “Market Average Exchange Rate”), in effect on March 31, 2026, which was Won 1,513.4 to US\$1.00. No representation is made that the Won or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements,” as defined in Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “anticipates,” “estimates,” “projects,” “plans,” “intends,” “targets,” “seeks,” “aims,” “contemplates,” “goal,” “should,” “can,” “may,” “will” and similar expressions or the negatives thereof. Those statements include, among other things, the discussions of our business strategy and expectations concerning its market position, future operations, cash flows, margins, profitability, liquidity and capital resources. Reliance on any forward-looking statement involves risks and uncertainties, and although we

believe that the assumptions on which the forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in the risk factors discussed elsewhere in this Offering Circular. See “Risk Factors.” In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances, except as required by law.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with sales of the Notes, we will be required under the Fiscal Agency Agreements (as defined herein) to furnish, upon request, to a holder of a Note and a prospective investor designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, we are neither a reporting company under Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. In accordance with the Fiscal Agency Agreements, the Fiscal Agent (as defined herein) also will make available for inspection by holders of the Notes, or, in certain cases, arrange for the mailing to such holders certain reports or communications received from us.

ENFORCEMENT OF CIVIL LIABILITIES

We are a corporation with limited liability organized under the laws of Korea. Many of our directors and officers named herein reside in Korea, and a significant portion of the assets of the directors and officers and a significant portion of our assets are located in Korea. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce against any of them or against us in the United States court judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States. There is also doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated on the securities laws of the United States or any State or territory within the United States.

SUMMARY

We are a leading global trading and energy business company and a core member company of the POSCO Group. Originally founded in 1967 as Daewoo Industry Co., Ltd., we have evolved from a traditional trading firm into a diversified company with operations spanning steel, industrial components, natural resources, power generation and agro sectors. We manage a global network of subsidiaries, engaging in trading activities as well as operating major projects such as natural gas fields in Myanmar and Australia, palm oil plantations in Indonesia and an LNG terminal in Gwangyang, Korea. In recent years, we have been focusing on sustainable growth opportunities through investments in electric and hybrid vehicle components and renewable energy businesses.

Our business segments are as follows:

- **Material Industry Segment.** We are a global trading company that primarily engages in the trading of steel products and raw materials used in steel production, electric and hybrid vehicle components, rechargeable battery materials, industrial materials, agricultural commodities and other goods. Our Material Industry Segment also engages in a variety of other businesses, including production of traction motor core and fabrication of steel products and palm oil as well as participation in mineral resource development projects.
- **Energy Segment.** Our Energy Segment engages in the exploration and production of gas fields, storage, transportation and trading of LNG, and operation of power generation facilities in Korea and Southeast Asia, including an LNG combined cycle power plant in Incheon, Korea. Our Energy Segment selectively seeks opportunities to expand into wind, solar and other renewable energy businesses to serve as an integrated provider of energy solutions.

The table below sets out our net sales, after inter-segment sales adjustments, by segment category and related percentage data for the periods indicated.

Segment Category	For the Year Ended December 31,				For the Three Months Ended March 31,			
	2024		2025		2025		2026	
	(in billions of Won, except percentages)							
Material Industry Segment.	₩ 28,143	87.2%	₩ 28,382	87.7%	₩ 7,152	87.9%	₩ 7,294	86.7%
Energy Segment.....	4,118	12.8	3,992	12.3	986	12.1	1,117	13.3
Total sales.....	₩ 32,261	100.0%	₩ 32,374	100.0%	₩ 8,137	100.0%	₩ 8,410	100.0%

The table below sets out our operating profit, prior to consolidation adjustments, by segment category and related percentage data for the periods indicated.

Segment Category	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2024			2025			2025			2026		
	(in billions of Won, except percentages)											
Material Industry Segment.	₩	495	42.8%	₩	492	42.3%	₩	124	45.1%	₩	176	49.2%
Energy Segment		612	52.8		589	50.6		141	51.3		172	48.0
Consolidation adjustments.		51	4.4		84	7.2		10	3.6		10	2.8
Total operating profit	₩	1,158	100.0%	₩	1,165	100.0%	₩	275	100.0%	₩	358	100.0%

We are a member company of the POSCO Group, which consists of companies controlled by POSCO HOLDINGS INC. The POSCO Group engages in businesses that complement the largest steel manufacturing operations in Korea and also carefully seeks out promising investment opportunities to diversify its businesses both vertically and horizontally. The POSCO Group has made investments in the past decade to diversify into new businesses related to its steel operations that it believes will offer greater potential returns, as well as enter into new areas such as production of anode and cathode materials for rechargeable batteries and comprehensive materials such as lithium. We serve as the primary global trading and energy entity of the POSCO Group, and we believe that our affiliates provide us with attractive business opportunities.

Our sales were Won 32,261 billion in 2024 and Won 32,374 billion in 2025, and Won 8,137 billion in the first quarter of 2025 and Won 8,410 billion in the first quarter of 2026. We recorded profit for the year of Won 503 billion in 2024 and Won 637 billion in 2025, and profit for the period of Won 204 billion in the first quarter of 2025 and Won 277 billion in the first quarter of 2026. We had total assets of Won 18,753 billion and total equity of Won 7,813 billion as of December 31, 2025, and total assets of Won 19,745 billion and total equity of Won 7,732 billion as of March 31, 2026.

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Issuer	POSCO International
Notes Offered.....	US\$500,000,000 aggregate principal amount of 5.125% notes due 2031 (the “Notes”)
Maturity	June 29, 2031
Issue Price	99.791%
Interest Payment Dates.....	Until redemption or maturity, interest on the Notes will be payable in arrear on June 29 and December 29 of each year, commencing December 29, 2026.

For a further description of payments of interest on the Notes, see “Description of the Notes — Payments.”

Ranking of the Notes	The Notes will be unsecured and will be our direct, unconditional and unsubordinated general obligations and will rank <i>pari passu</i> among themselves without any preference of one over the other by reason of priority of date of issue or otherwise and at least equally with all of our other outstanding unsecured and unsubordinated general obligations (subject to certain statutory exceptions under the laws of Korea).
----------------------------	---

Denomination and Form.....	The Notes will be issued in denominations of US\$200,000 principal amount and integral multiples of US\$1,000 in excess thereof.
----------------------------	--

We will issue the Notes in the form of one or more fully registered global notes, registered in the name of a nominee of DTC. Except as described in “Description of the Notes,” the global notes will not be exchangeable for the Notes in definitive registered form and will not be issued in definitive registered form. Any secondary market trading of book-entry interests in the Notes will take place through DTC participants, including Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”). The Notes may not be sold or otherwise transferred except in accordance with the restrictions described under “Transfer Restrictions.”

Certain Covenants	The Notes contain certain limitations on the creation, incurrence, issuance or assumption or the guarantee by us or certain of our subsidiaries of certain debt secured by any mortgage, charge, pledge. See “Description of the Notes — Certain Covenants.”
-------------------------	--

Merger and Consolidation	We may consolidate with, or merge into, any other corporation or corporations (whether or not affiliated with us) subject to satisfying certain conditions. See “Description of the Notes — Merger and Consolidation.”
Optional Tax Redemption.....	We may, at our option, redeem the Notes, in whole but not in part, at their principal amount plus accrued interest to the date fixed for redemption, if we have or would become obligated to pay Additional Amounts in respect of certain Korean taxes imposed in respect of payments of principal of or interest on the Notes. See “Description of the Notes — Optional Tax Redemption.”
Use of Proceeds	The net proceeds from the issuance of the Notes are expected to be approximately US\$496,455,000, after deducting underwriting commissions but not estimated expenses of the offering. An amount equivalent to the net proceeds from the Notes will be used for refinancing existing indebtedness and other general corporate purposes. See “Use of Proceeds.”
Rating of the Notes	The Notes are expected to be rated Baa2 by Moody’s and BBB by S&P. Such ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by such rating organizations. Each such rating should be evaluated independently of any other rating of the Notes.
Listing	Application has been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a global note is exchanged for the Notes in definitive registered form, we will appoint and maintain a paying agent in Singapore, where the Notes in definitive registered form may be presented or surrendered for payment or redemption. In addition, in the event that a global note is exchanged for the Notes in definitive registered form, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive registered form, including details of the paying agent in Singapore.

Lock-up	We have agreed that we will not issue, offer, sell or contract to sell, or announce the offering of, any U.S. dollar-denominated debt securities issued or guaranteed by us (other than the Notes), without the prior written consent of the Initial Purchasers for a period of 30 days following the date of the Purchase Agreement (as defined below). For the avoidance of doubt, we may, during such period, issue, offer, sell or contract to sell, or announce the offering of, any debt securities issued or guaranteed by us other than U.S. dollar-denominated debt securities. See “Plan of Distribution.”
Further Issues	Subject to the lock-up provisions, we may from time to time, without the consent of the existing holders of the Notes, create and issue additional notes to the extent permitted under the applicable laws, having the same terms and conditions as the Notes in all respects except for issue date and/or issue price; provided, however, that such additional notes shall be issued under a separate CUSIP, ISIN and Common Code unless the additional notes are issued pursuant to a “qualified reopening” of the Notes, are otherwise treated as part of the same “issue” of debt instruments as the Notes or are issued with less than a de minimis amount of original issue discount, in each case for U.S. federal income tax purposes. Additional notes issued in this manner (other than additional notes issued under a separate CUSIP, ISIN or Common Code) may be consolidated with and form a single series with the Notes outstanding at the time of such further issuance.
Selling Restrictions	There are certain restrictions on the offer, sale and transfer of the Notes. See “Plan of Distribution — Selling Restrictions.”
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold directly or indirectly within the United States. The Notes may be offered for sale only (i) in the United States, to QIBs within the meaning of, and in reliance on, Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or (ii) outside the United States in accordance with Regulation S, in each case, in compliance with applicable laws, regulations and directives. See “Plan of Distribution — Selling Restrictions” and “Transfer Restrictions.”
Governing Law	The Notes and each of the Fiscal Agency Agreements will be governed by New York law.

Security Codes.....

Restricted Notes

Unrestricted Notes

CUSIP:

736918 AA1

Y7S27K AX0

ISIN:

US736918AA16

USY7S27KAX02

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present our summary financial and other information. The summary financial information presented as of and for the years ended December 31, 2024 and 2025 are derived from the Annual Financial Statements included elsewhere in this Offering Circular. The summary financial information presented as of March 31, 2026 and for the three months ended March 31, 2025 and 2026 are derived from the Interim Financial Statements included elsewhere in this Offering Circular.

Our results of operations for the three months ended March 31, 2026 may not be indicative of our results of operations for the full year 2026.

Summary Statements of Comprehensive Income Information

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2024	2025	2025	2026
	(in billions of Won)			
Sales	₩ 32,261	₩ 32,374	₩ 8,137	₩ 8,410
Cost of sales	30,338	30,438	7,676	7,840
Gross profit.....	1,923	1,936	461	571
Selling and administrative expenses	765	770	186	213
Operating profit.....	1,158	1,165	275	358
Share of profit in associates	146	71	28	17
Share of loss in associates.....	19	4	3	0
Finance income.....	1,433	1,238	337	569
Finance costs	1,709	1,573	417	602
Other income.....	39	102	56	20
Other expenses.....	287	164	5	24
Profit from continuing operations before income tax expenses	762	835	272	337
Income tax expense	202	132	63	59
Profit for the period from continuing operations.....	560	703	209	278
Loss from discontinued operations	56	67	5	1
Profit for the period	₩ 503	₩ 637	₩ 204	₩ 277

Summary Statements of Financial Position Information

	As of December 31,		As of
	2024	2025	March 31,
	(in billions of Won)		
Working capital ⁽¹⁾	₩ 1,608	₩ 944	₩ 772
Total current assets	8,268	7,556	8,085
Trade and other receivables, net	4,511	4,324	4,770
Inventories, net	2,081	1,736	1,802
Cash and cash equivalents	1,057	1,171	1,112
Total non-current assets	9,068	11,197	11,660
Property, plant and equipment, net	4,241	5,070	5,222
Intangible assets, net	2,553	3,235	3,435
Total assets	17,336	18,753	19,745
Total current liabilities	6,660	6,612	7,313
Trade and other payables	2,933	3,061	3,194
Borrowings	2,068	2,326	2,878
Current portion of bonds	1,118	597	600
Total non-current liabilities	3,327	4,328	4,700
Borrowings	1,141	1,371	1,712
Bonds	1,567	1,781	1,731
Total liabilities	9,987	10,940	12,013
Equity attributable to equity holders of the parent	6,545	6,708	6,743
Retained earnings	3,635	3,836	3,927
Capital surplus	1,837	1,851	1,638
Issued capital	880	880	880
Total equity	7,349	7,813	7,732

(1) "Working capital" means current assets minus current liabilities.

Summary Statements of Cash Flows Information

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2024	2025	2025	2026
(in billions of Won)				
Net cash provided by (used in) operating activities.....	₩ 877	₩ 1,942	₩ 670	₩ (19)
Net cash used in investing activities	(846)	(1,330)	(154)	(227)
Net cash provided by (used in) financing activities.	(176)	(465)	(342)	199

RISK FACTORS

An investment in the Notes is subject to numerous risks, including those listed below. Investors should carefully consider the following risks as well as the other information contained in this Offering Circular before purchasing the Notes. These risks could materially affect our ability to meet our obligations under the Notes. In such case, investors may lose all or part of their investment in, and the expected return on, the Notes.

Risks Relating to Our Business

A downturn in macroeconomic conditions in our markets may result in reduced demand for our products and services.

Our businesses are sensitive to economic conditions in the global economy. We are affected by the general level of trade between Korea and other countries, which in turn tends to fluctuate cyclically based on general conditions in the Korean and global economies. Our trading sales are impacted by trade levels and economic growth in our major overseas markets, particularly Southeast Asia, China, Europe and North America. We also derive a significant portion of our trading sales from transactions relating to steel products and raw materials used in steel production, and a downturn in the steel industry could adversely affect our trading business and performance. The steel industry's cyclicality results primarily from fluctuations in demand for the end products that use steel, which are sensitive to general conditions in the global economy. An economic downturn in Korea or in such markets in the future could result in market conditions characterized by weaker demand and falling prices for export and import products and reduced trade levels. If the level of trade between Korea and such markets were to decrease due to an economic downturn or other factors, our business, financial condition and results of operations could suffer. Our energy sales are impacted by demand for electricity and natural gas, which in turn is impacted by general macroeconomic conditions in the Korean, Southeast Asian and Australian economies and the relative competitiveness of electricity produced using LNG as compared to other fuels.

Uncertainties in the global economy have increased in recent years, with global financial and capital markets experiencing substantial volatility. In particular, the COVID-19 pandemic that began in late 2019 and fluctuations in interest rates globally have materially and adversely affected the global economy and financial markets in recent years. A prolonged period of high interest rates may negatively impact the demand for our products. Such uncertainties have been caused by, and continue to be exacerbated by, among other things, deterioration in economic and trade relations between major economies (particularly between the United States and China), the military conflicts between Iran and other countries, including the United States and Israel, that have destabilized the global energy sector, the outbreak of the Russia-Ukraine war in February 2022 and the ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America, continuing geopolitical and social instability in North Korea and various parts of the Middle East and impositions of tariffs and other trade protective measures around the world. Any future deterioration in global economic conditions may result in a decline in demand for our products and services.

As a result of global macroeconomic conditions, our results of operations may be volatile from period to period. Actual or anticipated deterioration in market conditions may result in a decline in demand for our products and services that may have a negative impact on the prices at which they can be sold. In such a case, we will likely face pressure to reduce prices and may

need to reduce fixed costs. In general, our ability to significantly reduce expenditures during an industry downturn is limited because of the need to maintain our competitive position. If we are unable to reduce our expenses sufficiently to offset reductions in prices and sales volume, our margins will deteriorate and our business, financial condition and results of operations may be materially and adversely affected.

Our failure to successfully compete would adversely affect our market position and business.

We face a broad range of competition in our Material Industry Segment and Energy Segment. Some of our competitors have greater financial, sales and marketing, manufacturing or technological resources as well as better brand recognition than us and may be able to provide products and services with greater cost efficiencies. They may also be able to devote greater resources to marketing of their products than us, and respond more quickly to changes in market conditions. Industry consolidation and strategic alliances among our competitors in the future may also result in increased competition. We cannot assure you that we will be able to continue to compete successfully with existing or new competitors, and our failure to do so may materially and adversely affect our business, financial condition and results of operations.

Further details regarding the competition faced by each of our segments are as follows:

Material Industry Segment. We compete principally with other Korean general trading companies that are affiliated with major domestic business groups, as well as global trading companies based in other countries. In the domestic market, competition for export transactions on behalf of domestic suppliers and import transactions on behalf of domestic purchasers was limited in the past, as most affiliated general trading companies of large Korean business groups generally relied on affiliate transactions for the bulk of their trading business. However, in recent years, many of these Korean general trading companies have reduced their reliance on their affiliated business group and transactions carried out on behalf of their member companies and instead have generally evolved to focus on segments of the import and export markets in which they have a competitive advantage. As a result, competition among Korean general trading companies in the area of traditional trade has become more intense. Our principal competitors in the overseas trading markets include Korean trading companies that operate in various international markets, as well as foreign trading companies, particularly those based in Japan. As we diversify into businesses other than traditional trading such as natural resources development, we also increasingly compete with other Korean and international companies involved in these businesses. Some of our competitors may be more experienced and have greater financial resources and pricing flexibility than us, as well as more extensive global networks and wider access to customers. There is no assurance that we will be able to continue to compete successfully in this economic environment or that the prolonged slowdown of the global economy will not have a material adverse effect on our business, results of operations or financial condition.

Energy Segment. High initial investment costs are an effective barrier to entry for newcomers in the industry. Cost and service quality are the most important determining factors in respect of competition in the Korean power generation industry. Historically, demand for electricity had grown at a rate exceeding the growth of Korea's GDP. However, the rate of growth in demand for electricity has slowed in recent years as the Korean economy has matured, and we expect that competition for the sale of electricity generated will become more intense as the other competitors ramp up their installed capacity of LNG and renewable energy generation in their product mix. We compete principally with the five non-nuclear power

generation subsidiaries of Korea Electric Power Corporation (“KEPCO”) and private-sector power generation companies in Korea that are affiliated with major domestic business groups, including SK Innovation Co., Ltd. and GS EPS Co., Ltd.

We rely on other member companies of the POSCO Group for a substantial portion of our sales, and our results of operations and financial condition are affected by our performance.

Our Material Industry Segment relies significantly on other POSCO Group companies, which have served as a source of export and import activities for us. See “Related Party Transactions.” We serve as the primary global trading entity of the POSCO Group, and we believe that our affiliates provide us with attractive business opportunities. As a result, our results of operations and financial condition are affected by the overall performance of other member companies of the POSCO Group. Poor performance by one or more of the POSCO Group companies may reduce our export and import transaction volumes, as well as energy-related activities. In addition, some of the POSCO Group companies conduct all or a portion of their trading activities independently instead of through us, and other POSCO Group companies may at any time elect to discontinue using our services for their export and import or energy needs. If our key relationships with any of the POSCO Group companies are terminated, our business and performance could be adversely affected.

We have significant international operations and are exposed to political and economic risks in each country where we operate.

We have significant international trading and energy operations. Although many of our subsidiaries, overseas branches and representative offices are located in developed countries, we also operate in numerous countries with developing economies. Accordingly, unlike Korean companies with purely domestic operations, we are exposed to additional risks associated with doing business abroad, including:

- challenges caused by distance, language, local business customs and cultural differences;
- difficulty in obtaining licenses, permits or other regulatory approvals from local authorities;
- longer payment cycles in some countries;
- adverse changes in laws and policies affecting labor, trade, environmental compliance, investment and property development;
- varying standards and practices of the regulatory, tax, judicial and administrative bodies of the relevant foreign jurisdiction;
- delays in shipments or deliveries;
- political strife, social turmoil or deteriorating economic conditions;
- military hostilities or acts of terrorism; and
- epidemics or outbreaks such as COVID-19.

The realization of any of these risks, individually or in the aggregate, may have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully execute our diversification strategy.

Our overall strategy includes securing new growth engines by diversifying into new businesses that we believe will offer greater potential returns, such as our acquisition of controlling interests in (i) PT Prime Agri Resources TBK (“PT Prime Agri Resources” and formerly known as PT Sampoerna Agro TBK) in November 2025 to expand our palm oil production capacity in Indonesia and (ii) Senex Holdings Pty Ltd. (“Senex Holdings”) in March 2022 to expand our natural gas exploration and production activities to Australia. In recent years, we have been focusing on sustainable growth opportunities through investments in electric and hybrid vehicle components and renewable energy businesses. From time to time, we may selectively acquire or invest in additional companies, joint ventures or assets, as well as invest in existing joint ventures, to pursue such diversification strategy.

The success of the overall diversification strategy will depend, in part, on our ability to realize the growth opportunities and anticipated synergies. The realization of the anticipated benefits depends on numerous factors, some of which are outside our control, including the availability of qualified personnel, establishment of new relationships and expansion of existing relationships with various customers and suppliers, procurement of necessary technology and know-how to engage in such businesses and access to investment capital at reasonable costs. The realization of the anticipated benefits may be impeded, delayed or reduced as a result of numerous factors, some of which are outside our control.

These factors include the following:

- we may face challenges as we integrate the acquired company’s operations into our existing business, and the realization of anticipated synergies may be delayed or reduced;
- events beyond our control, including changes in regulations and global or local economic conditions, could adversely affect our ability to realize the anticipated benefits from the acquisition or investment;
- we may be exposed to unknown liabilities that could require us to spend significant amounts of additional capital to address;
- we may fail to retain, motivate and integrate key management and other employees of the acquired company;
- we may experience problems in retaining customers and integrating customer bases;
- the transaction may divert management’s attention from our existing operations; and
- in the case of joint ventures, because results from these activities are largely dependent on industry trends as well as the financial condition and performance of partner companies, weak trends or problems with such partners may adversely affect the success of these activities.

In order to pursue such diversification strategy, we intend to use cash on hand, funds from operations, issuances of equity and debt securities, and, if necessary, financings from banks and other sources as well as entering into consortiums with financial investors. However, no assurance can be given that we will be able to obtain sufficient financing for such acquisitions or investments on terms commercially acceptable to us or at all. We cannot assure you that our diversification strategy can be completed profitably or that the diversification efforts will not adversely affect our combined business, financial condition and results of operations.

Our trading activities are subject to various trade barriers.

Our trading activities are subject to various trade barriers such as tariffs, duties, import and export controls, import quotas, import product content rules and tax policies in Korea and abroad. Certain multilateral trade agreements also impose quotas on sales to, and imports from, various countries. Such trade barriers may from time to time make it difficult for us to import and export specific products to and from certain countries, and we may have to bear increased costs in order to comply with these restrictions. Such increased costs may adversely affect our overall profits from trading activities if we are not able to pass along these expenses to our customers. Furthermore, there is no guarantee that the level of these trade restrictions will not increase in the future, as a result of trade disputes, failure of bilateral or multilateral trade negotiations, national security concerns or otherwise.

In February 2025, the U.S. President signed proclamations to eliminate exemptions available to Korea and certain other countries and restored the 25% tariff on steel that had been in place as well as increase the tariff on aluminum to 25%, which measures became effective on March 12, 2025. Such proclamations were made under the Section 232 tariffs program, a U.S. trade measure authorized by the Trade Expansion Act of 1962 that permits the U.S. President to impose restrictions or duties on foreign imports if the U.S. Department of Commerce determines that those imports threaten or impair U.S. national security. In June 2025, the U.S. President signed proclamations to further raise the tariff on steel and aluminum from 25% to 50%, which measures became effective on June 4, 2025. In April 2026, the U.S. President signed a proclamation to amend tariffs imposed on foreign imports of steel, aluminum and copper products, so that articles made entirely or almost entirely of steel, aluminum or copper, such as steel coils and aluminum sheet, are subject to a tariff of 50% on their full value, and derivative articles substantially made of steel, aluminum or copper are subject to a tariff of 25% on their full value. Our steel trading business is impacted by such tariffs, which undermine our steel products' competitiveness in the U.S. steel market.

In April 2025, under the International Emergency Economic Powers Act of 1977 (the "IEEPA"), the U.S. President also imposed a universal "reciprocal" tariff which applies to all imports from all of its trading partners (including those with free trade agreements with the United States), with a base rate of 10%, subject to certain exceptions. In addition, the U.S. President imposed higher rates on imports from certain enumerated countries on a country-by-country basis (including Korea at 15%), subject to certain exceptions, the implementation of which became effective on August 7, 2025. In February 2026, the United States Supreme Court ruled that the U.S. President has no peacetime authority to impose such tariffs under the IEEPA and that the power to impose such tariffs must come from a clear congressional grant to the U.S. President. In response, on the same day the decision was published, the U.S. President issued a Proclamation "Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems," imposing a 10% temporary import surcharge on imports from all U.S. trading partners under section 122 of the Trade Act of 1974, which rate was subsequently increased to 15%. Such "Section 122" tariff, which remains subject

to certain exceptions, took effect on February 24, 2026, and remains in effect for 150 days. No assurance can be provided that such tariffs will not be extended or that similar tariffs will not be imposed on different grounds.

In response to the recent tariffs imposed by the U.S. government, the European Union and various countries have implemented, or have announced plans to implement, retaliatory tariffs on goods produced in the United States and elsewhere. For example, our steel trading business faces stringent and evolving trade barriers in the European Union. While the European Union has traditionally regulated steel imports through a safeguard tariff-rate quota system, future quota allocations and specific application methodologies of the new trade regime remain subject to ongoing regulatory reviews. Such uncertainties are further compounded by emerging trade barriers linked to environmental regulations, most notably the European Union's Carbon Border Adjustment Mechanism (the "CBAM"), which is in its implementation phase. The interplay between the tariff rate quota system and the CBAM remains uncertain, and we face significant unpredictability in projecting our compliance costs and export volumes in the European market. Political tensions as a result of trade policies could reduce trade volume, investment, technological exchange and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets. If further tariffs are imposed on a broader range of exports and imports, or if further retaliatory trade measures are taken by the European Union and impacted foreign countries in response to additional tariffs, we or our customers may be required to adjust prices or incur additional expenses, which may have a material adverse impact on our business, financial condition and results of operations.

Fluctuations in the value of the Won against the U.S. dollar and other major foreign currencies may have a material adverse effect on the results of our operations.

Our consolidated financial statements are prepared from the local currency-denominated financial results, assets and liabilities of our company and our subsidiaries around the world, which are then translated into Won. A substantial proportion of our consolidated financial results is accounted for in currencies other than the Won. Accordingly, our consolidated financial results and assets and liabilities may be materially affected by changes in the exchange rates of foreign currencies. We generated 83.3% of our total sales from overseas markets outside of Korea in 2025 and 84.2% in the first quarter of 2026. To the extent that we incur costs in one currency and make sales in another, our profit margins may be affected by changes in the exchange rates between the two currencies. Since the currency in which sales are recorded may not be the same as the currency in which expenses are incurred, foreign exchange rate fluctuations may materially affect our results of operations. Appreciation of the Won against major currencies may materially affect the results of our operations because, among other things, it causes:

- our export products to be less competitive by raising our prices in U.S. dollar and Euro terms; and
- reductions in net sales and accounts receivables in Won from export sales, which are primarily denominated in U.S. dollars and to a lesser extent in Euro.

On the other hand, depreciation of the Won against major currencies causes:

- an increase in the amount of Won required for us to make interest and principal payments on our foreign currency-denominated debt;
- an increase in Won terms in the costs of goods that we purchase from overseas sources and a substantial portion of our freight costs, which are denominated primarily in U.S. dollars; and
- foreign exchange translation losses on foreign currency-denominated liabilities, which lower our earnings for accounting purposes.

The overall net impact from fluctuations of the Won against major currencies is difficult to estimate and varies from year to year. We strive to naturally offset our foreign exchange risk by matching foreign currency receivables with our foreign currency payables and our overseas subsidiaries have sought to further mitigate the adverse impact of exchange rate fluctuations by conducting business transactions in the local currency of the respective market in which the transactions occur. Our exposure to fluctuations in exchange rates, including the Won/U.S. dollar exchange rate, is limited because trading transactions typically involve matched purchase and sale contracts, which result in limited settlement exposure, and because our contracts with domestic suppliers of products for export and with domestic purchasers of imported products are generally denominated in U.S. dollars. Although the impact of exchange rate fluctuations is partially mitigated by such strategies, we actively manage any remaining unmatched foreign currency exposures through forward exchange contracts, currency swaps and asset-liability management. However, our results of operations have historically been affected by exchange rate fluctuations, and there can be no assurance that such strategies will be sufficient to reduce or eliminate the adverse impact of such fluctuations in the future.

The Korean electric power industry is heavily regulated by the Government, whose policies may have a material adverse impact on our power generation business.

The Korean electric power industry is heavily regulated by the Government, which seeks to ensure a balanced overall electricity supply and demand in Korea at affordable rates for end users while taking into consideration various other factors, including economic conditions, national standard of living, long-term energy supply and demand plans and seasonality. The Korean electricity industry has been undergoing deregulation since 1999. Pursuant to the Electricity Business Act, the Government established the Korea Electricity Regulatory Commission in April 2001 to regulate the Korean electricity industry and to ensure fair competition. As an independent power producer, we are under the general supervision of the Korea Electricity Regulatory Commission.

The Government has, from time to time, adopted various policy initiatives to foster efficiency in the Korean electric power industry, and has also adopted policy measures that affect electricity tariff rates in order to ease the burden on certain consumers. In addition, these policy initiatives have not always been fully implemented as originally planned and in some cases have been amended or replaced by new initiatives, among others, due to economic or policy considerations or a change in administration. No assurance can be provided that such policies, as well as changes therein, will not have a material adverse effect on our power generation business, results of operations or financial condition.

We are dependent on liquefied natural gas (“LNG”) imported from overseas suppliers in currencies other than Won under contracts with varying quantities and durations, and any increases in fuel costs, if not fully passed through to KEPCO, could adversely affect our results of operations.

As LNG constitutes a significant component of the raw materials for our power generation business, the financial performance of our Energy Segment, particularly gross margin, is significantly impacted by the market price of LNG. We operate seven power generators at our LNG combined cycle power plant, five of which meet their LNG requirements through long-term supply contracts with KOGAS and two of which are sourced independently. Under the terms of the LNG contracts, our purchase quantity is determined through negotiations with KOGAS, subject to the Government’s approval, and KOGAS determines the purchase price on a monthly basis. We are under an obligation to purchase LNG quantities within a 20% plus or minus range from our previously agreed purchase quantity. If we purchase LNG outside this range, we are required to pay a penalty to KOGAS. In recent years, all our purchases have been within such range. KOGAS imports LNG primarily from Australia and the United States and supplies LNG to power generation subsidiaries of KEPCO and independent power producers, including us. The supply and market prices of imported LNG are subject to a variety of factors that are beyond our control, including the following:

- political developments and instability in the petroleum-producing regions, in particular, the Middle East (including the ongoing military conflicts between Iran and other countries, including the United States and Israel, that have destabilized the global energy sector);
- activities of natural gas-producing nations in setting and maintaining production levels and, therefore, market prices;
- the development, market prices and supply levels of substitute energy sources, such as crude oil, coal, nuclear energy, solar energy and hydropower;
- the level of commitment and investment by governments and private sector enterprises in new, greenfield exploration projects and the success of such activities in increasing the global supply of crude oil for commercial applications;
- Korean as well as foreign government regulations and policies with respect to the gas and energy industries in general, as well as political uncertainties in countries where we conduct exploration and production activities such as Myanmar and Australia;
- the growing demand for energy resources in China and other large emerging economies;
- global weather conditions;
- exchange rate and interest rate fluctuations;
- expectations of inflation; and
- overall Korean and global economic conditions.

Historically, the market price of LNG has fluctuated significantly. The average market price of LNG per ton purchased by us for power generation activities was Won 1,058 thousand in 2024 and Won 944 thousand in 2025, and Won 1,089 thousand in the first quarter of 2025 and Won 916 thousand in the first quarter of 2026. In recent months, the global price of LNG fluctuated significantly following the escalation of the military conflicts between Iran and other countries, including the United States and Israel.

Pursuant to Article 31 of the Electricity Business Act of Korea, we sell all of the electricity we generate to KEPCO through the Korea Power Exchange (“KPX”). Since our LNG combined cycle power plant is fueled solely by LNG, demand for our electricity is impacted by the cost-effectiveness of LNG relative to other raw materials such as coal. While increases in our fuel costs are fully passed through to KEPCO in its purchase of electricity from us under the current cost-based pool system, such pass-through is subject to several months of time lag. Accordingly, fuel cost increases, including cost increases resulting from the depreciation of the Won against the U.S. dollar or other currencies, could adversely affect our results of operations if the price of electricity payable to us by KEPCO does not timely capture such fuel cost increases for the relevant financial reporting period. Furthermore, in determining the marginal price component of the price of electricity sold by us to KEPCO by way of KPX, the Cost Evaluation Committee considers various factors, including the market prices of fuels, electricity tariff rates and their impact on the relative fair investment returns. In the event of a sustained or rapid rise in fuel costs which impact is not sufficiently offset by a corresponding rise in electricity tariff rates in a timely manner and as a result would significantly hurt KEPCO’s profitability, the adjusted coefficient may be set at a level which would have the effect of lowering the fair investment return for us. From time to time, the Government has implemented an “emergency price cap” on the marginal price of electricity sold by us to KEPCO to address extraordinarily rapid increases in the market price of fuel, pursuant to which the Ministry of Climate, Energy and Environment can set a temporary emergency price cap for one month (not to exceed three consecutive months) that would override the regular price cap on the marginal price of electricity set by the Cost Evaluation Committee. The price cap has had and may have a material adverse effect on our results of operations and financial condition.

We participate in overseas natural resources exploration, development and production projects, which expose us to various risks.

We carefully seek out promising overseas natural resources exploration, development and production opportunities. We also participate in natural resources projects as part of consortia or through acquisitions of minority interests. In particular, we hold a 51.0% interest in a gas field project in Myanmar, where production of gas commenced in July 2013. We may also selectively acquire or invest in companies or businesses that engage in such activities. In 2022, we acquired a 50.1% interest in Senex Holdings, which is an Australian energy company primarily engaged in the exploration and production of natural gas. Based in Brisbane, it operates onshore gas fields in Queensland’s Surat Basin, including the Atlas and Roma North developments. Our success in these endeavors will depend in part on the willingness of our partner companies to dedicate sufficient resources to their partnership with us, as well as our ability to finance such investments.

The demand and market acceptance for such activities abroad are subject to a substantially higher level of uncertainty than our traditional trading business and are substantially dependent upon the market condition of the global natural resources industry as well as the political and social environment of the target countries. The performance of projects in which we participate may be adversely affected by the occurrence of military hostility, political

unrest, acts of terrorism, natural disaster or fire. In addition, some of our current exploration, development and production projects involve drilling exploratory wells on properties with no proven amount of natural resource reserves. Although all drilling, whether developmental or exploratory, involves risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of natural resources. Other risks include obtaining required regulatory approvals and licenses, securing and maintaining adequate property rights to land and natural resources, and managing local opposition to project development. A decrease in the market price of raw materials may also adversely impact the value of our investments related to natural resources projects, potentially resulting in impairment losses.

If we fail to conduct successful exploration activities or to acquire or retain assets holding proved reserves, our proved reserves will decline as we extract natural gas from the reservoirs. In addition, the volume of production from natural gas properties generally declines as reserves are depleted. Our future production depends significantly upon our success in finding or acquiring additional reserves and retaining and developing such reserves. We cannot assure you that our overseas natural resources exploration, development and production projects will be profitable, that we will be able to meet the financing requirements for such projects, or that we can recoup the costs related to such investments, which in turn could materially and adversely affect our business, financial condition and results of operations.

We may be unable to adequately protect our intellectual property rights or successfully defend against third-party infringement claims, which could impair our operations and competitiveness and harm our business and future prospects.

Protection of our intellectual property rights is essential to keep others from copying the innovations that are central to our current and future products. Our ability to compete successfully also depends on our ability to operate without infringing the proprietary rights of others. In the event that any third party is adjudicated to have a valid intellectual property claim against us, we may be required to:

- refrain from selling the affected products in certain markets;
- make royalty payments or pay significant monetary damages, which may exceed our reserves for such matters;
- seek to develop non-infringing technologies, which may be costly or time-consuming or may not be feasible; and
- seek to acquire licenses to the infringed technology, which may not be available on commercially reasonable terms, if at all.

Any of the foregoing, as well as our inability to adequately protect our intellectual property rights, could have a material adverse effect on our business, financial condition and results of operations.

We rely on technology provided by third parties, and our business may suffer if we are unable to renew our licensing arrangements with them.

We have entered into technology license agreements with third parties that provide us with the right to use patents and other technologies developed by them. We anticipate that we will continue to enter into various licensing arrangements in the future, which may increase our

payments of licensing fees and royalties. If we are unable to enter into or renew technology licensing arrangements on acceptable terms, we may lose the legal right to use certain of the technologies we employ in manufacturing our products, which may prevent us from manufacturing and selling key products. In addition, we could be disadvantaged if our competitors obtain licenses for important technologies on more favorable terms than we do. In the future, we may also need to obtain additional licenses for new or existing technologies. Our failure to secure or renew license agreements on acceptable terms may materially and adversely affect our business, financial condition and results of operations.

We rely on trade secrets and other unpatented proprietary know-how to maintain our competitive position, and unauthorized disclosure of our trade secrets or other unpatented proprietary know-how could adversely affect our business.

We rely on trade secrets and unpatented proprietary know-how and information to maintain our competitive position in each of our business areas, as well as production expertise and know-how. We have developed internal policies to promote the development of inventions, ideas, discoveries, improvements and copyrightable materials by our employees and to compensate fairly in accordance with applicable law employees who achieve such results arising from their employment. We enter into a confidentiality agreement with each of our employees and consultants upon the commencement of an employment or consulting relationship. However, we cannot assure the enforceability of these types of agreements, or that they will not be breached. We also cannot be certain that we will have adequate remedies for any breach. The unauthorized disclosure of our trade secrets or other unpatented proprietary know-how as a result of such a breach could adversely affect our business, financial condition and results of operations.

Breaches of our security systems or products, systems failures, interruptions, delays in service, catastrophic events and resulting interruptions in the availability of our systems or those of our customers, suppliers or business partners could expose us to losses.

We maintain a system of controls over the physical security of our facilities. We also manage and store various proprietary information and confidential data relating to our operations. In addition, we process, store and transmit data relating to our customers, suppliers and employees, including sensitive personal information. Unauthorized persons, employees, former employees, nation states or other parties may gain access to our facilities or technology infrastructure and systems through fraudulent means and may steal trade secrets or other proprietary information, compromise confidential information, create system disruptions or have other impacts. This risk is exacerbated as competitors for talent attempt to hire our employees. Through cyberattacks on technology infrastructure and systems, unauthorized parties may obtain access to our computer systems, networks and data, including cloud-based platforms. Our technology infrastructure and systems and those of our suppliers, vendors, service providers, cloud solution providers and partners have in the past experienced, and may in the future experience, such attacks, which could materially impact our operations.

Cyberattacks can include ransomware, denial-of-service attacks, zero-day attacks, supply chain attacks, “phishing” and other forms of social engineering, exploitation of open source software vulnerabilities, and other malicious software programs or other attacks, as well as intentional or unintentional acts by employees or other insiders with access privileges. The emergence and maturation of AI capabilities may also lead to new or more sophisticated methods of attack. Globally, cyberattacks are increasing in number and the attackers are

increasingly organized and well-financed, or supported by state actors, and are developing increasingly sophisticated systems to not only attack, but also to evade detection. In addition, geopolitical tensions or conflicts may create a heightened risk of cyberattacks.

Breaches of our physical security, including break-ins, sabotage or vandalism, attacks on our technology infrastructure and systems, security breaches or incidents, or attacks on our customers, suppliers, or business partners who maintain or otherwise process confidential or sensitive information regarding us and our customers and suppliers, could result in damage to, or loss, disruption, or unavailability of data or systems, or inappropriate disclosure, destruction or loss of confidential or sensitive information. In addition, our systems and those of our third-party vendors may experience service interruptions, data loss or compromise and outages, for other reasons, including human error, pandemics, fires, other natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks and other geopolitical unrest, computer viruses, ransomware, and other malicious software, changes in social, political, or regulatory conditions or in laws and policies, or other changes or events. Any such event, or the perception it has occurred, may result in significant losses and damage our reputation with customers and suppliers and may expose us to claims, demands and litigation.

We cannot be certain that any applicable insurance coverage we maintain will be adequate or otherwise protect us with respect to claims, expenses, fines, penalties, business loss, data loss, litigation, regulatory actions or other impacts arising from security breaches or incidents, or that such coverage will continue to be available on acceptable terms or at all. Any of the foregoing security risks could have a material adverse effect on our business, financial condition and results of operations.

New and evolving laws and regulations relating to cybersecurity, data privacy, digital products and AI impose requirements for information confidentiality, integrity, availability, personal and proprietary data collection, storage, use, sharing, deletion and AI systems to be appropriately transparent, fair, secure, responsibly deployed and accountable. Along with these laws and regulations, standards and market expectations could cause us to incur additional direct costs for compliance, as well as increased indirect costs resulting from our customers', suppliers' or partners' reluctance to share information or solutions due to actual or perceived inadequate controls. Compliance with, or our failure, or the failure of our third-party sales channel partners or agents, to comply with, laws, regulations or industry standards could have a material adverse effect on our business, financial condition and results of operations.

We are subject to strict environmental regulations that could cause our operations to be interrupted.

Our facilities, including our LNG combined cycle power plant in Incheon, our LNG terminal in Gwangyang, production facilities of POSCO Mobility Solution Co., Ltd. ("POSCO Mobility Solution") in Korea and abroad and our palm oil production facilities in Indonesia, generate a variety of chemicals, gases, by-products and other emissions and waste materials, and we are subject to various environmental laws and regulations in Korea and other jurisdictions in which we operate relating to the handling, use, storage, discharge, treatment and disposal of potentially hazardous materials. We are also subject to regulation and periodic monitoring by environmental protection authorities in various jurisdictions. We have incurred, and expect to continue to incur, capital and operating costs to comply with such environmental laws and regulations. We may be responsible for the investigation and remediation of environmental conditions at our production sites, and we may also be subject to associated

liabilities, including liabilities for environmental damage, third-party property damage or personal injury resulting from lawsuits brought by the government or private litigants. In the course of our operations, hazardous wastes may be generated at third-party-owned or operated sites, and hazardous wastes may be disposed of or treated at third-party-owned or operated disposal sites. If those sites become contaminated, we could also be held responsible for the cost of investigation and remediation of such sites, for any associated environmental damage, and for civil or criminal fines or penalties.

We also face increasing pressure from global initiatives and demands from our customers regarding climate change and decarbonization, such as the Renewable Energy 100% (“RE100”) initiative. In order to meet such standards and our carbon neutrality goals, we are making various efforts to transition our energy procurement to renewable sources. This transition may require substantial capital expenditures and increase our operating costs, including investments in renewable energy infrastructure and the procurement of renewable energy certificates. In addition, some of our customers may mandate strict carbon reductions and RE100 compliance across their supply chains. If we fail to meet these evolving market expectations or encounter significant delays or cost overruns in securing sufficient renewable energy, we may lose key customers or suffer reputational damage.

We have installed various types of anti-pollution equipment and implemented processes consistent with industry standards to minimize energy use and reduce the industrial wastes generated at our production facilities. As required by Korean law, we also employ licensed environmental specialists for each environmental area, including air quality, water quality, toxic materials and radiation. We educate and train our employees on environmental issues and require adherence to corporate guidelines on environmental protection measures. However, any failure on our part to comply with any present or future environmental regulations could result in the assessment of damages or imposition of fines against us or suspension of our production. In addition, more stringent environmental laws and regulations could require us to acquire additional anti-pollution equipment or incur other significant compliance expenses. Our non-compliance with the relevant environmental regulations, or the perception that we have not appropriately responded to growing consumer concerns for environmental issues, may adversely affect our business, financial condition and results of operations.

We engage in activities relating to countries targeted by United States, European Union and United Kingdom economic sanctions.

The U.S. Department of the Treasury’s Office of Foreign Assets Control, or “OFAC,” enforces certain laws and regulations (“U.S. Sanctions”) that impose prohibitions or restrictions on U.S. persons and, in some instances, foreign entities owned or controlled by U.S. persons, with respect to activities or transactions with or involving certain countries, governments, entities and individuals that are the subject of U.S. Sanctions, including countries and territories subject to a comprehensive embargo, as well as parties that are subject to, or are majority owned by one or more parties subject to, so-called blocking sanctions. U.S. persons are also generally prohibited from facilitating such activities or transactions. Similarly, the European Union enforces certain laws and regulations (“E.U. Sanctions”) that impose restrictions on nationals of E.U. member states, persons located within E.U. member states, entities incorporated or constituted under the law of an E.U. member state, or business conducted in whole or in part in E.U. member states with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of E.U. Sanctions. E.U. persons are also generally prohibited from activities that promote such activities or transactions. The United

Kingdom also enforces certain laws and regulations (“UK Sanctions”) that impose restrictions upon UK persons with respect to activities or transactions with parties that are the subject of UK Sanctions.

We hold a 51.0% interest in a gas field project in Myanmar. Myanma Oil and Gas Enterprise (“MOGE”) holds a 15.0% interest in the project and the remaining interests are held by non-sanctioned persons. On February 21, 2022, MOGE was designated for E.U. Sanctions, and certain managers of MOGE have been subsequently designated for U.S. Sanctions. Such sanctions do not extend to us or, to our knowledge, the gas field project. On October 31, 2023, OFAC issued Burma-related Directive 1 under Executive Order 14014, which prohibits U.S. persons from providing, exporting or re-exporting, directly or indirectly, financial services to, or for the benefit of, MOGE, regardless of the currency in which any prohibited transaction is denominated. We are operating the Myanmar gas field project in compliance with such directive. Our revenue recognized from the gas field project accounted for 1.9% of our consolidated revenue in 2024, 2.0% in 2025, 1.8% in the first quarter of 2025 and 1.8% in the first quarter of 2026.

We expect to continue to engage in business activities and make investments in countries or territories on which comprehensive U.S. Sanctions have been imposed. Although we believe that U.S. Sanctions, E.U. Sanctions and UK Sanctions under their current terms are not applicable to our current activities, the relevant authorities may take a different view, our reputation may be adversely affected, and some of our investors may be required to divest their investments in us, including under the laws of certain U.S. states or under internal investment policies or may decide for reputational reasons to divest such investments. We are aware of initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to adopt or consider adopting laws, regulations or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with countries identified as state sponsors of terrorism. There can be no assurance that the foregoing will not occur, that sanctions regimes around the world will not change in a way that impacts our business, or that such occurrences will not have a material adverse effect on the value of the Notes.

If we are unable to attract, retain and motivate employees or efficiently utilize their skills, we may not be able to compete effectively and will not be able to grow our business.

Our success and ability to grow are dependent, in large part, on our ability to hire, retain and motivate sufficient numbers of talented professionals with the increasingly diverse skills needed to serve our customers and grow our business. Competition for skilled personnel is intense at all levels of experience and seniority and across all markets and geographies. To address this competition, we may need to further adjust our compensation practices, which could put upward pressure on our costs and adversely affect our profit margins. In addition, the processes and costs associated with recruiting, training and retaining employees place significant demands on our resources. We may not be successful in hiring and retaining a sufficient number of employees with the skills or backgrounds we require, which could adversely affect our business, financial condition and results of operations.

Complaints or litigation from customers and other third parties could adversely affect us.

We are the subject of complaints and litigation from our customers, employees or other third parties, alleging health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations, including labor laws. These claims, even if successfully disposed of without direct adverse financial effect, could have a material adverse effect on our reputation and divert our financial and management resources from more beneficial uses. While we do not believe that any of these claims to which we are currently subject will have a material adverse effect on us, there is no guarantee that we will not be subject to future claims that may have such an effect on our business, financial condition and results of operations.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.

Although we maintain various safety and loss prevention programs and carry property and casualty insurance to cover certain risks, our insurance policies do not cover all types of losses and liabilities. There can be no assurance that our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured. In addition, we cannot guarantee that we will be able to renew our current insurance policies on favorable terms, or at all. If we sustain significant losses or make significant insurance claims, then our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected. If our insurance coverage is not adequate, or we become subject to damages that cannot be insured against, this could adversely affect our business, financial condition and results of operations.

Related party transactions that we engage in are subject to scrutiny by the Korea Fair Trade Commission and the Korean tax authorities.

Our business relationships and transactions with our subsidiaries and affiliates are subject to ongoing scrutiny by the Korea Fair Trade Commission as to, among other things, whether such relationships and transactions constitute undue financial support among companies of the same business group. We engage in various transactions with our subsidiaries and affiliates on an arm's-length basis. We are also subject to fair trade regulations limiting guarantees of debt and cross-shareholdings among member companies of the POSCO Group. In addition, our material business transactions with our subsidiaries, affiliates and member companies of the POSCO Group are subject to approval by the Board pursuant to the Korean Commercial Code and the Monopoly Regulation and Fair Trade Act and are subject to public disclosure requirements under the Monopoly Regulation and Fair Trade Act. Any future determinations by the Korea Fair Trade Commission that we have engaged in transactions that violate applicable fair trade laws and regulations may result in fines or other punitive measures and may have a material adverse effect on our reputation and our business, financial condition and results of operations.

In addition, under Korean tax law, there is an inherent risk that our transactions with our subsidiaries, affiliates or any other person or company that is related to us may be challenged by the Korean tax authorities if such transactions are viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities determine that any of our

transactions with related parties was not on an arm's-length basis, we would not be permitted to deduct the amount equivalent to such undue financial support as expenses, which may have adverse tax consequences for us.

Risks Relating to Korea

If economic conditions in Korea deteriorate, our current business and future growth could be materially and adversely affected.

We are incorporated in Korea and a significant portion of our assets are located in Korea. As a result, we are subject to political, economic, legal and regulatory risks specific to Korea, and our performance and successful execution of our operational strategies are dependent on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy.

Following a period of deterioration due to the debilitating effects of the COVID-19 pandemic on the Korean economy as well as on the economies of Korea's major trading partners in 2020, the overall Korean economy showed signs of recovery in 2021. However, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, as well as significant fluctuations in policy interest rates globally (including in Korea), have contributed to the uncertainty of global economic prospects in recent years and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies, in particular the U.S. dollar, has fluctuated significantly and, as a result of uncertain global and Korean economic, social and political conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the Korea Composite Stock Price Index (the "KOSPI"), and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect our business, financial condition and results of operations and the market price of the Notes.

Other developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending, including as a result of higher levels of market interest rates;
- the imposition of significant tariffs on the Republic's exports by any of the Republic's major export markets, including the United States, as well as any countermeasures or policy responses adopted by the Government;
- shortages of imported raw materials, natural resources, rare earth minerals or component parts due to disruptions to the global supply chain;
- rising inflationary pressures leading to increases in costs of goods and services and a decrease in purchasing power;

- hostilities or political or social tensions involving countries in the Middle East (including those resulting from the military conflicts between Iran and other countries, including the United States and Israel) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- hostilities or political or social tensions involving Russia (including the Russia-Ukraine war and the ensuing actions against Russia) and any resulting adverse effects on the global supply of oil and other natural resources or the global financial markets;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the deterioration of economic and trade relations among such countries or impositions of significant tariffs by any such country and increased uncertainties in the global financial markets and industry;
- adverse changes or volatility in foreign currency reserve levels, interest rates, inflation rates, commodity prices (including oil prices), exchange rates (including fluctuations of the U.S. dollar, Euro or Japanese Yen exchange rates or revaluation of the Chinese Yuan) or stock markets;
- political uncertainty or increasing strife among or within political parties in Korea following the declaration of martial law by former President Yoon Suk-yeol in December 2024 that led to his impeachment and subsequent removal in April 2025 and the election of Mr. Lee Jae-myung as President in June 2025;
- interest rate fluctuations as well as perceived or actual changes in policy rates, or other monetary and fiscal policies set forth by the U.S. Federal Reserve, Bank of Korea and other central banks;
- the occurrence of severe health epidemics in Korea or other parts of the world;
- a deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- increased sovereign default risks in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea;
- investigations of large Korean business groups and their senior management for possible misconduct;

- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- social and labor unrest;
- substantial changes in the market prices of Korean real estate;
- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, which, together, would likely lead to a national budget deficit as well as an increase in the Government's debt;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- a continued decrease in the population and birthrates in Korea;
- geopolitical uncertainty and the risk of further attacks by terrorist groups around the world;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions with North Korea could have an adverse effect on us and the market value of the Notes.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon, ballistic missile and satellite programs as well as its hostile military actions against Korea. North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and has conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs and warheads that can be mounted on ballistic missiles. Over the years, North Korea has continued to conduct a series of missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of such activities since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council

resolutions. In February 2016, the Government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea as have the United States and the European Union.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although bilateral summit meetings between Korea and North Korea were held in April, May and September 2018 and between North Korea and the United States in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean Peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea or between the United States and North Korea break down or military hostilities occur, could have a material adverse effect on the Korean economy and on our business, financial condition and results of operations and the market value of the Notes.

There are special risks involved with investing in securities of Korean companies.

As we are a Korean company and operate in a business and cultural environment that is different from that of other countries, there are risks associated with investing in our securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Foreign Exchange Transactions Act of Korea and the decree, rules and regulations promulgated thereunder, if the Government deems that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Finance and Economy for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or other types of capital transactions. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of Finance and Economy may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the Bank of Korea, the Foreign Exchange Equalization Fund of Korea, or certain other governmental agencies or financial institutions. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial and other information contained in this Offering Circular.

Risks Relating to the Notes

The Notes are unsecured obligations.

Because the Notes are unsecured obligations, their repayment may be compromised if:

- we enter into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;

- there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of our indebtedness.

If any of these events occurs, our assets may not be sufficient to pay amounts due on any of the Notes. In addition, any secured indebtedness incurred by us would have priority over our unsecured indebtedness to the extent of the assets securing such indebtedness.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States, except to QIBs in reliance on the exemption provided by Rule 144A, to certain persons in offshore transactions in reliance on Regulation S, or, if available, pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see “Description of the Notes” and “Transfer Restrictions.”

The Notes have not been and will not be registered with the Financial Services Commission of Korea (the “FSC”) under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Act of Korea and the regulations thereunder) or to others for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations. In addition, within one year following the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean QIB registered with the KOFIA as a Korean QIB, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate principal amount of the Notes.

The Notes are subject to prescription regulations in Korea.

Failure to exercise a right of action for more than a certain period of time may operate as a bar to exercise of such right. Under Korean laws, claims against the issuer in respect of the payment of principal of notes or bonds are prescribed upon the expiry of ten years, and claims for payment of interest in respect of notes or bonds are prescribed upon the expiry of five years, in each case, from the relevant due date as adjusted by any acceleration or otherwise, in respect thereof. If the Note holders fail to exercise their right of payment for more than the period set forth above, the Korean courts may not enforce a claim for payment for principal or interest in respect of the Notes.

The Notes contain limited restrictive covenants and will not restrict our ability to make investments, incur unsecured indebtedness or pay dividends.

The Notes contain limited restrictive covenants and will not restrict our ability to:

- invest in affiliates, associates or subsidiaries;
- repurchase common or preferred shares, make distributions or issue dividends;
- issue preferred securities or incur unsecured indebtedness; or
- make capital expenditures.

Our election to take such actions could adversely affect our ability to pay amounts due on the Notes.

The Notes may have limited liquidity.

The Notes constitute a new issue of securities for which there is no existing market. Application has been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The offer and sale of the Notes are not conditioned on obtaining a listing of the Notes on the SGX-ST or any other exchange. Although the Initial Purchasers have advised us that they currently intend to make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice at their sole discretion. For a further discussion of the Initial Purchasers' planned market-making activities, see "Plan of Distribution."

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- our results of operations and financial condition;
- the rate of exchange between Won and the currency of the Notes;
- political and economic developments in and affecting Korea and other regions;
- the market conditions for similar securities; and
- the financial condition and stability of the Korean financial and other sectors.

The credit ratings assigned to us and the Notes are limited in scope.

We and our debt securities, including the Notes, are subject to periodic review by independent credit rating agencies. Accordingly, increases in the level of our outstanding indebtedness, a deterioration in our operating performance or other events could cause the rating agencies to downgrade our credit ratings generally and the ratings on the Notes, which could adversely impact the trading prices for, or the liquidity of, the Notes. Any such downgrade could also adversely affect our cost of borrowing, limit our access to the capital markets or result in more restrictive covenants in future debt agreements.

The Notes are expected to be rated Baa2 by Moody's and BBB by S&P. The credit ratings assigned to the Notes are limited in scope, and may not reflect the potential impact of all risks related to structure and other factors that may affect the value of the Notes. Each agency's rating should be evaluated independently of any other agency's rating. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. There can be no assurance that these ratings will remain in effect for a given period or that these ratings will not be revised or withdrawn by the relevant rating agency if in its judgment circumstances in the future so warrant. Neither we nor the agents or any of their respective directors, officers, employees, agents,

representatives, affiliates or advisors or any person who controls any of them has any obligation to inform holders of the Notes of any such revision, suspension or withdrawal. A revision, suspension, or withdrawal at any time of a rating assigned to the Notes may adversely affect the market price of the Notes.

Risks Relating to Forward-Looking Statements

This Offering Circular contains forward-looking statements. You can identify these statements because they are not limited to historical fact or they use words such as “outlook,” “may,” “will,” “should,” “could,” “would,” “believe,” “anticipate,” “plan,” “expect,” “estimate,” “forecast,” “confident,” “opportunities,” “goal,” “prospect,” “positioned,” “intend,” “committed,” “continue,” “future,” “guidance,” “years ahead,” “looking ahead,” “going forward,” “focused on,” “will likely result,” “can,” “project,” “accelerate,” “schedule,” “on track,” “seek,” “ensure,” “potential,” “pipeline,” “objective,” “focused on,” “predict,” “look to,” “likely to,” “scheduled to,” or “subject to” and similar expressions that concern our strategy, plans, intentions, initiatives, or beliefs about future occurrences or results.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. There is no assurance that the expected events, trends or results will actually occur and we and the underwriters undertake no obligation to update publicly or revise any forward-looking statements and estimates whether as a result of new information, future events or otherwise.

Forward-looking statements include, but are not limited to, statements regarding our current belief or expectations as of the date of this Offering Circular and estimates on future events and trends that affect or may affect our business, financial condition, results of operations, liquidity, prospects and the trading price of the Notes, including our growth plan and pipeline of new projects. Although such forward-looking statements are based on assumptions and information currently available to us, which we believe to be reasonable, none of the forward-looking statements, whether expressed or implied, are indicative of or guarantee future results. Given such limitations, you should not make any investment decision on the basis of the forward-looking statements contained in this Offering Circular.

All forward-looking statements are subject to risks, uncertainties and other factors (including, without limitation, those described under “Risk Factors”) that may cause our actual results to differ materially from those which we expected. Key factors that could cause actual results to differ materially from the expectations expressed in or implied by such forward-looking statements, include, but are not limited to:

- general economic, business and political conditions;
- trends in the various industries in which we and our subsidiaries compete;
- market conditions and business outlook for our products and services;
- fluctuations in prices of raw materials;
- adverse trends in regulatory, legislative and judicial developments;
- changes in interest rates and currency exchange rates;

- factors affecting future profitability;
- seasonality;
- our leverage and our ability to meet our debt obligations;
- conditions in the Korean and the global financial markets;
- occurrences of widespread infectious diseases such as COVID-19; and
- additional matters identified in “Risk Factors.”

We caution you that the foregoing list of significant factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Offering Circular may not in fact occur. Many of these risks are beyond our ability to control or predict. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Offering Circular.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. We cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. We undertake no obligation, and specifically disclaim any duty, to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as may be required by law. As a result of these risks and uncertainties, we caution you not to place undue reliance on any forward-looking statements included in this Offering Circular or that may be made elsewhere from time to time by, or on behalf of, us.

USE OF PROCEEDS

The net proceeds from the issuance of the Notes are expected to be approximately US\$496,455,000, after deducting underwriting commissions but not estimated expenses of the offering.

An amount equivalent to the net proceeds from the Notes will be used for refinancing existing indebtedness and other general corporate purposes.

CAPITALIZATION

The following table sets forth our capitalization (defined as the sum of long-term debt, excluding current portion, and total equity) as of March 31, 2026 and as adjusted to give effect to the issuance of the Notes, after deducting underwriting commissions but not estimated expenses of the offering payable by us and on the assumption that the proceeds from the issuance of the Notes will not be used for the immediate repayment of outstanding borrowings. This table should be read in conjunction with our Interim Financial Statements included elsewhere in this Offering Circular.

	As of March 31, 2026	
	Outstanding	As Adjusted
	(In billions of Won)	
Long-term debt:		
Long-term borrowings, excluding current installments	₩ 1,712	₩ 1,712
Bonds.....	1,731	1,731
Notes offered hereby ⁽¹⁾⁽²⁾	—	751
Total long-term debt.....	₩ 3,443	₩ 4,194
Equity:		
Issued capital	₩ 880	₩ 880
Capital surplus	1,638	1,638
Other components of equity	(36)	(36)
Accumulated other comprehensive income	335	335
Retained earnings.....	3,927	3,927
Non-controlling interest	989	989
Total equity	₩ 7,732	₩ 7,732
Total capitalization ⁽³⁾	₩ 11,175	₩ 11,926

(1) Pursuant to the Financial Accounting Standards of the Republic of Korea, the Notes will be accounted for as long-term debt for purposes of our capitalization.

(2) Reflects net proceeds of US\$496,455,000 from the offering (after deduction of underwriting commissions but not estimated expenses) translated into Won amount at the Market Average Exchange Rate of Won 1,513.4 to US\$1.00 on March 31, 2026.

(3) Sum of long-term debt (excluding current portion) and total equity.

EXCHANGE RATES

The following table sets out, for the periods and dates indicated, information concerning the Market Average Exchange Rate. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted in U.S. dollars or Won, as the case may be, at any particular rate or at all.

Period		At End of Period		Average Rate ⁽¹⁾		High		Low
				(Won per US\$1.00)				
2021	₩	1,185.5	₩	1,144.4	₩	1,199.1	₩	1,083.1
2022		1,267.3		1,292.0		1,436.6		1,185.5
2023		1,289.4		1,305.4		1,360.6		1,219.3
2024		1,470.0		1,364.0		1,474.1		1,289.4
2025		1,434.9		1,422.2		1,483.4		1,352.6
2026 (through June 22)		1,535.0		1,480.9		1,546.5		1,424.5
January		1,427.0		1,456.5		1,477.5		1,427.0
February		1,424.5		1,449.3		1,470.3		1,424.5
March		1,513.4		1,486.6		1,513.4		1,435.4
April		1,476.1		1,487.4		1,530.5		1,470.8
May		1,505.8		1,490.1		1,513.3		1,450.8
June (through June 22)		1,535.0		1,522.1		1,546.5		1,503.2

Source: Seoul Money Brokerage Services, Ltd.

(1) Represents the average of the daily Market Average Exchange Rates over the relevant period.

SELECTED FINANCIAL AND OTHER DATA

The following tables present our selected financial and other information. The selected financial information presented as of and for the years ended December 31, 2024 and 2025 are derived from the Annual Financial Statements included elsewhere in this Offering Circular. The selected financial information presented as of March 31, 2026 and for the three months ended March 31, 2025 and 2026 are derived from the Interim Financial Statements included elsewhere in this Offering Circular.

Our results of operations for the three months ended March 31, 2026 may not be indicative of our results of operations for the full year 2026.

Selected Statements of Comprehensive Income Information

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2024	2025	2025	2026
	(in billions of Won)			
Sales	₩ 32,261	₩ 32,374	₩ 8,137	₩ 8,410
Cost of sales	30,338	30,438	7,676	7,840
Gross profit.....	1,923	1,936	461	571
Selling and administrative expenses	765	770	186	213
Operating profit.....	1,158	1,165	275	358
Share of profit in associates	146	71	28	17
Share of loss in associates.....	19	4	3	0
Finance income.....	1,433	1,238	337	569
Finance costs	1,709	1,573	417	602
Other income.....	39	102	56	20
Other expenses.....	287	164	5	24
Profit from continuing operations before income tax expenses	762	835	272	337
Income tax expense	202	132	63	59
Profit for the period from continuing operations.....	560	703	209	278
Loss from discontinued operations	56	67	5	1
Profit for the period	₩ 503	₩ 637	₩ 204	₩ 277

Selected Statements of Financial Position Information

	As of December 31,		As of
	2024	2025	March 31, 2026
	(in billions of Won)		
Working capital ⁽¹⁾	₩ 1,608	₩ 944	₩ 772
Total current assets	8,268	7,556	8,085
Trade and other receivables, net	4,511	4,324	4,770
Inventories, net	2,081	1,736	1,802
Cash and cash equivalents	1,057	1,171	1,112
Total non-current assets	9,068	11,197	11,660
Property, plant and equipment, net	4,241	5,070	5,222
Intangible assets, net	2,553	3,235	3,435
Total assets	17,336	18,753	19,745
Total current liabilities	6,660	6,612	7,313
Trade and other payables	2,933	3,061	3,194
Borrowings	2,068	2,326	2,878
Current portion of bonds	1,118	597	600
Total non-current liabilities	3,327	4,328	4,700
Borrowings	1,141	1,371	1,712
Bonds	1,567	1,781	1,731
Total liabilities	9,987	10,940	12,013
Equity attributable to equity holders of the parent	6,545	6,708	6,743
Retained earnings	3,635	3,836	3,927
Capital surplus	1,837	1,851	1,638
Issued Capital	880	880	880
Total equity	7,349	7,813	7,732

(1) "Working capital" means current assets minus current liabilities.

Selected Statements of Cash Flows Information

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2024	2025	2025	2026
(in billions of Won)				
Net cash provided by (used in) operating activities	₩ 877	₩ 1,942	₩ 670	₩ (19)
Net cash used in investing activities	(846)	(1,330)	(154)	(227)
Net cash provided by (used in) financing activities.	(176)	(465)	(342)	199

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to, our financial statements included elsewhere in this Offering Circular. Our financial information appearing below is derived from the Annual Financial Statements and the Interim Financial Statements. See Note 2 to the Annual Financial Statements and Note 2 to the Interim Financial Statements for a summary of material accounting policies. K-IFRS differs in certain significant respects from generally accepted accounting principles in other countries, including the United States.

The discussion contains forward-looking statements and reflects our current view with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "Risk Factors" and elsewhere in this Offering Circular.

Overview

We are a leading global trading and energy business company and a core member company of the POSCO Group. Originally founded in 1967 as Daewoo Industry Co., Ltd., we have evolved from a traditional trading firm into a diversified company with operations spanning steel, industrial components, natural resources, power generation and agro sectors. We manage a global network of subsidiaries, engaging in trading activities as well as operating major projects such as natural gas fields in Myanmar and Australia, palm oil plantations in Indonesia and an LNG terminal in Gwangyang, Korea. In recent years, we have been focusing on sustainable growth opportunities through investments in electric and hybrid vehicle components and renewable energy businesses.

Our business segments are as follows:

- **Material Industry Segment.** We are a global trading company that primarily engages in the trading of steel products and raw materials used in steel production, electric and hybrid vehicle components, rechargeable battery materials, industrial materials, agricultural commodities and other goods. Our Material Industry Segment also engages in a variety of other businesses, including production of traction motor core and fabrication of steel products and palm oil as well as participation in mineral resource development projects.
- **Energy Segment.** Our Energy Segment engages in the exploration and production of gas fields, storage, transportation and trading of LNG, and operation of power generation facilities in Korea and Southeast Asia, including an LNG combined cycle power plant in Incheon, Korea. Our Energy Segment selectively seeks opportunities to expand into wind, solar and other renewable energy businesses to serve as an integrated provider of energy solutions.

We are a member company of the POSCO Group, which consists of companies controlled by POSCO HOLDINGS INC. The POSCO Group engages in businesses that complement the largest steel manufacturing operations in Korea and also carefully seeks out promising investment opportunities to diversify its businesses both vertically and horizontally. The POSCO Group has made investments in the past decade to diversify into new businesses related to its steel operations that it believes will offer greater potential returns, as well as enter

into new areas such as production of anode and cathode materials for rechargeable batteries and comprehensive materials such as lithium. We serve as the primary global trading and energy entity of the POSCO Group, and we believe that our affiliates provide us with attractive business opportunities.

Factors Affecting Our Results of Operations and Financial Condition

One of the major factors contributing to our historical performance has been the growth of the Korean economy, and our future performance will depend at least in part on Korea's general economic growth and prospects. A number of other factors have had or are expected to have a material impact on our results of operations, financial condition and capital expenditures. These factors include:

- Global macroeconomic conditions;
- Exchange rate fluctuations;
- Diversification of our business portfolio;
- Fluctuation in LNG price; and
- Transactions with the POSCO Group.

As a result of these factors, our financial results in the past may not be indicative of future results or trends in those results.

Global Macroeconomic Conditions

Our businesses are sensitive to economic conditions in the global economy. We are affected by the general level of trade between Korea and other countries, which in turn tends to fluctuate cyclically based on general conditions in the Korean and global economies. Our trading sales are impacted by trade levels and economic growth in our major overseas markets, particularly Southeast Asia, China, Europe and North America. We also derive a significant portion of our trading sales from transactions relating to steel products and raw materials used in steel production, and a downturn in the steel industry could adversely affect our trading business and performance. The steel industry's cyclicity results primarily from fluctuations in demand for the end products that use steel, which are sensitive to general conditions in the global economy. An economic downturn in Korea or in such markets in the future could result in market conditions characterized by weaker demand and falling prices for export and import products and reduced trade levels. If the level of trade between Korea and such markets were to decrease due to an economic downturn or other factors, our business, financial condition and results of operations could suffer. Our energy sales are impacted by demand for electricity and natural gas, which in turn is impacted by general macroeconomic conditions in the Korean, Southeast Asian and Australian economies and the relative competitiveness of electricity produced using LNG as compared to other fuels.

Uncertainties in the global economy have increased in recent years, with global financial and capital markets experiencing substantial volatility. In particular, the COVID-19 pandemic that began in late 2019 and fluctuations in interest rates globally have materially and adversely affected the global economy and financial markets in recent years. A prolonged period of high interest rates may negatively impact the demand for our products. Such uncertainties have been

caused by, and continue to be exacerbated by, among other things, deterioration in economic and trade relations between major economies (particularly between the United States and China), the military conflicts between Iran and other countries, including the United States and Israel, that have destabilized the global energy sector, the outbreak of the Russia-Ukraine war in February 2022 and the ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America, continuing geopolitical and social instability in North Korea and various parts of the Middle East and impositions of tariffs and other trade protective measures around the world. Any future deterioration in global economic conditions may result in a decline in demand for our products and services.

Exchange Rate Fluctuations

Our consolidated financial statements are prepared from the local currency-denominated financial results, assets and liabilities of our company and our subsidiaries around the world, which are then translated into Won. A substantial proportion of our consolidated financial results is accounted for in currencies other than the Won. Accordingly, our consolidated financial results and assets and liabilities may be materially affected by changes in the exchange rates of foreign currencies. We generated 83.3% of our total sales from overseas markets outside of Korea in 2025 and 84.2% in the first quarter of 2026. To the extent that we incur costs in one currency and make sales in another, our profit margins may be affected by changes in the exchange rates between the two currencies. Since the currency in which sales are recorded may not be the same as the currency in which expenses are incurred, foreign exchange rate fluctuations may materially affect our results of operations.

The overall net impact from fluctuations of the Won against major currencies is difficult to estimate and varies from year to year. We strive to naturally offset our foreign exchange risk by matching foreign currency receivables with our foreign currency payables and our overseas subsidiaries have sought to further mitigate the adverse impact of exchange rate fluctuations by conducting business transactions in the local currency of the respective market in which the transactions occur. Our exposure to fluctuations in exchange rates, including the Won/U.S. dollar exchange rate, is limited because trading transactions typically involve matched purchase and sale contracts, which result in limited settlement exposure, and because our contracts with domestic suppliers of products for export and with domestic purchasers of imported products are generally denominated in U.S. dollars. Although the impact of exchange rate fluctuations is partially mitigated by such strategies, actively manage any remaining unmatched foreign currency exposures through forward exchange contracts, currency swaps and asset-liability management. However, our results of operations have historically been affected by exchange rate fluctuations, and there can be no assurance that such strategies will be sufficient to reduce or eliminate the adverse impact of such fluctuations in the future.

Diversification of Our Business Portfolio

Our overall strategy includes securing new growth engines by diversifying into new businesses that we believe will offer greater potential returns, such as our acquisition of controlling interests in (i) PT Prime Agri Resources in November 2025 to expand our palm oil production capacity in Indonesia and (ii) Senex Holdings in March 2022 to expand our exploration and production of natural gas activities to Australia. In recent years, we have been focusing on sustainable growth opportunities through investments in electric and hybrid vehicle components and renewable energy businesses. From time to time, we may selectively acquire or invest in additional companies, joint ventures or assets, as well as invest in existing joint ventures, to pursue such diversification strategy.

The success of the overall diversification strategy will depend, in part, on our ability to realize the growth opportunities and anticipated synergies. The realization of the anticipated benefits depends on numerous factors, some of which are outside our control, including the availability of qualified personnel, establishment of new relationships and expansion of existing relationships with various customers and suppliers, procurement of necessary technology and know-how to engage in such businesses and access to investment capital at reasonable costs. The realization of the anticipated benefits may be impeded, delayed or reduced as a result of numerous factors, some of which are outside our control.

Fluctuation in LNG Price

As LNG constitutes a significant component of the raw materials for our power generation business, the financial performance of our Energy Segment, particularly gross margin, is significantly impacted by the market price of LNG. We operate seven power generators at our LNG combined cycle power plant, five of which meet their LNG requirements through long-term supply contracts with KOGAS and two of which are sourced independently. Under the terms of the LNG contracts, our purchase quantity is determined through negotiations with KOGAS, subject to the Government's approval, and KOGAS determines the purchase price on a monthly basis. We are under an obligation to purchase LNG quantities within a 20% plus or minus range from our previously agreed purchase quantity. If we purchase LNG outside this range, we are required to pay a penalty to KOGAS. In recent years, all our purchases have been within such range. KOGAS imports LNG primarily from Australia and the United States and supplies LNG to power generation subsidiaries of KEPCO and independent power producers, including us.

Historically, the market price of LNG has fluctuated significantly. The average market price of LNG per ton purchased by us for power generation activities was Won 1,058 thousand in 2024 and Won 944 thousand in 2025, and Won 1,089 thousand in the first quarter of 2025 and Won 916 thousand in the first quarter of 2026. In recent months, the global price of LNG fluctuated significantly following the escalation of the military conflicts between Iran and other countries, including the United States and Israel.

Pursuant to Article 31 of the Electricity Business Act of Korea, we sell all of the electricity we generate to KEPCO through the KPX. Since our LNG combined cycle power plant is fueled solely by LNG, demand for our electricity is impacted by the cost-effectiveness of LNG relative to other raw materials such as coal. While increases in our fuel costs are fully passed through to KEPCO in its purchase of electricity from us under the current cost-based pool system, such pass-through is subject to several months of time lag. Accordingly, fuel cost increases, including cost increases resulting from the depreciation of the Won against the U.S.

dollar or other currencies, could adversely affect our results of operations if the price of electricity payable to us by KEPCO does not timely capture such fuel cost increases for the relevant financial reporting period. Furthermore, in determining the marginal price component of the price of electricity sold by us to KEPCO by way of KPX, the Cost Evaluation Committee considers various factors, including the market prices of fuels, electricity tariff rates and their impact on the relative fair investment returns. In the event of a sustained or rapid rise in fuel costs which impact is not sufficiently offset by a corresponding rise in electricity tariff rates in a timely manner and as a result would significantly hurt KEPCO's profitability, the adjusted coefficient may be set at a level which would have the effect of lowering the fair investment return for us. From time to time, the Government has implemented an "emergency price cap" on the marginal price of electricity sold by us to KEPCO to address extraordinarily rapid increases in the market price of fuel, pursuant to which the Ministry of Climate, Energy and Environment can set a temporary emergency price cap for one month (not to exceed three consecutive months) that would override the regular price cap on the marginal price of electricity set by the Cost Evaluation Committee.

Transactions with the POSCO Group

Our Material Industry Segment relies significantly on other POSCO Group companies, which have served as a source of export and import activities for us. See "Related Party Transactions." We serve as the primary global trading entity of the POSCO Group, and we believe that our affiliates provide us with attractive business opportunities. As a result, our results of operations and financial condition are affected by the overall performance of other member companies of the POSCO Group. Poor performance by one or more of the POSCO Group companies may reduce our export and import transaction volumes, as well as energy-related activities. In addition, some of the POSCO Group companies conduct all or a portion of their trading activities independently instead of through us, and other POSCO Group companies may at any time elect to discontinue using our services for their export and import or energy needs. If our key relationships with any of the POSCO Group companies are terminated, our business and performance could be adversely affected.

Results of Operations — First Quarter of 2025 Compared to First Quarter of 2026

The following table presents selected income statement data and changes therein for the first quarter of 2025 and the first quarter of 2026.

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Sales	₩ 8,137	₩ 8,410	₩ 273	3.4%
Cost of sales	7,676	7,840	164	2.1
Gross profit	461	571	109	23.7
Selling and administrative expenses	186	213	27	14.7

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Operating profit.....	275	358	82	29.9
Share of profit of associates	28	17	(12)	(41.0)
Share of loss of associates.....	3	0	(2)	(80.8)
Finance income.....	337	569	232	69.0
Finance costs	417	602	185	44.4
Other income.....	56	20	(36)	(64.3)
Other expenses.....	5	24	19	405.4
Profit from continuing operations before income tax expense	272	337	65	23.9
Income tax expense	63	59	(4)	(6.6)
Profit for the period from continuing operations.....	209	278	69	33.0
Loss from discontinued operations	5	1	(4)	(81.6)
Profit for the period	₩ 204	₩ 277	₩ 74	36.1%

Sales

The following table presents a breakdown of our net sales, after inter-segment adjustments, by segment and changes therein for the first quarter of 2025 and the first quarter of 2026.

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Material Industry Segment	₩ 7,152	₩ 7,294	₩ 142	2.0%
Energy Segment	986	1,117	131	13.3
Total sales.....	₩ 8,137	₩ 8,410	₩ 273	3.4%

Our net sales, after inter-segment adjustments, increased by 3.4%, or Won 273 billion, from Won 8,137 billion in the first quarter of 2025 to Won 8,410 billion in the first quarter of 2026 due to increases in sales of the Material Industry Segment and the Energy Segment.

Specifically:

- The Material Industry Segment's sales increased by 2.0%, or Won 142 billion, from Won 7,152 billion in the first quarter of 2025 to Won 7,294 billion in the first quarter of 2026, primarily due to increases in sales from our palm oil business and trading of steel products. Specifically:
 - Sales from our palm oil business increased by 135.8%, or Won 98 billion, from Won 72 billion in the first quarter of 2025 to Won 170 billion in the first quarter of 2026, primarily reflecting our acquisition of additional plantations.
 - Sales from our steel trading department on a stand-alone basis increased by 2.1%, or Won 79 billion, from Won 3,721 billion in the first quarter of 2025 to Won 3,800 billion in the first quarter of 2026, primarily reflecting an increase in sales of high-margin products to the European Union prior to a revision of the European Union's tariff-rate quota.
- The Energy Segment's sales increased by 13.3%, or Won 131 billion, from Won 986 billion in the first quarter of 2025 to Won 1,117 billion in the first quarter of 2026, primarily due to increases in sales from our LNG trading business and Senex Holdings, which were partially offset by a decrease in sales from our power generation business. Specifically:
 - Sales from our LNG trading department on a stand-alone basis increased by 269.9%, or Won 186 billion, from Won 69 billion in the first quarter of 2025 to Won 254 billion in the first quarter of 2026, primarily reflecting an increase in trading volume.
 - Sales of Senex Holdings increased by 51.9%, or Won 42 billion, from Won 81 billion in the first quarter of 2025 to Won 123 billion in the first quarter of 2026, primarily reflecting an increase in sales volume from 7.4 billion cubic feet of natural gas in the first quarter of 2025 to 10.0 billion cubic feet in the first quarter of 2026 and an increase in the unit sales price of LNG.
 - Sales from our LNG power generation business on a stand-alone basis decreased by 2.3%, or Won 10 billion, from Won 465 billion in the first quarter of 2025 to Won 454 billion in the first quarter of 2026, primarily reflecting a decrease in the unit price of electricity sold to KEPCO from Won 149 per kilowatt-hour in the first quarter of 2025 to Won 131 per kilowatt-hour in the first quarter of 2026, which impact was partially offset by an increase in the volume of electricity sold to KEPCO. Our LNG combined cycle power plant produced 2,490 gigawatt-hours of electricity in the first quarter of 2025 and 2,777 gigawatt-hours in the first quarter of 2026, and the utilization rate of our LNG combined cycle power plant increased from 52.96% in the first quarter of 2025 to 57.85% in the first quarter of 2026.

Cost of Sales and Gross Profit

Our cost of sales increased by 2.1%, or Won 164 billion, from Won 7,676 billion in the first quarter of 2025 to Won 7,840 billion in the first quarter of 2026, primarily due to increases in cost of sales related to our palm oil business reflecting our acquisition of additional plantations, as well as increases in employee benefits and depreciation.

Our gross profit increased by 23.7%, or Won 109 billion, from Won 461 billion in the first quarter of 2025 to Won 571 billion in the first quarter of 2026. Our gross profit margin increased from 5.7% in the first quarter of 2025 to 6.8% in the first quarter of 2026.

Selling and Administrative Expenses

The following table presents a breakdown of our selling and administrative expenses and changes therein for the first quarter of 2025 and the first quarter of 2026.

	For the Three Months Ended March 31,		Changes	
			1Q 2025 versus 1Q 2026	
	2025	2026	Amount	%
(In billions of Won, except for percentages)				
Salaries	₩ 83	₩ 93	₩ 10	12.0%
Retirement benefits	5	6	1	16.0
Employee welfare	21	21	0	0.4
Travel	5	5	0	7.7
Communication	2	3	0	10.8
Utilities	2	2	(1)	(22.0)
Taxes and dues	3	3	(0)	(5.0)
Rents	5	6	1	15.8
Depreciation	6	5	(0)	(5.8)
Amortization	3	3	0	5.0
Depreciation of right-of-use assets	4	5	0	10.3
Insurance	8	10	2	23.0
Shipping	8	11	3	39.5
Commissions	24	28	5	19.9
Others	6	12	6	93.6
Total	₩ 186	₩ 213	₩ 27	14.7%

Our selling and administrative expenses increased by 14.7%, or Won 27 billion, from Won 186 billion in the first quarter of 2025 to Won 213 billion in the first quarter of 2026, primarily due to increases in salaries, commissions and shipping expenses. Specifically:

- Our salaries increased by 12.0%, or Won 10 billion, from Won 83 billion in the first quarter of 2025 to Won 93 billion in the first quarter of 2026, primarily due to consolidation of salaries of PT Prime Agri Resources following our acquisition in November 2025.

- Our commissions increased by 19.9%, or Won 5 billion, from Won 24 billion in the first quarter of 2025 to Won 28 billion in the first quarter of 2026, primarily due to commissions related to our acquisition of PT Prime Agri Resources.
- Our shipping expenses increased by 39.5%, or Won 3 billion, from Won 8 billion in the first quarter of 2025 to Won 11 billion in the first quarter of 2026, primarily due to consolidation of shipping expenses of PT Prime Agri Resources following our acquisition in November 2025.

Our selling and administrative expenses as a percentage of total sales increased from 2.3% in the first quarter of 2025 to 2.5% in the first quarter of 2026.

Operating Profit

Primarily due to the factors described above, our operating profit increased by 29.9%, or Won 82 billion, from Won 275 billion in the first quarter of 2025 to Won 358 billion in the first quarter of 2026. Our operating profit margin increased from 3.4% in the first quarter of 2025 to 4.3% in the first quarter of 2026.

The following table presents a breakdown of our operating profit and changes therein for the first quarter of 2025 and the first quarter of 2026.

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Material Industry Segment	₩ 124	₩ 176	₩ 51	41.3%
Energy Segment	141	172	31	21.6
Consolidation adjustment	10	10	0	3.6
Total operating profit	₩ 275	₩ 358	₩ 82	29.9%

- The Material Industry Segment's operating profit, prior to consolidation adjustment, increased by 41.3%, or Won 51 billion, from Won 124 billion in the first quarter of 2025 to Won 176 billion in the first quarter of 2026, primarily reflecting increases in operating profit from (i) our steel products trading business primarily related to an increase in sales of high-margin products to the European Union prior to a revision of the European Union's tariff-rate quota and (ii) our palm oil business in Indonesia primarily reflecting our acquisition of additional plantations, the impact of which was partially offset by challenging market conditions in our non-steel trading business.
- The Energy Segment's operating profit, prior to consolidation adjustment, increased by 21.6%, or Won 31 billion, from Won 141 billion in the first quarter of 2025 to Won 172 billion in the first quarter of 2026, primarily due to increases in the operating profit from Senex Holdings, power generation business and LNG terminal business.

Share of Profit of Associates

Our share of profit of associates decreased by 41.0%, or Won 12 billion, from Won 28 billion in the first quarter of 2025 to Won 17 billion in the first quarter of 2026, primarily due to decreases in (i) our share of profit from Won 5 billion in the first quarter of 2025 to Won 1 billion in the first quarter of 2026 related to our investment in Samcheok Blue Power Co., Ltd., (ii) our share of profit from Won 17 billion in the first quarter of 2025 to Won 13 billion in the first quarter of 2026 related to our investment in South-East Asia Gas Pipeline Co., Ltd., and (iii) our share of profit from Won 4 billion in 2025 to Won 1 billion in 2026 related to our investment in Eco Energy Solution Co., Ltd.

Share of Loss in Associates

Our share of loss in associates decreased by 80.8%, or Won 2 billion, from Won 2.6 billion in the first quarter of 2025 to Won 0.5 billion in the first quarter of 2026, primarily due to a decrease in our share of loss from Won 1.1 billion in the first quarter of 2025 to Won 0.1 billion in the first quarter of 2026 related to our investment in POSCO Mexico Processing Center Holding LLC.

Finance Income and Costs

The following table presents a breakdown of our finance income and costs and changes therein for the first quarter of 2025 and the first quarter of 2026.

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Interest income	₩ 12	₩ 17	₩ 5	42.8%
Financial guarantee income	0	—	(0)	(100.0)
Dividend income	0	3	3	2,779.1
Gains on foreign currency transactions.....	137	182	45	32.4
Gains on foreign currency translation.....	88	187	99	112.5
Gains on valuation of derivatives	35	100	64	180.9
Gains on settlement of derivatives	61	79	19	30.7
Gains on valuation of trade payables	3	—	(3)	(100.0)
Gains on valuation of trade receivables	—	2	2	N.A. ⁽¹⁾
Gains on valuation of financial assets at FVPL	1	—	(1)	(100.0)
Gains on disposal of financial assets at FVPL	0	—	(0)	(100.0)
Total finance income	337	569	232	69.0%

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Loss on disposal of trade receivables	19	16	(3)	(15.1)
Interest expenses	64	76	12	19.4
Financial guarantee expenses	0	0	(0)	(39.0)
Losses on foreign currency transactions	128	186	58	44.8
Losses on foreign currency translation	64	260	196	305.4
Losses on valuation of derivatives	25	27	2	8.5
Losses on settlement of derivatives	114	34	(80)	(70.3)
Losses on valuation of trade receivables	2	3	1	25.3
Losses on valuation of financial assets at FVPL	0	—	(0)	(100.0)
Losses on disposal of financial assets at FVPL	0	—	(0)	(100.0)
Total finance costs	₩ 417	₩ 602	₩ 185	44.4%

(1) N.A. means not applicable.

We recognized net gain on foreign currency translation of Won 24 billion in the first quarter of 2025 compared to net loss on foreign currency translation of Won 73 billion in the first quarter of 2026, as the Won appreciated against the U.S. dollar at March 31, 2025 (as compared to December 31, 2024) but depreciated at March 31, 2026 (as compared to December 31, 2025). In terms of the Market Average Exchange Rate, the Won slightly appreciated against the U.S. dollar from ₩1,470.0 to US\$1.00 as of December 31, 2024 to ₩1,466.5 to US\$1.00 as of March 31, 2025, but depreciated from ₩1,434.9 to US\$1.00 as of December 31, 2025 to ₩1,513.4 to US\$1.00 as of March 31, 2026. In addition, we recorded net gain on foreign currency transactions of Won 9 billion in the first quarter of 2025 compared to net loss on foreign currency transactions of Won 4 billion in the first quarter of 2026, as the average value of the Won against the U.S. dollar appreciated during the first quarter of 2025 but depreciated during the first quarter of 2026. The Market Average Exchange Rate, which was ₩1,470.0 to US\$1.00 as of December 31, 2024, appreciated during the first quarter of 2025 to an average of ₩1,452.7 to US\$1.00. In comparison, the Market Average Exchange Rate, which was ₩1,434.9 to US\$1.00 as of December 31, 2025, depreciated during the first quarter of 2026 to an average of ₩1,465.2 to US\$1.00. Against such fluctuations, we recognized net loss on settlement of derivatives of Won 53 billion in the first quarter of 2025 compared to net gain on settlement of derivatives of Won 45 billion in the first quarter of 2026, and our net gain on valuation of derivatives increased by 609.7%, or Won 62 billion, from Won 10 billion in the first quarter of 2025 to Won 72 billion in the first quarter of 2026.

Interest income increased by 42.8%, or Won 5 billion, from Won 12 billion in the first quarter of 2025 to Won 17 billion in the first quarter of 2026, primarily due to an increase in interest-earning assets in the first quarter of 2026.

Interest expenses increased by 19.4%, or Won 12 billion, from Won 64 billion in the first quarter of 2025 to Won 76 billion in the first quarter of 2026, primarily due to an increase in financing for our acquisition of PT Prime Agri Resources in November 2025.

Other Income

The following table presents a breakdown of our other income and changes therein for the first quarter of 2025 and the first quarter of 2026.

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Gain on disposal of property, plant and equipment	₩ 1	₩ 0	₩ (1)	(59.3)%
Gain from disposal of assets held for sale	41	9	(32)	(78.4)
Reversal of provisions for contingencies	—	0	0	N.A. ⁽¹⁾
Reversal of other allowance for doubtful accounts .	—	2	2	N.A. ⁽¹⁾
Gain on disposal of investments in associates	9	2	(7)	(81.1)
Miscellaneous income	5	7	2	36.6
Others	0	0	(0)	(35.0)
Total other income	₩ 56	₩ 20	₩ (36)	(64.3)%

(1) N.A. means not applicable.

Our other income decreased by 64.3%, or Won 36 billion, from Won 56 billion in the first quarter of 2025 to Won 20 billion in the first quarter of 2026, primarily due to a decrease in our gain on disposal of assets held for sale. In the first quarter of 2025, we recognized gain from disposal of assets held for sale of Won 41 billion primarily related to disposal of our interest in AES Mong Duong Power Co., Ltd. In the first quarter of 2026, we recognized gain from disposal of assets held for sale of Won 9 billion primarily related to disposal of our interest in Golden Lace POSCO International Co., Ltd.

Other Expenses

The following table presents a breakdown of our other expenses and changes therein for the first quarter of 2025 and the first quarter of 2026.

	For the Three Months Ended March 31,		Changes	
	2025	2026	1Q 2025 versus 1Q 2026	
			Amount	%
(In billions of Won, except for percentages)				
Contribution to provisions for restoration.....	₩ 1	₩ 1	₩ 0	21.8%
Other bad debt expenses (reversal).....	0	(1)	(2)	N.A. ⁽¹⁾
Loss on disposal of property, plant and equipment	1	3	2	142.2
Loss on impairment of property, plant and equipment	—	0	0	N.A. ⁽¹⁾
Loss on disposal of intangible assets	—	0	0	N.A. ⁽¹⁾
Donations.....	0	0	(0)	(0.3)
Contingencies	0	0	0	250.6
Loss on disposal of investments in associates.....	1	—	(1)	(100.0)
Miscellaneous losses.....	1	20	19	3,184.8
Others.....	—	0	0	N.A. ⁽¹⁾
Total other expenses	₩ 5	₩ 24	₩ 19	405.4%

(1) N.A. means not applicable.

Our other expenses increased by 405.5%, or Won 19 billion, from Won 5 billion in the first quarter of 2025 to Won 24 billion in the first quarter of 2026, primarily due to settlement expenses in the first quarter of 2026 related to termination of a raw material purchase agreement.

Profit from Continuing Operations before Income Tax Expense

Primarily due to the factors described above, our profit from continuing operations before income tax expense increased by 23.9%, or Won 65 billion, from Won 272 billion in the first quarter of 2025 to Won 337 billion in the first quarter of 2026.

Income Tax Expense

Our income tax expense decreased by 6.6%, or Won 4 billion, from Won 63 billion in the first quarter of 2025 to Won 59 billion in the first quarter of 2026, despite an increase in our profit from continuing operations before income tax expense as described above. Our average effective tax rate decreased from 23.55% in the first quarter of 2025 to 17.39% in the first quarter of 2026, primarily due to certain of our subsidiaries utilizing tax carry forwards and research and development tax credits that reduced their tax expenses in the first quarter of 2026 despite increases in their profits before income tax expenses. See Note 26 of the notes to the Interim Financial Statements.

Profit for the Period from Continuing Operations

Primarily due to the factors described above, our profit for the period from continuing operations increased by 33.0%, or Won 69 billion, from Won 209 billion in the first quarter of 2025 to Won 278 billion in the first quarter of 2026.

Loss from Discontinued Operations

In the first quarter of 2025, we decided to reorganize our non-core business units and discontinue the cotton spinning and fuel cell businesses. We recorded loss from discontinued operations of Won 5 billion in the first quarter of 2025 and Won 1 billion in the first quarter of 2026. See Note 33 of the notes to the Interim Financial Statements.

Profit for the Period

Primarily due to the factors described above, our profit for the period increased by 36.1%, or Won 74 billion, from Won 204 billion in the first quarter of 2025 to Won 277 billion in the first quarter of 2026. Our net profit margin increased from 2.5% in the first quarter of 2025 to 3.3% in the first quarter of 2026.

Results of Operations — 2024 Compared to 2025

The following table presents selected income statement data and changes therein for 2024 and 2025.

	For the Year Ended December 31,		Changes	
	2024	2025	2024 versus 2025	
			Amount	%
(In billions of Won, except for percentages)				
Sales	₩ 32,261	₩ 32,374	₩ 113	0.3%
Cost of sales	30,338	30,438	100	0.3
Gross profit.....	1,923	1,936	13	0.7
Selling and administrative expenses	765	770	5	0.7
Operating profit.....	1,158	1,165	7	0.6
Share of profit of associates	146	71	(75)	(51.3)
Share of loss of associates.....	19	4	(15)	(80.5)
Finance income.....	1,433	1,238	(195)	(13.6)
Finance costs	1,709	1,573	(136)	(7.9)
Other income.....	39	102	63	160.1
Other expenses.....	287	164	(123)	(42.7)
Profit from continuing operations before income tax expense	762	835	73	9.6
Income tax expense	202	132	(70)	(34.8)
Profit for the year from continuing operations	560	703	144	25.7
Loss from discontinued operations	56	67	10	18.5
Profit for the year	₩ 503	₩ 637	₩ 133	26.5%

Sales

The following table presents a breakdown of our net sales, after inter-segment adjustments, by segment and changes therein for 2024 and 2025.

	For the Year Ended December 31,		Changes	
	2024	2025	2024 versus 2025	
			Amount	%
(In billions of Won, except for percentages)				
Material Industry Segment	₩ 28,143	₩ 28,382	₩ 239	0.8%
Energy Segment	4,118	3,992	(126)	(3.1)
Total sales	₩ 32,261	₩ 32,374	₩ 113	0.3%

Our net sales, after inter-segment adjustments, increased by 0.3%, or Won 113 billion, from Won 32,261 billion in 2024 to Won 32,374 billion in 2025 due to an increase in sales of the Material Industry Segment, which was offset in part by a decrease in sales of the Energy Segment. Specifically:

- The Material Industry Segment's sales increased by 0.8%, or Won 239 billion, from Won 28,143 billion in 2024 to Won 28,382 billion in 2025, primarily due to the reclassification of certain of our power generation fuel sourcing business from the Energy Segment to the Material Industry Segment starting in 2025 and an increase in sales from our palm oil business, the impact of which was partially offset by decreases in sales from our trading activities. Specifically:
 - Sales from our reclassified power generation fuel sourcing business was Won 221 billion in 2025.
 - Sales from our palm oil business increased by 57.7%, or Won 131 billion, from Won 226 billion in 2024 to Won 357 billion in 2025, primarily reflecting our acquisition of additional plantations.
- The Energy Segment's sales decreased by 3.1%, or Won 126 billion, from Won 4,118 billion in 2024 to Won 3,992 billion in 2025, primarily due to a decrease in sales from our power generation business and the reclassification of certain of our power generation fuel sourcing business from the Energy Segment to the Material Industry Segment starting in 2025, which was partially offset by increases in sales of Senex Holdings and the gas field project in Myanmar. Specifically:
 - Sales from our LNG power generation business on a stand-alone basis decreased by 19.7%, or Won 448 billion, from Won 2,274 billion in 2024 to Won 1,826 billion in 2025, reflecting a decrease in the volume of electricity sold to KEPCO primarily due to the relative lack of competitiveness of LNG as a fuel for power plants in 2025 compared to 2024, as well as a decrease in the unit price of electricity sold to KEPCO from Won 160 per kilowatt-hour in 2024 to Won 144 per kilowatt-hour in 2025. Our LNG combined cycle power plant

produced 12,193 gigawatt-hours of electricity in 2024 and 10,529 gigawatt-hours in 2025, and the utilization rate of our LNG combined cycle power plant decreased from 74.46% in 2024 to 57.13% in 2025.

- Sales from our reclassified power generation fuel sourcing business was Won 179 billion in 2024.
- Sales of Senex Holdings increased by 46.2%, or Won 124 billion, from Won 268 billion in 2024 to Won 392 billion in 2025, primarily reflecting an increase in sales volume from 25.1 billion cubic feet of natural gas in 2024 to 34.7 billion cubic feet in 2025.
- Sales of the gas field project in Myanmar increased by 6.8%, or Won 41 billion, from Won 604 billion in 2024 to Won 645 billion in 2025, primarily reflecting an increase in sales volume from 166.3 billion cubic feet of natural gas in 2024 to 174.5 billion cubic feet in 2025.

Cost of Sales and Gross Profit

Our cost of sales increased by 0.3%, or Won 100 billion, from Won 30,338 billion in 2024 to Won 30,438 billion in 2025, primarily due to increases in transportation and storage costs, employee benefits, amortization and depreciation, the impact of which was partially offset by a decrease in raw materials used and changes in inventory assets, etc.

Our gross profit increased by 0.7%, or Won 13 billion, from Won 1,923 billion in 2024 to Won 1,936 billion in 2025. Our gross profit margin remained constant at 6.0% in 2024 and 2025.

Selling and Administrative Expenses

The following table presents a breakdown of our selling and administrative expenses and changes therein for 2024 and 2025.

	For the Year Ended December 31,		Changes	
	2024	2025	2024 versus 2025	
			Amount	%
(In billions of Won, except for percentages)				
Salaries	₩ 336	₩ 338	₩ 2	0.7%
Retirement benefits	39	14	(25)	(64.0)
Employee welfare	73	81	8	10.5
Travel	17	22	5	28.6
Communication	9	8	(1)	(11.5)
Utilities	7	9	2	33.7
Taxes and dues	11	10	(1)	(9.4)
Rents	17	17	0	1.1
Depreciation	24	21	(3)	(12.8)
Amortization	11	12	1	11.3
Depreciation of right-of-use assets	17	18	1	5.3
Repairs	3	3	0	4.7
Insurance	27	31	4	15.4
Shipping	41	33	(8)	(20.6)
Commissions	112	116	4	3.4
Bad debt expenses (reversal)	(18)	(2)	15	(86.1)
Supplies expenses	5	7	2	50.1
Others	33	32	(1)	(4.0)
Total	₩ 765	₩ 770	₩ 5	0.7%

Our selling and administrative expenses increased by 0.7%, or Won 5 billion, from Won 765 billion in 2024 to Won 770 billion in 2025, primarily due to decreases in reversal of bad debt expenses and increases in employee welfare expense and travel expense, which impact was partially offset by a decrease in retirement benefits. Specifically:

- Our reversal of bad debt expenses decreased by 86.1%, or Won 15 billion, from Won 18 billion in 2024 to Won 2 billion in 2025. In 2024, our reversal of bad debt of Won 18 billion related primarily to reversal of reserve following completion of a legal proceeding.
- Employee welfare expense increased by 10.5%, or Won 8 billion, from Won 73 billion in 2024 to Won 81 billion in 2025, primarily due to an increase in provision for long-employment bonus.

- Travel expense increased by 28.6%, or Won 5 billion, from Won 17 billion in 2024 to Won 22 billion in 2025, primarily reflecting an increase in travel activities.
- Retirement benefits decreased by 64.0%, or Won 25 billion, from Won 39 billion in 2024 to Won 14 billion in 2025, primarily due to implementation of personnel restructuring by a subsidiary in 2024 that resulted in an increase in retirement benefits compared to 2025.

Our selling and administrative expenses as a percentage of total sales remained constant at 2.4% in 2024 and 2025.

Operating Profit

Primarily due to the factors described above, our operating profit increased by 0.6%, or Won 7 billion, from Won 1,158 billion in 2024 to Won 1,165 billion in 2025. Our operating profit margin remained constant at 3.6% in 2024 and 2025.

The following table presents a breakdown of our operating profit and changes therein for 2024 and 2025.

	For the Year Ended December 31,		Changes	
	2024	2025	2024 versus 2025	
			Amount	%
(In billions of Won, except for percentages)				
Material Industry Segment	₩ 495	₩ 492	₩ (3)	(0.6)%
Energy Segment	612	589	(22)	(3.7)
Consolidation adjustment	51	84	33	64.5
Total operating profit	₩ 1,158	₩ 1,165	₩ 7	0.6%

Our operating profit, after consolidation adjustment, increased as described above primarily due to increases in operating profit from (i) Senex Holdings, (ii) POSCO Mobility, (iii) the gas field project in Myanmar, and (iv) our palm oil business in Indonesia, the impact of which was significantly offset by a decrease in the operating profit of our power generation business reflecting the relative lack of competitiveness of LNG as a fuel for power plants in 2025 compared to 2024.

Share of Profit of Associates

Our share of profit of associates decreased by 51.3%, or Won 75 billion, from Won 146 billion in 2024 to Won 71 billion in 2025, primarily due to (i) a decrease in our share of profit from Won 49 billion in 2024 to Won 4 billion in 2025 related to our investment in Samcheok Blue Power Co., Ltd. and (ii) our share of profit of Won 34 billion in 2024 from our investment in AES Mong Duong Power Co., Ltd., the disposal of which was completed in 2025. The impact from such decreases was partially offset by an increase in our share of profit from Won 46 billion in 2024 to Won 57 billion in 2025 related to our investment in South-East Asia Gas Pipeline Company Ltd.

Share of Loss in Associates

Our share of loss in associates decreased by 80.5%, or Won 15 billion, from Won 19 billion in 2024 to Won 4 billion in 2025, primarily due to a decrease in our share of loss from Won 17 billion in 2024 to no such loss in 2025 related to our investment in Ambatovy Mineral SA and Dynatec Madagascar.

Finance Income and Costs

The following table presents a breakdown of our finance income and costs and changes therein for 2024 and 2025.

	For the Year Ended December 31,		Changes	
	2024	2025	2024 versus 2025	
			Amount	%
(In billions of Won, except for percentages)				
Interest income	₩ 59	₩ 47	₩ (12)	(20.2)%
Financial guarantee income	0	0	0	353.8
Dividend income	0	0	0	9.9
Gains on foreign currency transactions	654	680	26	4.0
Gains on foreign currency translation	267	173	(94)	(35.2)
Gains on valuation of derivatives	160	51	(109)	(68.4)
Gains on settlement of derivatives	281	281	0	0.1
Gains on valuation of trade receivables	0	4	4	11,131.6
Gains on valuation of financial assets at FVPL	3	1	(2)	(66.8)
Gains on disposal of financial assets at FVPL	9	0	(9)	(96.1)
Total finance income	<u>1,433</u>	<u>1,238</u>	(195)	(13.6)%
Loss on disposal of trade receivables	68	71	3	4.9
Interest expenses	292	267	(25)	(8.6)
Financial guarantee expenses	0	0	0	1,350.0
Losses on foreign currency transactions	563	648	85	15.1
Losses on foreign currency translation	375	149	(226)	(60.2)
Losses on valuation of derivatives	125	79	(46)	(36.8)
Losses on settlement of derivatives	284	356	73	25.7
Losses on valuation of trade receivables	2	2	0	23.5
Losses on valuation of financial assets at FVPL	0	0	(0)	(92.3)
Losses on disposal of financial assets at FVPL	—	0	0	N.A. ⁽¹⁾
Loss on disposal of convertible bonds	0	—	(0)	(100.0)
Total finance costs	<u>₩ 1,709</u>	<u>₩ 1,573</u>	₩ (136)	(7.9)%

(1) N.A. means not applicable.

Our net gain on foreign currency transactions decreased by 64.9%, or Won 59 billion, from Won 91 billion in 2024 to Won 32 billion in 2025, as the average value of the Won against the U.S. dollar depreciated in 2024 and further depreciated in 2025. The Market Average

Exchange Rate, which was Won 1,289.4 to US\$1.00 as of December 31, 2023, depreciated during 2024 to an average of Won 1,364.0 to US\$1.00 in 2024 and further depreciated during 2025 to an average of Won 1,422.2 to US\$1.00 in 2025. In addition, we recognized net loss on foreign currency translation of Won 108 billion in 2024 compared to net gain on foreign currency translation of Won 24 billion in 2025, as the Won depreciated against the U.S. dollar at year-end 2024 but appreciated at year-end in 2025. In terms of the Market Average Exchange Rate, the Won depreciated against the U.S. dollar from Won 1,289.4 to US\$1.00 as of December 31, 2023 to Won 1,470.0 to US\$1.00 as of December 31, 2024. However, the Won appreciated against the U.S. dollar to Won 1,434.9 to US\$1.00 as of December 31, 2025. Against such fluctuations, our net loss on settlement of derivatives increased by 2,590.7%, or Won 73 billion, from Won 3 billion in 2024 to Won 75 billion in 2025. We also recognized net gain on valuation of derivatives of Won 35 billion in 2024 compared to net loss on valuation of derivatives of Won 29 billion in 2025.

Interest income decreased by 20.2%, or Won 12 billion, from Won 59 billion in 2024 to Won 47 billion in 2025, primarily reflecting a general decrease in interest rates from 2024 to 2025.

Interest expenses decreased by 8.6%, or Won 25 billion, from Won 292 billion in 2024 to Won 267 billion in 2025, primarily reflecting a general decrease in interest rates from 2024 to 2025, the impact of which was partially offset by an increase in our borrowings.

Other Income

The following table presents a breakdown of our other income and changes therein for 2024 and 2025.

	For the Year Ended December 31,		Changes	
	2024	2025	2024 versus 2025	
			Amount	%
(In billions of Won, except for percentages)				
Gain on disposal of property, plant and equipment	₩ 8	₩ 5	₩ (3)	(34.7)%
Gain on disposal of intangible assets	3	0	(3)	(99.6)
Gain from disposal of assets held for sale	—	41	41	N.A. ⁽¹⁾
Reversal of provisions for contingencies	8	0	(8)	(97.8)
Reversal of other allowance for doubtful accounts .	0	7	7	2,328.4
Gain on disposal of investments in associates	—	18	18	N.A. ⁽¹⁾
Others	19	30	11	59.9
Total other income	₩ 39	₩ 102	₩ 63	160.1%

(1) N.A. means not applicable.

Our other income increased by 160.1%, or Won 63 billion, from Won 39 billion in 2024 to Won 102 billion in 2025, primarily due to our recognition of gain from disposal of assets held for sale in 2025 and gain on disposal of investments in associates in 2025, compared to no such

gains in 2024. In 2025, we recognized gain from disposal of assets held for sale of Won 41 billion primarily related to the disposal of our investment in AES Mong Duong Power Co., Ltd. In 2025, we also recognized gain from disposal of investments in associates of Won 18 billion primarily related to our disposal of our investments in South-East Asia Gas Pipeline Company Ltd., POSCO-ESDC Ltd. and Shinpoong Daewoo Pharma Co., Ltd.

Other Expenses

The following table presents a breakdown of our other expenses and changes therein for 2024 and 2025.

	For the Year Ended December 31,		Changes	
	2024	2025	2024 versus 2025	
			Amount	%
(In billions of Won, except for percentages)				
Contribution to provisions for restoration.....	₩ 4	₩ 8	₩ 3	80.7%
Other bad debt expenses.....	20	13	(7)	(35.7)
Loss on disposal of property, plant and equipment	5	10	6	113.6
Loss on impairment of property, plant and equipment	63	46	(17)	(26.7)
Loss on disposal of intangible assets	0	0	(0)	(68.2)
Loss on impairment of intangible assets	10	45	35	363.7
Donations.....	17	6	(12)	(67.0)
Contingencies	11	3	(8)	(76.6)
Loss on disposal of investments in associates.....	29	4	(25)	(87.2)
Impairment loss on investments in associates	117	—	(117)	(100.0)
Others.....	11	30	19	176.1
Total other expenses	₩ 287	₩ 164	₩ (123)	(42.7)%

Our other expenses decreased by 42.7%, or Won 123 billion, from Won 287 billion in 2024 to Won 164 billion in 2025, primarily due to the recognition of impairment loss on investments in associates in 2024 compared to no such loss in 2025 and a decrease in loss on disposal of investments in associates, the impact of which was partially offset by an increase in loss on impairment of intangible assets. Specifically:

- Our impairment loss on investments in associates of Won 117 billion in 2024 related primarily to impairment of our investment in AES Mong Duong Power Co., Ltd.
- Our loss on disposal of investments in associates decreased by 87.2%, or Won 25 billion, from Won 29 billion in 2024 to Won 4 billion in 2025. Our loss on disposal of investments in associates in 2024 related primarily to disposal of our investment in POSCO International Power (PONGLAE) Ltd.

- Our loss on impairment of intangible assets increased by 363.7%, or Won 35 billion, from Won 10 billion in 2024 to Won 45 billion in 2025. In 2024, our loss on impairment of intangible assets related primarily to our investment in Shinan Green Energy Co., Ltd. In 2025, our loss on impairment of intangible assets related primarily to our investments in POSCO International Australia Pty Ltd. and POSCO International E&P Malaysia Sdn. Bhd.

Profit from Continuing Operations before Income Tax Expense

Primarily due to the factors described above, our profit from continuing operations before income tax expense increased by 9.6%, or Won 73 billion, from Won 762 billion in 2024 to Won 835 billion in 2025.

Income Tax Expense

Our income tax expense decreased by 34.8%, or Won 70 billion, from Won 202 billion in 2024 to Won 132 billion in 2025, despite the increase in our profit from continuing operations before income tax expense. Our effective income tax rate decreased from 26.53% in 2024 to 15.77% in 2025. In 2025, we recorded a lower effective tax rate primarily due to an increase in tax credit benefits and a reduction of other adjustments including direct foreign taxes paid. See Note 28 of the notes to the Audited Financial Statements.

Profit for the Year from Continuing Operations

Primarily due to the factors described above, our profit for the year from continuing operations increased by 25.7%, or Won 144 billion, from Won 560 billion in 2024 to Won 703 billion in 2025.

Loss from Discontinued Operations

In 2025, we decided to reorganize our non-core business units and discontinue the cotton spinning and fuel cell businesses. We recorded loss from discontinued operations of Won 56 billion in 2024 and Won 67 billion in 2025. See Note 37 of the notes to the Annual Financial Statements.

Profit for the Year

Primarily due to the factors described above, our profit for the year increased by 26.5%, or Won 133 billion, from Won 503 billion in 2024 to Won 637 billion in 2025. Our net profit margin increased from 1.6% in 2024 to 2.0% in 2025.

Liquidity and Capital Resources

The following table sets forth the summary of our cash flows for the periods indicated.

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2024	2025	2025	2026
(In billions of Won)				
Net cash flows provided by (used in) operating activities.....	₩ 877	₩ 1,942	₩ 670	₩ (19)
Net cash flows used in investing activities	(846)	(1,330)	(154)	(227)
Net cash flows provided by (used in) financing activities.....	(176)	(465)	(342)	199
Net increase (decrease) in cash and cash equivalents	(145)	146	174	(48)
Cash and cash equivalents at the beginning of the period.....	1,137	1,057	1,057	1,171
Net foreign exchange difference	66	(30)	(14)	(12)
Cash and cash equivalents at the end of the period.....	1,057	1,173	1,217	1,112

Capital Requirements

Historically, our uses of cash have consisted principally of purchases of property, plant and equipment and other assets, repayments of outstanding debt, acquisition of companies that complement our existing businesses or further diversify our business portfolio, and payments of dividends.

Net cash used in investing activities was Won 846 billion in 2024 and Won 1,330 billion in 2025, and Won 154 billion in the first quarter of 2025 and Won 227 billion in the first quarter of 2026. Cash used for acquisitions of property, plant and equipment was Won 754 billion in 2024 and Won 675 billion in 2025, and Won 197 billion in the first quarter of 2025 and Won 126 billion in the first quarter of 2026. We adjust our plans for acquisition of property, plant and equipment on an ongoing basis depending on fluctuations in global supply chains, energy market volatility, shifting industry trends, our strategic priorities and general economic conditions. We may delay or not implement some of our current capital expenditure plans based on our assessment of such market conditions.

In our financing activities, our cash used in redemption of current portion of bonds was Won 877 billion in 2024 and Won 1,118 billion in 2025, and Won 528 billion in the first quarter of 2025 and Won 80 billion in the first quarter of 2026. Our cash used in repayment of current portion of long-term borrowings was Won 179 billion in 2024 and Won 480 billion in 2025, and Won 64 billion in the first quarter of 2025 and Won 168 billion in the first quarter of 2026. In addition, our cash used in repayment of long-term borrowings was Won 93 billion in 2024 and Won 18 billion in 2025, and Won 0.6 billion in the first quarter of 2025 and Won 0.2 billion in the first quarter of 2026. We also paid dividends on common shares in the amount of Won 177 billion in 2024 and Won 423 billion in 2025.

We also used cash for acquisition of intangible assets, which primarily relate to mining rights, of Won 363 billion in 2024 and Won 384 billion in 2025, and Won 100 billion in the first quarter of 2025 and Won 109 billion in the first quarter of 2026.

We anticipate that purchases of property, plant and equipment and other assets, repayments of outstanding debt and payments of cash dividends to our shareholders including POSCO HOLDINGS INC. will represent the most significant uses of funds for the next several years. We may also use funds to acquire or invest in companies that may complement our existing businesses or further diversify our business portfolio.

Payments of contractual obligations and commitments will also require considerable resources. In our ordinary course of business, we routinely enter into commercial commitments for various aspects of our operations, including raw materials purchase obligations, as well as issue guarantees for indebtedness of our related parties and others. For our contingent liabilities on outstanding guarantees provided by us, see Note 20 to the Annual Financial Statements and Note 18 to the Interim Financial Statements.

Capital Resources

We have traditionally met our working capital and other capital requirements principally from cash provided by operations, while raising the remainder of our requirements primarily through long-term debt and short-term borrowings. We expect that these sources will continue to be our principal sources of cash in the future. From time to time, we may also generate cash through sale of our holdings in available-for-sale financial assets.

Our net cash provided by operating activities increased from Won 877 billion in 2024 to Won 1,942 billion in 2025. We recorded cash outflow related to trade payables of Won 483 billion in 2024 compared to cash inflow related to trade payables of Won 192 billion in 2025 due to better management of our trade payables. In addition, we recorded cash outflow related to build-up of our inventories of Won 65 billion in 2024 compared to cash inflow related to better management of our inventories of Won 314 billion in 2025.

We recorded net cash provided by operating activities of Won 670 billion in the first quarter of 2025 compared to net cash used in operating activities of Won 19 billion in the first quarter of 2026. Our gross cash flow from our sales activities increased as discussed in “— Results of Operations — First Quarter of 2025 Compared to First Quarter of 2026 — Sales.” However, we recorded cash inflow related to trade receivables of Won 242 billion in the first quarter of 2025 compared to cash outflow related to trade receivables of Won 209 billion in the first quarter of 2026. We also recorded cash inflow related to trade payables of Won 143 billion in the first quarter of 2025 compared to cash outflow related to trade payables of Won 198 billion in the first quarter of 2026. In addition, we recorded cash inflow related to better management of our inventories of Won 174 billion in the first quarter of 2025 compared to cash outflow related to build-up of our inventories of Won 22 billion in the first quarter of 2026.

We had net redemption of bonds, after adjusting for issuance of bonds, of Won 175 billion in 2024 and Won 394 billion in 2025, and Won 528 billion in the first quarter of 2025 and Won 80 billion in the first quarter of 2026. However, we had net proceeds from long-term borrowings, after adjusting for repayment of current portion of long-term borrowings and repayment of long-term borrowings, of Won 56 billion in 2024 and Won 102 billion in 2025, and Won 245 billion in the first quarter of 2025 and Won 327 billion in the first quarter of 2026. As for short-term borrowings, we recorded net decrease of Won 57 billion in 2024 and net increase of Won 244 billion in 2025, and net decrease of Won 109 billion in the first quarter of 2025 and net increase of Won 376 billion in the first quarter of 2026.

Bonds, excluding current portion, were Won 1,567 billion as of December 31, 2024, Won 1,781 billion as of December 31, 2025 and Won 1,731 billion as of March 31, 2026. Long-term borrowings, excluding current installments, were Won 1,141 billion as of December 31, 2024, Won 1,371 billion as of December 31, 2025 and Won 1,712 billion as of March 31, 2026. Total short-term borrowings and current installments of long-term borrowings were Won 2,068 billion as of December 31, 2024, Won 2,326 billion as of December 31, 2025 and Won 2,878 billion as of March 31, 2026.

We periodically increase our short-term borrowings and adjust our long-term borrowings depending on changes in our capital requirements. For the maturity profile of our borrowings, their currency denomination and interest rates, see Note 15 to the Annual Financial Statements and Note 14 to the Interim Financial Statements. We continually take into consideration various factors when meeting our financial requirements, including financial market conditions, specific funding needs at a given time, and hedging requirements to address our market risks such as exchange rate risk and interest rate risk. Our gearing ratio, which is calculated by deducting cash and cash equivalents from total borrowings and dividing the net amount by our total equity, was 65.81% as of December 31, 2024, 62.76% as of December 31, 2025 and 75.13% as of March 31, 2026.

We believe that we have sufficient working capital for our current requirements and that we have a variety of alternatives available to us to satisfy our liquidity requirements to the extent that they are not met by funds generated by operations, including the issuance of debt and equity securities and bank borrowings denominated in Won and various foreign currencies. However, our ability to rely on some of these alternatives could be affected by factors such as the liquidity of the Korean and the global financial markets, prevailing interest rates, our credit rating and the Government's policies regarding Won currency and foreign currency borrowings.

Liquidity

We had working capital (current assets minus current liabilities) of Won 1,608 billion as of December 31, 2024, Won 944 billion as of December 31, 2025 and Won 772 billion as of March 31, 2026. Our holdings of cash and cash equivalents were Won 1,057 billion as of December 31, 2024, Won 1,171 billion as of December 31, 2025 and Won 1,112 billion as of March 31, 2026. Our holdings of other current financial assets, which are primarily related to our short-term investment activities, were Won 127 billion as of December 31, 2024, Won 32 billion as of December 31, 2025 and Won 33 billion as of March 31, 2026. As of March 31, 2026, on a stand-alone basis, we maintained short-term credit facilities of US\$5.3 billion, with a utilization rate of approximately 40%. Certain trade finance lines under these facilities can only be drawn down in reliance on the underlying trade receivables or pursuant to import remittance transactions. Certain of our subsidiaries also utilize their own credit lines, which further enhance our short-term financing capabilities. In addition to these credit lines, we maintain financing and liquidity capabilities through various arrangements, including letters of credit, performance bonds and cash pooling systems. We have not had, and do not believe that we will have, difficulty gaining access to short-term financing sufficient to meet our current requirements.

Our liquidity is affected by exchange rate fluctuations. See “— Overview — Exchange Rate Fluctuations.”

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to foreign exchange rate and interest rate risk primarily associated with underlying liabilities. Following an evaluation of these positions, we selectively enter into derivative financial instruments to manage the related risk exposures, primarily with respect to foreign exchange rate and interest rate risks, which are entered into with major financial institutions in order to minimize the risk of credit loss. Our market risk management policy determines the market risk tolerance level, measuring period, controlling responsibilities, management procedures, hedging period and hedging ratio very specifically. We also prohibit all speculative hedging transactions and evaluate and manage foreign exchange exposures to receivables and payables.

None of our loss exposures related to derivative contracts are unlimited, and we do not believe that our net derivative positions could result in a material loss to our profit before income tax or total equity due to significant fluctuations of major currencies against the Korean Won. Due to the nature of our derivative contracts primarily as hedging instruments that manage foreign exchange risks, net gain or net loss on derivatives transactions and valuation of derivatives are typically offset by net loss or net gain on foreign currency transaction and translation. We recorded net gain on valuation of derivatives of Won 35 billion and net loss on settlement of derivatives of Won 3 billion in 2024 and net loss on valuation of derivatives of Won 29 billion and net loss on settlement of derivatives of Won 75 billion in 2025. In addition, we recorded net gain on valuation of derivatives of Won 10 billion and net loss on settlement of derivatives of Won 53 billion in the first quarter of 2025 and net gain on valuation of derivatives of Won 72 billion and net gain on settlement of derivatives of Won 45 billion in the first quarter of 2026.

Exchange Rate Risk

Most of our exports are denominated in U.S. dollars. Euro is also an important currency for us, and we derive significant cash flow denominated in Euro. We are exposed to foreign exchange risk related to foreign currency-denominated liabilities and anticipated foreign exchange payments. We strive to naturally offset our foreign exchange risk by matching foreign currency receivables with our foreign currency payables. Although the impact of exchange rate fluctuations is partially mitigated by such strategies, we actively manage any remaining unmatched foreign currency exposures through forward exchange contracts, currency swaps and asset-liability management.

Our foreign currency exposure and changes in gain or loss resulting from a 10% foreign exchange rate change against the Korean Won as of December 31, 2025 were as follows:

		Increase		Decrease
		(In billions of Won)		
U.S. Dollars	₩	(153)	₩	153
Japanese Yen		9		(9)
Euro		35		(35)
Chinese Yuan.....		(4)		4

See Note 31 to the Annual Financial Statements.

Interest Rate Risk

We are also subject to market risk exposure arising from changing interest rates. In particular, we are exposed to interest rate risk on our existing floating rate borrowings and on additional debt financings that we may periodically undertake for various reasons, including capital expenditures and refinancing of our existing borrowings. A rise in interest rates will increase the cost of our existing variable rate borrowings. As of December 31, 2025, with all other variables remaining constant, a change of 1% in the floating interest rate on borrowings will have an effect of Won 31 billion decrease or increase in our income before income taxes. See Note 31 to the Annual Financial Statements.

A reduction of interest rates also increases the fair value of our debt portfolio. We strive to manage our interest expense by achieving a balanced mixture of floating and fixed rate debt.

BUSINESS

We are a leading global trading and energy business company and a core member company of the POSCO Group. Originally founded in 1967 as Daewoo Industry Co., Ltd., we have evolved from a traditional trading firm into a diversified company with operations spanning steel, industrial components, natural resources, power generation and agro sectors. We manage a global network of subsidiaries, engaging in trading activities as well as operating major projects such as natural gas fields in Myanmar and Australia, palm oil plantations in Indonesia and an LNG terminal in Gwangyang, Korea. In recent years, we have been focusing on sustainable growth opportunities through investments in electric and hybrid vehicle components and renewable energy businesses.

Our business segments are as follows:

- **Material Industry Segment.** We are a global trading company that primarily engages in the trading of steel products and raw materials used in steel production, electric and hybrid vehicle components, rechargeable battery materials, industrial materials, agricultural commodities and other goods. Our Material Industry Segment also engages in a variety of other businesses, including production of traction motor core and fabrication of steel products and palm oil as well as participation in mineral resource development projects.
- **Energy Segment.** Our Energy Segment engages in the exploration and production of gas fields, storage, transportation and trading of LNG, and operation of power generation facilities in Korea and Southeast Asia, including an LNG combined cycle power plant in Incheon, Korea. Our Energy Segment selectively seeks opportunities to expand into wind, solar and other renewable energy businesses to serve as an integrated provider of energy solutions.

The table below sets out our net sales, after inter-segment sales adjustments, by segment category and related percentage data for the periods indicated.

Segment Category	For the Year Ended December 31,				For the Three Months Ended March 31,			
	2024		2025		2025		2026	
	(in billions of Won, except percentages)							
Material Industry Segment.	₩ 28,143	87.2%	₩ 28,382	87.7%	₩ 7,152	87.9%	₩ 7,294	86.7%
Energy Segment.....	4,118	12.8	3,992	12.3	986	12.1	1,117	13.3
Total sales.....	₩ 32,261	100.0%	₩ 32,374	100.0%	₩ 8,137	100.0%	₩ 8,410	100.0%

The table below sets out our operating profit, prior to consolidation adjustments, by segment category and related percentage data for the periods indicated.

Segment Category	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2024			2025			2025			2026		
(in billions of Won, except percentages)												
Material Industry Segment.	₩	495	42.8%	₩	492	42.3%	₩	124	45.1%	₩	176	49.2%
Energy Segment		612	52.8		589	50.6		141	51.3		172	48.0
Consolidation adjustments.		51	4.4		84	7.2		10	3.6		10	2.8
Total operating profit	₩	1,158	100.0%	₩	1,165	100.0%	₩	275	100.0%	₩	358	100.0%

We are a member company of the POSCO Group, which consists of companies controlled by POSCO HOLDINGS INC. The POSCO Group engages in businesses that complement the largest steel manufacturing operations in Korea and also carefully seeks out promising investment opportunities to diversify its businesses both vertically and horizontally. The POSCO Group has made investments in the past decade to diversify into new businesses related to its steel operations that it believes will offer greater potential returns, as well as enter into new areas such as production of anode and cathode materials for rechargeable batteries and comprehensive materials such as lithium. We serve as the primary global trading and energy entity of the POSCO Group, and we believe that our affiliates provide us with attractive business opportunities.

Our sales were Won 32,261 billion in 2024 and Won 32,374 billion in 2025, and Won 8,137 billion in the first quarter of 2025 and Won 8,410 billion in the first quarter of 2026. We recorded profit for the year of Won 503 billion in 2024 and Won 637 billion in 2025, and profit for the period of Won 204 billion in the first quarter of 2025 and Won 277 billion in the first quarter of 2026. We had total assets of Won 18,753 billion and total equity of Won 7,813 billion as of December 31, 2025, and total assets of Won 19,745 billion and total equity of Won 7,732 billion as of March 31, 2026.

Material Industry Segment

We are a global trading company that primarily engages in the trading of steel products and raw materials used in steel production, electric and hybrid vehicle components, rechargeable battery materials, industrial materials, agricultural commodities and other goods. Our Material Industry Segment also engages in a variety of other businesses, including production of motor core and steel products and palm oil as well as participation in mineral resource development projects.

Products and Services

Trading Business

Our trading activities consist of exporting and importing a wide variety of products and commodities, including steel products and raw materials used in steel production, electric and hybrid vehicle components, rechargeable battery materials, industrial materials, agricultural commodities and other goods. We also engage in third-country trades that do not involve

exports from or imports to Korea. The products are obtained from and supplied to numerous suppliers and purchasers in Korea and overseas, which are procured through a global trading network comprised of overseas trading subsidiaries, branches and representative offices. Such subsidiaries and offices support our trading activities by locating suitable local suppliers and purchasers on behalf of customers, identifying business opportunities and providing information regarding local market conditions. As part of our strategy to secure stable sources of commodities for trading, we selectively seek out opportunities to participate in mineral resource development projects.

In most cases, we enter into trading transactions after the underlying sale and purchase contracts have been matched, which mitigates our inventory and price risks. We typically enter into trading transactions as a principal, and in limited cases as an import or export agent. When acting as a principal or an agent, we derive our gross trading profit from the margin between the selling price of the products and the purchase price we pay for such products. In the case of principal transactions, the selling price is recognized as sales and the purchase price is recognized as cost of sales, while only the margin is recognized as sales in the case of agency transactions in which we do not control each good or service prior to providing the goods or services to the customer (indicators of such control include (1) primary responsibility for fulfilling the promise to provide the specified good or service, (2) inventory risk and (3) discretion in establishing the price of the specified good or service). In the instances in which we act as an arranger for a third country transaction, we derive our gross trading profit from, and recognize as sales, the commission paid to us by the customer. The sizes of margins and commissions for our trading activities vary depending on a number of factors, including prevailing supply and demand conditions for the product involved, the cost of financing, insurance, storage and transport and the creditworthiness of the customer, and tend to decline as the product or market matures.

In connection with our export and import transactions, we have accounts receivable and payable in a number of currencies, but primarily in U.S. dollars. Our exposure to fluctuations in exchange rates, including the Won/U.S. dollar exchange rate, is limited because trading transactions almost always involve matched purchase and sale contracts, which result in limited settlement exposure, and because our contracts with domestic suppliers of products for export and with domestic purchasers of imported products are generally denominated in U.S. dollars. We also periodically enter into derivative contracts, primarily foreign currency swaps and forward exchange contracts, to further hedge some of our foreign exchange risks.

Our trading activities are coordinated through a global trading network comprised of overseas trading subsidiaries and branch and representative offices. Such subsidiaries and offices support our trading activities by locating suitable local suppliers and purchasers on behalf of customers, identifying business opportunities and providing information regarding local market conditions. We arrange insurance and product transport at the request of customers, the costs of which generally become reflected in the sales price of the relevant products, and also provide financing services to our purchasers and suppliers as necessary. In the case of trading transactions involving large-scale industrial or construction projects, we also provide necessary project planning and organizing services to our customers.

Our largest category of items for trading is steel products. A significant portion of steel products traded by us are produced by subsidiaries of POSCO Holdings. See “Related Party Transactions.” The principal steel products traded by us are as follows:

- **Cold Rolled Products.** Cold rolled coils and further refined galvanized cold rolled products are used mainly in the automotive industry to produce car body panels. Other users include the household goods, electrical appliances, engineering and metal goods industries.
- **Hot Rolled Products.** Hot rolled coils and sheets have many different industrial applications. They are used to manufacture structural steel used in the construction of buildings, industrial pipes and tanks, and automobile chassis. Hot rolled coil is also manufactured in a wide range of widths and thicknesses as the feedstock for higher value-added products such as cold rolled products and silicon steel sheets.
- **Stainless Steel Products.** Stainless steel products are used to manufacture household goods and are also used by the chemical industry, paper mills, the aviation industry, the automotive industry, the construction industry and the food processing industry.
- **Plates.** Plates are used in shipbuilding, structural steelwork, offshore oil and gas production, power generation, mining, and the manufacture of earth-moving and mechanical handling equipment, boiler and pressure vessels and other industrial machinery.
- **Wire Rods.** Wire rods are used mainly by manufacturers of wire, fasteners, nails, bolts, nuts and welding rods. Wire rods are also used in the manufacture of coil springs, tension bars and tire cords in the automotive industry.
- **Silicon Steel Sheets.** Silicon steel sheets are used mainly in the manufacture of power transformers and generators, rotating machines and electric motors.
- **Others.** Other products include lower value-added semi-finished products such as pig iron, billets, blooms and slab.

Other Businesses

POSCO Mobility Solution. We engage in the production of drive motor cores and fabrication of stainless steel and steel materials for heavy industries through POSCO Mobility Solution, our wholly-owned subsidiary. Drive motor cores are critical components that convert electrical energy into rotational power for electric and hybrid vehicles. We operate production facilities in Korea (Cheonan, Pohang, Ansan and Gwangyang), Mexico, Poland and India. POSCO Mobility Solution recorded revenues of Won 1,179 billion in 2024 and Won 1,182 billion in 2025, and Won 286 billion in the first quarter of 2025 and Won 291 billion in the first quarter of 2026.

Palm Oil Business. We also engage in the production of palm oil in Indonesia, including seed development, harvesting and refining through PT Bio Inti Agrindo (“PT BIA”), PT Prime Agri Resources and PT AGPA Refinery Complex.

- We hold an 85.0% interest in PT BIA, which commenced operations in 2011 and is our key palm oil plantation subsidiary.

- In November 2025, we acquired a 65.7% interest in PT Prime Agri Resources to further expand our palm oil production capacity. In February 2026, we completed a mandatory tender offer to increase our interest in PT Prime Agri Resources to 98.7%.
- PT AGPA Refinery Complex was established in 2024, and we hold a 60.0% interest in the joint venture. PT AGPA Refinery Complex is scheduled to commence commercial operations in the second half of 2026.

We plan to further strengthen our capabilities in the palm oil industry, including production of high-value biofuel. Our palm oil business recorded revenues of Won 226 billion in 2024 and Won 357 billion in 2025, and Won 72 billion in the first quarter of 2025 and Won 170 billion in the first quarter of 2026.

Competition

We compete principally with other Korean general trading companies that are affiliated with major domestic business groups, as well as global trading companies based in other countries. In the domestic market, competition for export transactions on behalf of domestic suppliers and import transactions on behalf of domestic purchasers was limited in the past, as most affiliated general trading companies of large Korean business groups generally relied on affiliate transactions for the bulk of their trading business. However, in recent years, many of these Korean general trading companies have reduced their reliance on their affiliated business group and transactions carried out on behalf of their member companies and instead have generally evolved to focus on segments of the import and export markets in which they have a competitive advantage. As a result, competition among Korean general trading companies in the area of traditional trade has become more intense. Our principal competitors in the overseas trading markets include Korean trading companies that operate in various international markets, as well as foreign trading companies, particularly those based in Japan. As we diversify into businesses other than traditional trading such as mineral resources development, we also increasingly compete with other Korean and international companies involved in these businesses.

Government Regulation

Our trading activities are affected by regulations in Korea and other countries governing the import and export of products. In Korea, the Foreign Trade Law and the regulations thereunder and other relevant laws and regulations restrict imports and exports of certain products and impose tariffs on certain imports. The levels of restrictions and tariffs under such laws and regulations have been generally lowered by the Government. Similar laws and regulations exist in many countries with which we trade, in addition to laws or multilateral agreements imposing quotas on imports of certain products or from certain countries. Such laws and regulations could from time to time adversely affect our ability to import and export specific products, as well as our overall profits from trading transactions.

Energy Segment

Our Energy Segment engages in the exploration and production of gas fields, storage, transportation and trading of LNG, and operation of power generation facilities, including an LNG combined cycle power plant in Incheon, Korea. Our Energy Segment selectively seeks

opportunities to expand into wind, solar and other renewable energy businesses to serve as an integrated provider of energy solutions.

Products and Services

We participate in each value chain of the natural gas industry. We participate in exploration and production of natural gas, transportation and storage of LNG and regasification, and power generation.

Gas Development Projects

We selectively invest in energy development projects. Natural resources development projects, while entailing higher risks than the traditional trading business, offer higher potential returns. In particular, we hold controlling interests in a gas field project in Myanmar and Senex Holdings. We intend to continue to expand our operations by carefully seeking out promising energy development projects abroad.

Myanmar Gas Project. We hold a 51.0% interest in a gas field project in Myanmar, where production of gas commenced in July 2013. We are currently procuring gas from the project, and we began activities related to the development of the fourth phase of the project in July 2024.

The Myanmar gas field project recognized revenues of Won 604 billion in 2024 and Won 645 billion in 2025, and Won 150 billion in the first quarter of 2025 and Won 155 billion in the first quarter of 2026. The sales volume of the Myanmar gas field project was 166.3 billion cubic feet of natural gas in 2024 and 174.5 billion cubic feet in 2025, and 46.2 billion cubic feet in the first quarter of 2025 and 46.2 billion cubic feet in the first quarter of 2026.

Senex Holdings. In March 2022, we acquired a 50.1% interest in Senex Holdings. Senex Holdings is an Australian energy company primarily engaged in the exploration and production of natural gas. Based in Brisbane, it operates onshore gas fields in Queensland's Surat Basin, including the Atlas and Roma North developments.

Senex Holdings recognized revenues of Won 268 billion in 2024 and Won 392 billion in 2025, and Won 81 billion in the first quarter of 2025 and Won 123 billion in the first quarter of 2026. Sales volume of Senex Holdings was 25.1 billion cubic feet of natural gas in 2024 and 34.7 billion cubic feet in 2025, and 7.4 billion cubic feet in the first quarter of 2025 and 10.0 billion cubic feet in the first quarter of 2026.

LNG Terminal Operations

We operate an LNG terminal in Gwangyang, Korea consisting of six tanks with an aggregate storage capacity of approximately 930 thousand kiloliters as of March 31, 2026. We are currently constructing a second terminal consisting of two additional tanks with an aggregate storage capacity of approximately 400 thousand kiloliters. Gwangyang LNG terminal serves as the midstream hub connecting upstream gas production to downstream power generation and industrial sales. The terminal manages the entire LNG import process, including unloading, storage, regasification and distribution. It provides LNG storage services for POSCO's steel mills and our LNG combined cycle power plant in Incheon, as well as rental services for our customers. In addition, we participate in LNG trading and LNG ship operations to achieve maximum operational efficiency of our Gwangyang LNG terminal.

Power Generation Activities

On January 1, 2023, POSCO Energy, Korea's largest domestic private power utility company and a provider of alternative environmentally-friendly energy solutions, merged into us. We operate power generation facilities in Korea and Southeast Asia, including an LNG combined cycle power plant in Incheon, Korea that commenced its operations in 1996. The total annual power generation capacity of our LNG combined cycle power plant was approximately 3,412 megawatts as of March 31, 2026. As an independent power producer, we contribute approximately 9% of the total power generation capacity for the Seoul metropolitan area, helping to stabilize the regional and national energy supply.

Pursuant to Article 31 of the Electricity Business Act of Korea, we sell all of the electricity we generate to KEPCO through the KPX, which purchases electricity under the cost-based pool method that assesses the relative power generation cost competitiveness of the power generation companies before making purchase orders. KEPCO is currently the only company engaged in the transmission and distribution of electricity in Korea. The unit price of electricity generated by us and sold to KEPCO was Won 160 per kilowatt-hour in 2024 and Won 144 per kilowatt-hour in 2025, and Won 149 per kilowatt-hour in the first quarter of 2025 and Won 131 per kilowatt-hour in the first quarter of 2026.

While increases in our fuel costs are fully passed through to KEPCO in its purchase of electricity from us under the current cost-based pool system, such pass-through is subject to several months of time lag. Accordingly, fuel cost increases, including cost increases resulting from the depreciation of the Won against the U.S. dollar or other currencies, could adversely affect our results of operations if the price of electricity payable to us by KEPCO does not timely capture such fuel cost increases for the relevant financial reporting period. Furthermore, in determining the marginal price component of the price of electricity sold by us to KEPCO by way of KPX, the Cost Evaluation Committee considers various factors, including the market prices of fuels, electricity tariff rates and their impact on the relative fair investment returns. In the event of a sustained or rapid rise in fuel costs which impact is not sufficiently offset by a corresponding rise in electricity tariff rates in a timely manner and as a result would significantly hurt KEPCO's profitability, the adjusted coefficient may be set at a level which would have the effect of lowering the fair investment return for us. From time to time, the Government has implemented an "emergency price cap" on the marginal price of electricity sold by us to KEPCO to address extraordinarily rapid increases in the market price of fuel, pursuant to which the Ministry of Climate, Energy and Environment can set a temporary emergency price cap for one month (not to exceed three consecutive months) that would override the regular price cap on the marginal price of electricity set by the Cost Evaluation Committee.

Our LNG combined cycle power plant produced 12,193 gigawatt-hours of electricity in 2024 and 10,529 gigawatt-hours in 2025, and 2,490 gigawatt-hours in the first quarter of 2025 and 2,777 gigawatt-hours in the first quarter of 2026. Our sales of electricity to KEPCO totaled Won 2,274 billion in 2024 and Won 1,826 billion in 2025, and Won 465 billion in the first quarter of 2025 and Won 454 billion in the first quarter of 2026.

The following table sets forth the total operational hours of our LNG combined cycle power plant and our utilization rates for the periods indicated:

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2024	2025	2025	2026
	(In hours, except percentages)			
Total possible hours of operations.....	8,784	8,760	2,160	2,160
Total hours of operations.....	6,541	5,004	1,144	1,249
Utilization rate	74.46%	57.13%	52.96%	57.85%

We operate seven power generators at our LNG combined cycle power plant, five of which meet their LNG requirements through long-term supply contracts with KOGAS and two of which are sourced independently. Under the terms of the LNG contracts, our purchase quantity is determined through negotiations with KOGAS, subject to the Government's approval, and KOGAS determines the purchase price on a monthly basis. We are under an obligation to purchase LNG quantities within a 20% plus or minus range from our previously agreed purchase quantity. If we purchase LNG outside this range, we are required to pay a penalty to KOGAS. In recent years, all our purchases have been within such range. KOGAS imports LNG primarily from Australia and the United States and supplies LNG to power generation subsidiaries of KEPCO and independent power producers, including us. The average market price of LNG per ton purchased by us for power generation activities was Won 1,058 thousand in 2024, Won 944 thousand in 2025 and Won 916 thousand in the first quarter of 2026.

Other Businesses

We selectively seek opportunities to expand into wind, solar and other renewable energy businesses in order to become an integrated provider of energy solutions. As of March 31, 2026, total power generation capacity of our onshore wind power energy facilities was approximately 63 megawatts.

Competition

High initial investment costs are an effective barrier to entry for newcomers in the Korean power generation industry. Cost and service quality are the most important determining factors in respect of competition. Historically, demand for electricity had grown at a rate exceeding the growth of Korea's GDP. However, the rate of growth in demand for electricity has slowed in recent years as the Korean economy has matured, and we expect that competition for the sale of electricity generated will become more intense as the other competitors ramp up their installed capacity of LNG and renewable energy generation in their product mix. We compete principally with the five non-nuclear power generation subsidiaries of KEPCO and private-sector power generation companies in Korea that are affiliated with major domestic business groups, including SK Innovation Co., Ltd. and GS EPS Co., Ltd.

Government Regulation

The Korean electricity industry has been undergoing deregulation since 1999. Pursuant to the Electricity Business Act, the Government established the Korea Electricity Regulatory Commission in April 2001 to regulate the Korean electricity industry and to ensure fair competition. As an independent power producer, we are under the general supervision of the Korea Electricity Regulatory Commission.

The Electricity Business Act administered by the Ministry of Climate, Energy and Environment requires that licenses be obtained in relation to the generation of electricity for sale to others, with limited exceptions. Under the Electricity Business Act, the Community Energy System enables regional districts to source electricity from independent power producers. A supplier of electricity under the Community Energy System must obtain a license from the Ministry of Climate, Energy and Environment following deliberation by the Korea Electricity Regulatory Commission. The purpose of this system is to decentralize electricity supply and thereby reduce transmission costs and improve the efficiency of energy use. These entities, including us, do not supply electricity on a national level but are licensed to supply electricity on a limited basis to their respective districts under the Community Energy System. Our operations are also subject to a number of laws and regulations relating to environmental protection and safety.

Consolidated Sales Breakdown

Sales Category

The following table sets forth a breakdown of our total consolidated sales (excluding sales from rental activities) by export sales, domestic sales and third-country trades for the periods indicated:

	For the Year Ended December 31,				For the Three Months Ended March 31,			
Sales Category	2024		2025		2025		2026	
	(in billions of Won, except percentages)							
Export.....	₩ 12,416	38.5%	₩ 11,580	35.8%	₩ 3,125	38.4%	₩ 2,981	35.5%
Domestic	5,983	18.6	4,849	15.0	1,337	16.4	1,153	13.7
Triangular ⁽¹⁾	24,599	76.3	26,191	81.0	6,119	75.2	7,026	83.7
Total sales prior to inter-segment adjustments..	42,998	133.3	42,619	131.8	10,582	130.1	11,160	132.9
Inter-segment sales	(10,749)	(33.3)	(10,279)	(31.8)	(2,447)	(30.1)	(2,762)	(32.9)
Total sales ⁽²⁾	₩ 32,249	100.0%	₩ 32,341	100.0%	₩ 8,134	100.0%	₩ 8,398	100.0%

(1) Transactions where we purchase products from suppliers in a country other than Korea and sell them to customers located overseas.

(2) Excluding sales from rental activities.

Product Category

The following table sets forth a breakdown of our total consolidated sales (excluding sales from rental activities) by product category for the periods indicated:

	For the Year Ended December 31,				For the Three Months Ended March 31,			
Product Category	2024		2025		2025		2026	
	(in billions of Won, except percentages)							
Steel and industrial goods .	₩ 32,577	101.0%	₩ 30,955	95.7%	₩ 7,883	96.9%	₩ 8,162	97.2%
Energy	4,119	12.8	3,983	12.3	986	12.1	1,109	13.2
Food materials	6,278	19.5	7,657	23.7	1,711	21.0	1,889	22.5
Others	25	0.1	24	0.1	1	0.0	0	0.0
Total sales prior to inter-segment adjustments..	42,998	133.3	42,619	131.8	10,582	130.1	11,160	132.9
Inter-segment sales	(10,749)	(33.3)	(10,279)	(31.8)	(2,447)	(30.1)	(2,762)	(32.9)
Total sales ⁽¹⁾	₩ 32,249	100.0%	₩ 32,341	100.0%	₩ 8,134	100.0%	₩ 8,398	100.0%

(1) Excluding sales from rental activities.

Geographic Location

The following table sets forth a breakdown of our total consolidated sales (excluding sales from rental activities) by geographic location for the periods indicated:

	For the Year Ended December 31,				For the Three Months Ended March 31,							
Geographic Location	2024		2025		2025		2026					
	(in billions of Won, except percentages)											
Domestic	₩	5,618	17.4%	₩	5,391	16.7%	₩	1,348	16.6%	₩	1,326	15.8%
Asia (excluding China).....		14,903	46.2		13,699	42.4		3,511	43.2		3,379	40.2
China.....		3,077	9.5		3,240	10.0		794	9.8		661	7.9
North America.....		2,816	8.7		3,458	10.7		920	11.3		1,479	17.6
Europe.....		2,937	9.1		3,620	11.2		656	8.1		739	8.8
Others		2,897	9.0		2,933	9.1		905	11.1		814	9.7
Total sales ⁽¹⁾	₩	32,249	100.0%	₩	32,341	100.0%	₩	8,134	100.0%	₩	8,398	100.0%

(1) Excluding sales from rental activities.

Insurance

We maintain property insurance policies with reputable insurance companies. These insurance policies cover losses due to fire, earthquake, flood and other natural disasters. We also maintain casualty insurance policies that cover various incidents, including accidents that occur to our employees and subcontractors on our production and power generation sites. We consider our insurance coverage to be consistent with market practice in Korea.

Intellectual Property

We own the “Daewoo” trademark and related logo. Our trademarks and service marks are registered in Korea, and we have registered them in foreign countries in which we do business or expect to do business in the future. We also rely on trade secrets and unpatented proprietary know-how and information to maintain our competitive position in each of our business segments.

We expect to continue focusing on developing new technologies, particularly in the energy sector, and strengthening our brand portfolio in the industries in which we operate, and we will continue to file new applications as appropriate to protect our intellectual property rights. We have developed internal policies to promote the development of inventions, ideas, discoveries, improvements and copyrightable materials by our employees and to compensate fairly in accordance with applicable law for employees who achieve such results arising from their employment.

Environment

Our facilities, including our LNG combined cycle power plant in Incheon, our LNG terminal in Gwangyang, POSCO Mobility Solution’s production facilities in Korea and abroad and our palm oil production facilities in Indonesia, generate a variety of chemicals, gases, by-products and other emissions and waste materials, and we are subject to various environmental laws and regulations in Korea and other jurisdictions in which we operate relating to the handling, use, storage, discharge, treatment and disposal of potentially hazardous materials. We are also subject to regulation and periodic monitoring by environmental protection authorities in various jurisdictions.

We have installed various types of anti-pollution equipment and implemented processes consistent with industry standards to minimize energy use and reduce the industrial wastes generated at our production facilities. As required by Korean law, we also employ licensed environmental specialists for each environmental area, including air quality, water quality, toxic materials and radiation. We educate and train our employees on environmental issues and require adherence to corporate guidelines on environmental protection measures. We believe that we have adopted anti-pollution measures for the effective maintenance of environmental protection standards, and that we are in compliance with applicable environmental laws and regulations in all material respects.

Health and Safety

The health and safety of our employees as well as our customers are top priorities at all of our facilities. We promote the health and safety of all employees through enhanced awareness programs to minimize the occurrence of physical injuries. We educate our employees at various levels and functions through customized health and safety training programs and

require adherence to corporate guidelines on health and safety issues to ensure that special emergency situations such as fires and explosions or leakages of various harmful substances are appropriately and quickly handled. We believe that we are in compliance with applicable health and safety laws and regulations in all material respects.

Employees

As of December 31, 2025, we, on a stand-alone basis, had 1,702 full-time employees and 36 temporary employees. As of December 31, 2024, we, on a stand-alone basis, had 1,706 full-time employees and 37 temporary employees. Our success depends to a significant extent upon our ability to attract, retain and motivate qualified employees. Such employees, particularly engineers, production managers and technicians, are in high demand, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees. We seek to leverage the POSCO Group's brand-recognition to attract top-tier talent from both Korea and outside Korea and strive to maintain an entrepreneurial, productive and innovation-focused culture.

We grant annual increases in basic wages and pay periodic bonuses. We also provide benefits such as medical insurance, employment insurance and workers' compensation to our employees as well as providing fringe benefits. In addition, as of March 31, 2026, on a stand-alone basis, we had one labor union, which has collective bargaining agreements with us. As of such date, the union had 265 of our employees as its members. Our latest collective bargaining agreements with the labor union came into effect in September 2024 for a two-year term. In recent years, we have not experienced a strike or other material work stoppage. We consider our relations with our employees to be good.

Our full-time employees in Korea, including executive officers as well as non-executive employees, are subject to a pension insurance system pursuant to the National Pension Act of Korea, under which we make monthly contributions to the pension accounts of the employees, and upon retirement, such employees are paid from their pension accounts. We contribute an amount equal to 4.75% of an employee's standard monthly wages, and each employee contributes 4.75% of his or her standard monthly wages, into his or her personal pension account, as of the date of this Offering Circular. Such rates, however, are scheduled to gradually increase to 6.50% by 2033. We also operate defined benefit and defined contribution retirement pension plans for our employees.

Legal and Regulatory Proceedings

In May 2002, the Industrial Development Bank of India brought a lawsuit against Daewoo International Corporation (our predecessor), Daewoo Motors India Ltd., Daewoo Corporation and Daewoo Construction & Engineering Co., Ltd. in the India Delhi Mumbai Court, regarding its loans to Daewoo Motors India Ltd. guaranteed by Daewoo Co., Ltd. (our predecessor). The total claim amount is 4.46 billion Indian Rupees, and we recognized a provision of Won 6.4 billion relating to our portion of the guarantee alleged by the Industrial Development Bank of India. Daewoo International Corporation challenged the jurisdiction of the court in 2003. The outcome of such lawsuit remains uncertain and our provision is classified as a non-current liability as of December 31, 2025.

We are also subject to a number of additional claims and are a party to a number of legal and regulatory proceedings, including those that are incidental to the normal course of our business. See Note 20.2 to the Annual Financial Statements and Note 18.2 to the Interim Financial Statements and included elsewhere in this Offering Circular for a discussion of our pending legal and regulatory proceedings.

MANAGEMENT

Board of Directors

Our board of directors has the ultimate responsibility for the management of our business affairs. Our board consists of two directors who are our executive officers (“Inside Directors”), one other non-executive director (“Non-Executive Director”) and five directors who are independent directors (“Independent Directors”). Our shareholders elect the Inside Directors, Non-Executive Directors and Independent Directors at a general meeting of the shareholders. Candidates for Independent Directors are recommended to the shareholders by the Independent Director Candidate Nomination Committee after the committee reviews such candidates’ qualifications. The term of office of a director is determined at the general meeting of the shareholders where such director is appointed, within a period not exceeding three (3) years. Currently, the term of office of the Inside Directors and Non-Executive Director is one year and the term of office of the Independent Directors is two years. If a Director’s term expires prior to the close of the ordinary general meeting of the shareholders convened in respect of the last fiscal year of such term, such term shall be extended until the close of such general meeting.

Under the Commercial Code and our articles of incorporation, several Representative Directors may be elected among the Inside Directors by our board of directors’ resolution and the Inside Directors may be assigned to the positions of President, Executive Vice President, Senior Managing Director and Managing Director by the Representative Director.

The names and positions of our Directors are set forth below. The business address of all of the Directors is that of our registered office.

Name	Age	Title	Outside Occupation	Position Held Since
Lee, Kye-In	61	President & Chief Executive Officer; Inside Director	None	March 2023
Chung, Kyung-Jin	60	Inside Director; Chief Financial Officer of Corporate Strategy and Finance Group	None	March 2024
Lee, Ju-Tae	62	Non-Executive Director	President & Representative Director, POSCO HOLDINGS	March 2025
Han, Jong-Soo	65	Independent Director	Chairperson, Ethics Committee at Korea Institute of Certified Public Accountants	March 2023
Chun, Yeong-Han	65	Independent Director	Executive Advisor, Energy Transition Forum Korea	March 2023
Song, Ho-Keun	70	Independent Director	Distinguished Professor, Hallym University; Director, Doheon Academy	March 2024

Name	Age	Title	Outside Occupation	Position Held Since
Hur, Tae-Woong.....	60	Independent Director	Professor, University-Industry Collaboration at Gyeongsang National University, College of Agriculture and Life Sciences	March 2024
Lee, Eun-Joo.....	56	Independent Director	Director of Education, Jeongui Educational Foundation; Industrial Advisor, EQT Korea; Senior Advisor, Neural Concept	March 2026

Board Committees

Independent Director Candidate Recommendation Committee

The Independent Director Candidate Recommendation Committee is composed of five Independent Directors and two Inside Directors. Members of our Independent Director Candidate Recommendation Committee are Lee, Kye-In (chairman), Chung, Kyung-Jin, Lee, Eun-Joo, Han, Jong-Soo, Chun, Yeong-Han, Song, Ho-Keun and Hur, Tae-Woong. The Independent Director Candidate Recommendation Committee reviews the qualifications of potential candidates and proposes nominees to serve on our board of directors as an Independent Director. Any shareholder holding our outstanding shares with voting rights may suggest candidates for Independent Directors to the Independent Director Candidate Recommendation Committee.

ESG Committee

The ESG Committee is composed of five Independent Directors and one Inside Director. Members of our ESG Committee are Song, Ho-Keun (chairman), Lee, Eun-Joo, Chung, Kyung-Jin, Han, Jong-Soo, Chun, Yeong-Han, and Hur, Tae-Woong. The ESG Committee oversees decisions with respect to our ESG policies, including policies related to environment, climate change, low-carbon and governance. It also reviews operational matters of our board of directors and special committees, reviews plans related to safety and health and manages and monitors ESG activities.

Audit Committee

Under the Commercial Code, a company may establish an Audit Committee in lieu of auditors as prescribed by the articles of incorporation, and according to our articles of incorporation, we are required to have an Audit Committee. The Audit Committee shall be composed of three or more directors; at least two-thirds of the members of the Audit Committee shall be Independent Directors. Members of the Audit Committee are appointed by the board of directors. We currently have an Audit Committee composed of three Independent Directors. Members of our Audit Committee are Han, Jong-Soo (chairman), Chun, Yeong-Han and Lee, Eun-Joo.

The duties of the Audit Committee include:

- engaging independent auditors;
- approving independent audit fees;
- approving audit and non-audit services;
- reviewing annual financial statements;
- reviewing audit results and reports, including management comments and recommendations;
- reviewing our system of controls and policies, including those covering conflicts of interest and business ethics; and
- examining improprieties or suspected improprieties.

In addition, in connection with general meetings of shareholders, the Audit Committee examines the agenda for, and financial statements and other reports to be submitted by, the board of directors at each general meeting of shareholders. Our internal and external auditors report directly to the Audit Committee. The Audit Committee holds regular meetings at least once each quarter, and more frequently as needed.

Compensation

The aggregate compensation paid and accrued to our Directors was Won 2.9 billion in 2024 and Won 2.2 billion in 2025.

SHAREHOLDERS

The following table sets forth certain information relating to the shareholder of our common stock issued as of March 31, 2026:

Shareholder	Number of Common Shares Held	Percentage of Total Common Shares Outstanding
POSCO HOLDINGS INC.	124,396,358	70.71%
National Pension Service.....	13,515,352	7.68
Others.....	32,532,777	18.50
Treasury shares.....	5,478,301	3.11
Total	175,922,788	100.00%

RELATED PARTY TRANSACTIONS

We engage from time to time in various transactions with related parties, including our parent company and other related companies of the POSCO Group. We believe that we have conducted our transactions with related parties as we would in comparable arm's-length transactions with a non-related party, on a basis substantially as favorable to us as would be obtainable in such transactions.

POSCO

Our transactions with POSCO primarily consist of purchases of finished steel products from POSCO for our trading activities as well as sales of raw materials to POSCO for use in steel production. Our purchases from POSCO amounted to Won 11,650 billion in 2024 and Won 10,692 billion in 2025, and Won 2,884 billion in the first quarter of 2025 and Won 2,455 billion in the first quarter of 2026. Our sales to POSCO amounted to Won 3,039 billion in 2024 and Won 2,325 billion in 2025, and Won 761 billion in the first quarter of 2025 and Won 571 billion in the first quarter of 2026.

PT. Krakatau POSCO

Our transactions with PT. Krakatau POSCO primarily consist of sales of raw materials to PT. Krakatau POSCO for use in steel production as well as purchases of finished steel products from PT. Krakatau POSCO for our trading activities. Our sales to PT. Krakatau POSCO amounted to Won 1,312 billion in 2024 and Won 1,400 billion in 2025, and Won 400 billion in the first quarter of 2025 and Won 390 billion in the first quarter of 2026. Our purchases from PT. Krakatau POSCO amounted to Won 252 billion in 2024 and Won 423 billion in 2025, and Won 64 billion in the first quarter of 2025 and Won 127 billion in the first quarter of 2026.

POSCO Mexico Processing Center Holding, LLC

Our transactions with POSCO Mexico Processing Center Holding, LLC ("POSCO Mexico Processing Center Holding") and POSCO MPPC S.A. de C.V. ("POSCO MPPC"), its operating subsidiary, primarily consist of sales of raw steel sheets for use in steel sheet processing as well as purchases of processed steel sheets for our trading activities. Our sales to POSCO Mexico Processing Center Holding amounted to Won 739 billion in 2024 and Won 582 billion in 2025, and our sales to POSCO MPPC amounted to Won 142 billion in the first quarter of 2025 and Won 169 billion in the first quarter of 2026. Our purchases from POSCO Mexico Processing Center Holding amounted to Won 12 billion in 2024 and Won 12 billion in 2025, and our purchases from POSCO MPPC amounted to Won 5 billion in the first quarter of 2025 and Won 2 billion in the first quarter of 2026.

POSCO STEELEON Co., Ltd.

Our transactions with POSCO STEELEON Co., Ltd. ("POSCO STEELEON") primarily consist of purchases of surface-treated steel sheets from POSCO STEELEON for our trading activities as well as sales of raw materials to POSCO STEELEON for use in steel sheet production. Our purchases from POSCO STEELEON amounted to Won 256 billion in 2024 and Won 232 billion in 2025, and Won 53 billion in the first quarter of 2025 and Won 57 billion in the first quarter of 2026. Our sales to POSCO STEELEON amounted to Won 57 billion in 2024 and Won 40 billion in 2025, and Won 15 billion in the first quarter of 2025 and Won 8 billion in the first quarter of 2026.

Other Related Parties

For further information relating to our transactions with related parties, see Note 32 to the Annual Financial Statements and Note 29 to the Interim Financial Statements included elsewhere in this Offering Circular.

DESCRIPTION OF THE NOTES

The Notes will be issued under a fiscal agency agreement to be dated as of June 29, 2026 (the “Fiscal Agency Agreement”), between the Company, Citicorp International Limited (the “Fiscal Agent”) and Citibank, N.A., London Branch (the “Principal Paying Agent”). The following summaries of certain provisions of the Notes and the Fiscal Agency Agreement do not purport to be complete and are qualified in their entirety by reference to the provisions of the Notes and the Fiscal Agency Agreement. As used herein, references to the “Company” shall mean POSCO International Corporation, but shall not include its consolidated subsidiaries.

General

The Notes will be issued in an initial aggregate principal amount of US\$500,000,000 and will mature on June 29, 2031. The Notes are the direct, unconditional, unsecured and unsubordinated general obligations of the Company. The Notes will rank *pari passu* among themselves, without any preference one over the other by reason of priority of date of issue or otherwise, and at least equally with all other outstanding unsecured and unsubordinated general obligations of the Company (subject to certain statutory exceptions under the laws of the Republic of Korea).

The Notes will bear interest at the rate of 5.125% per annum from and including June 29, 2026. Interest on the Notes will be payable semi-annually in arrear on June 29 and December 29 of each year, commencing December 29, 2026, to the holders of record (“Holders”) as of the close of business on the fifteenth day preceding such interest payment date. Interest on each of the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. In any case where the date for the payment of any principal or interest on any Note is not a day on which banking institutions at any place of payment, including Seoul, New York and London, are open for business, then payment of such principal or interest need not be made on such date at such place of payment but may be made on the next succeeding day at such place of payment which is a day on which banking institutions at any place of payment, including Seoul, New York and London, are open for business with the same force and effect as if made on the date for such payment of principal or interest, and no interest shall accrue for the period after such date.

The Notes may be redeemed at the option of the Company in whole, but not in part, at any time prior to maturity under the circumstances described under “— Optional Tax Redemption.” The Notes do not have the benefit of any sinking fund.

Payments

Payments of interest and principal of the Notes will be made in such coin or currency of the United States of America through a bank that processes payments in U.S. dollars, by wire transfer to a bank account designated by such Holder in writing (such designation to be signed by two authorized officers of such Holder if it is not an individual) to the Principal Paying Agent.

Book-Entry System and Form of the Notes

Upon issuance, the Notes are expected to be represented by the Global Notes in fully registered form. The Global Notes will be deposited with or on behalf of DTC and registered in the name of a nominee of DTC. A Global Note may not be transferred except as a whole by DTC

to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of or a nominee of such successor.

Upon the issuance of the Global Notes, DTC will credit, on its book-entry registration and transfer system, the principal amount of the Notes represented by such Global Notes to the accounts of persons that have accounts with DTC (“participants”), including depositaries for Euroclear and Clearstream. The accounts to be initially credited shall be designated by the Initial Purchasers participating in the initial offer and sale of the Notes. Ownership of beneficial interests in the Global Notes will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in such Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC for such Global Notes (with respect to interests of participants) or by participants or persons that hold through participants (with respect to interests of persons other than participants).

DTC or its nominee, as the case may be, as registered Holder of the Global Notes will be considered the sole owner or holder of the Notes represented by each Global Note for all purposes under the Notes and the Fiscal Agency Agreement.

Principal and interest payments on the Notes represented by the Global Notes registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of such Global Notes. None of the Company, the Fiscal Agent or any paying agent for such Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in such Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC, upon receipt of any payment of principal or interest, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Notes as shown on the records of DTC. The Company also expects that payments by participants to owners of beneficial interests in such Global Notes held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the account of customers registered in “street names,” and will be the responsibility of such participants.

If (i) at any time DTC notifies the Company in writing that it is unwilling or unable to continue as depositary or ceases to be a “clearing agency” under the Exchange Act, and a successor depositary is not appointed by the Company within 90 days after the Company is notified by DTC or becomes aware of such condition, or (ii) the Notes have become immediately due and payable pursuant to the Fiscal Agency Agreement, the Company will issue the Notes in definitive registered form in exchange for the Global Notes representing such Notes. The Notes will be issued only in fully registered form without coupons in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. For so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). If the Notes are issued in definitive registered form, the Company will make payments of principal of and interest on the Notes, and transfers and exchanges of the Notes will be affected, subject to the terms of the Fiscal Agency Agreement and the Notes (without any service charge) upon surrender of the Notes at the offices of the Fiscal Agent. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for the Notes in definitive registered form, the Company will appoint and maintain a paying agent in Singapore (the

“Singapore Paying Agent”), where the Notes in definitive registered form may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for the Notes in definitive registered form, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive registered form, including details of the Singapore Paying Agent.

Same-Day Settlement

Initial settlement for the Notes will be made in same-day funds.

Restrictions on Transfer

The Notes may not be sold or otherwise transferred except in accordance with the restrictions described under “Transfer Restrictions.”

Meetings of Holders; Modification and Amendment

The Company may at any time, and the Fiscal Agent shall at any time after the Notes shall have become immediately due and payable due to a default upon a request in writing made by Holders holding not less than 10% of the aggregate outstanding principal amount of the Notes, convene a meeting of the Holders. At a meeting of the Holders, persons entitled to vote a majority in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting, the meeting may be adjourned for a period of not less than ten days; in the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than ten days; at the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote 25% in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. Any resolution at a meeting of the Holders to modify or amend, or to waive compliance with, any of the covenants or conditions (other than those set forth below as requiring the consent of each Holder of a Note affected thereby) shall be effectively passed if passed by the lesser of (i) a majority in aggregate principal amount of the Notes then outstanding or (ii) 75% in aggregate principal amount of the Notes represented and voting at the meeting.

Modifications and amendments to the Fiscal Agency Agreement or the Notes requiring consent of Holders may be made, and future compliance therewith or past defaults by the Company may be waived, with the consent of the Company and the Holders of more than 50% in aggregate principal amount of the Notes at the time outstanding, or of such lesser percentage as may act at a meeting of the Holders held in accordance with the provisions of the Fiscal Agency Agreement; *provided* that no such modification, amendment or waiver of the Fiscal Agency Agreement or any Note may, without the consent of each Holder affected thereby, (i) change the stated maturity of the principal of, or the date for the payment of interest on, any such Note; (ii) reduce the principal of or interest on any such Note; (iii) change the currency of payment of the principal of or interest on any such Note; or (iv) reduce the above-stated percentage of aggregate principal amount of the Notes outstanding or reduce the quorum requirements or the percentage of votes required for the taking of any action.

The Fiscal Agency Agreement and the terms and conditions of the Notes may be modified, supplemented or amended, without the consent of the Holders, for the purposes of (i) adding to the covenants of the Company for the benefit of such Holders, (ii) surrendering any

right or power conferred upon the Company, (iii) securing the Notes, (iv) curing any ambiguity or correcting or supplementing any defective provision contained in the Fiscal Agency Agreement or the Notes, (v) implementing the provisions described under “— Meetings of Holders; Modification and Amendment” herein, (vi) evidencing and providing for the acceptance of appointment of a successor Fiscal Agent with respect to the Notes and to add to or change any provisions of the Fiscal Agency Agreement that shall be necessary to provide for or facilitate the administration of the trusts by more than one Fiscal Agent or (vii) in any other manner which the Company may deem necessary or desirable, *provided* that such action, in the opinion of the Company, shall not adversely affect in any material respect the interests of the Holders of such Notes at the time outstanding. In all other cases, any amendment of the Fiscal Agency Agreement will require the consent of the Holders pursuant to a resolution of the Holders adopted in accordance with the provisions of the Fiscal Agency Agreement. Any determination as to material adverse effect with respect to the interest of Holders pursuant to in this paragraph will be made by the Company, and the Fiscal Agent shall not have any responsibility or liability whatsoever with respect to such determination. Any modification shall be binding on the Holders and any modification shall be notified by the Company to the Holders as soon as reasonably practicable thereafter in accordance with the provisions of the Fiscal Agency Agreement.

Any modifications, amendments or waivers consented to or approved at a meeting will be conclusive and binding on all Holders whether or not they have given such consent or were present at such meeting, and on all future Holders whether or not notation of such modifications, amendments or waivers is made upon the Notes. Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note.

Certain Covenants

Negative Pledge

So long as any Notes remain outstanding, the Company will not, and will ensure that none of its Material Subsidiaries will, create, or have outstanding any Security Interest, other than any Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Holders unless, after giving effect thereto, the aggregate principal amount of all such secured Relevant Indebtedness entered into after the date of the issuance of the Notes, would not exceed 15% of Consolidated Net Tangible Assets.

Certain Definitions

All accounting terms used in the Fiscal Agency Agreement and the Notes and not expressly defined shall have the meanings given to them in accordance with Korean IFRS, and the term “Korean IFRS” shall mean the International Financial Reporting Standards as adopted by the Republic at the date or time of any computation.

“Consolidated Net Tangible Assets” means, at any date, the total amount of assets of the Company and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom:

- (i) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible at the option of the Company);
- (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets; and
- (iii) all write-ups of fixed assets, net of accumulated depreciation thereon, after March 31, 2026, other than as permitted under the Asset Revaluation Law, or successor law, of the Republic, all as set forth on the most recent balance sheet of the Company and its consolidated Subsidiaries and computed in accordance with Korean IFRS.

“External Indebtedness” means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of the Republic and which has a final maturity of one year or more from its date of incurrence or issuance.

“Long-term Debt” means any note, bond, debenture or other similar indebtedness for money borrowed having a maturity of more than one year from the date such indebtedness was incurred or having a maturity of less than or equal to one year but by its terms being renewable or extendible, at the option of the borrower, beyond one year from the date such indebtedness was incurred.

“Material Subsidiary” means any subsidiary of the Company that would be a “significant subsidiary” of the Company within the meaning of Rule 1-02(w) under Regulation S-X under the Securities Act.

“Permitted Security Interest” means: (a) any Security Interest existing as of the issue date of the Notes, (b) any Security Interest existing on any assets or property prior to the acquisition thereof by the Company or any of its Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition; (c) any Security Interest on any assets or property securing Relevant Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Security Interest attaches to such assets or property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof; (d) any Security Interest existing on any assets or property of any Subsidiary prior to the time such Subsidiary becomes a Subsidiary of the Company or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof; (e) any Security Interest securing Relevant Indebtedness owing to the Company or to a Subsidiary; and (f) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security Interest permitted by any of the foregoing paragraphs, provided that such Relevant Indebtedness is not increased and is not secured by any additional property.

“person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (but excluding for the avoidance of doubt, instruments commonly referred to as transferable loan certificates) which (a) either are by their terms payable, or confer a right to receive payment, in any currency other than Korean Won or are denominated in Korean Won and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Korea; and (b) for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market outside Korea.

“Subsidiary” means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

Provision of Information to Holders

The Company covenants that for so long as the Notes are “restricted securities” within the meaning of Rule 144 under the Securities Act, the Company will, at any time when it is not subject to either the periodic reporting requirements of Section 13 or Section 15(d) of the Exchange Act or the requirements of Rule 12g3-2(b) thereunder, provide to any Holder or prospective purchaser of the Notes designated by such Holder, upon the request of such Holder or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

Events of Default

The term “Event of Default” wherever used in the Fiscal Agency Agreement with respect to the Notes means any of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) which shall have occurred and be continuing:

- (a) default in the payment of any installment of interest upon any of the Notes when they become due and payable, and continuance of such default for a period of 30 days; or
- (b) default in the payment of all or any part of the principal of (or premium, if any, on) any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 7 days, whether at maturity, upon redemption or otherwise; or
- (c) default in the performance, or breach, of the covenants or agreements on the part of the Company contained in the Notes or in the Fiscal Agency Agreement, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company at the office of the Fiscal Agent by the Holders of at least 10% in aggregate principal amount of the Notes at the time outstanding a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Notes; or

- (d) any External Indebtedness of the Company in the aggregate outstanding principal amount of US\$50,000,000 or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Company or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Company in respect of External Indebtedness of any other person not being honored when, and remaining dishonored after becoming, due and called; provided that, in the case of (i) above, if any such default under any such External Indebtedness shall be cured or waived, then the default under the Notes by reason thereof shall be deemed to have been cured and waived; or
- (e) the entry of a decree or order for relief in respect of the Company by a court having jurisdiction in the premises in an involuntary case under any applicable bankruptcy, insolvency, rehabilitation or other similar law in effect on the date of the Notes or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or
- (f) the commencement by the Company of a voluntary case under any applicable bankruptcy, insolvency, rehabilitation or other similar law in effect on the date of the Notes or thereafter, or the consent by the Company to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the mailing by the Company of an assignment for the benefit of its creditors, or the admission by the Company in writing of inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

If an Event of Default with respect to the Notes occurs and is continuing, the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare the principal amount of and all accrued but unpaid interest on all of the Notes to be due and payable immediately, by a notice in writing to the Company at the office of the Fiscal Agent, and upon such declaration any such principal amount and interest shall become immediately due and payable. Upon such declaration, the Fiscal Agent shall give notice thereof to the Company and to the Holders, by mail and publication. If, after any such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Company pays or deposits with the Fiscal Agent all amounts then due with respect to the Notes (other than amounts due solely because of such declaration) and cures all other Events of Default with respect to the Notes, such defaults may be waived and such declaration may be annulled and rescinded by the Holders of more than 50% in aggregate outstanding principal amount of the Notes by written notice thereof to the Company at the office of the Fiscal Agent.

Consolidation, Merger and Sale of Assets

The Company, without the consent of the Holders of any of the Notes, may consolidate with, or merge into, or sell, transfer, lease or convey its assets as an entirety or substantially as an entirety to any corporation organized under the laws of the Republic; *provided that* (a) any successor corporation expressly assumes the Company's obligations under the Notes and the Fiscal Agency Agreement, (b) after giving effect to the transaction, no Event of Default and no

event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (c) if, as a result of such transaction, the Company or any successor corporation becomes subject to a lien which would not be permitted by the Notes, such steps shall have been taken as are necessary to secure the Notes equally and ratably with (or prior to) all indebtedness secured thereby, and (d) certain other conditions as per the Fiscal Agency Agreement are satisfied.

Defeasance and Discharge

The Fiscal Agency Agreement provides that the Company need not comply with certain covenants (“covenant defeasance”) of the Notes (including those described under “— Certain Covenants — Negative Pledge”), if:

- (i) the Company irrevocably deposits, in trust with a trustee (which may be the Fiscal Agent) for the benefit of the Holders, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest on, the Notes on the dates such payments are due in accordance with the terms of such Notes;
- (ii) no Event of Default or event which, with notice or lapse of time or both, would become an Event of Default with respect to the Notes shall have occurred and be continuing on the date of such deposit;
- (iii) the Company delivers to such trustee an opinion of counsel in the United States reasonably acceptable to such trustee to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;
- (iv) the Company delivers to such trustee an opinion of counsel in the Republic to the effect that such deposit and related covenant defeasance will not cause the beneficial owners of the Notes, other than the beneficial owners of the Notes (x) who are or who are deemed to be residents of the Republic or (y) who use or hold or are deemed to use or hold their Notes in carrying on a business in the Republic, to recognize income, gain or loss for Korean income tax purposes, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of the Republic or any province or political subdivision thereof or therein having power to tax, except in the case of the Notes beneficially owned (x) by a person who is or is deemed to be a resident of the Republic or (y) by a person who uses or holds or is deemed to use or hold such Notes in carrying on a business in the Republic; and
- (v) the Company delivers to such trustee a certificate executed by a duly authorized officer of the Company and an opinion of counsel, each stating that all conditions precedent provided for relating to the covenant defeasance have been complied with.

“U.S. Government Obligations” means securities which are (i) direct obligations of the United States government or are (ii) direct obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States government, the payment of which is unconditionally guaranteed by the United States government, which, in either case, are full faith and credit obligations of the United States government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depositary receipt.

Additional Amounts

All payments of principal of and interest on the Notes shall be made by the Company without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic or by or within any political subdivision thereof or any authority therein having power to tax (“Korean Tax”), unless deduction or withholding of such Korean Tax is required by law. In the event that the deduction or withholding of Korean Tax is required by law, the Company will pay such additional amounts (“Additional Amounts”) as will result in the payment to the Holder of the amounts which would otherwise have been receivable in respect of principal and interest in the absence of such deduction or withholding, except that no such Additional Amount shall be payable in respect of the Notes:

- (a) to or on behalf of a Holder who is subject to such Korean Tax in respect of such Note by reason of such Holder being or having been connected with the Republic (or any political subdivision thereof) otherwise than merely by holding such Note or receiving principal or interest in respect thereof; or
- (b) to or on behalf of a Holder who would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested in writing by the Company to make such a declaration or claim, such Holder fails to do so within 30 days; or
- (c) to or on behalf of a Holder who presents a Note (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting a Note for payment on the last day of such 30-day period; for this purpose the “Relevant Date” in relation to any payments of interest on, or principal of, any Note means: (i) the due date for payment thereof; or (ii) if the full amount of the monies payable on such date has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Holders in accordance with the Fiscal Agency Agreement; or

- (d) to a Holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note; or
- (e) any combination of (a), (b), (c) or (d) above.

The obligation of the Company to pay such Additional Amounts in respect of taxes, duties, assessments and governmental charges shall not apply to (i) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (ii) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal or interest on the Notes; *provided* that, except as otherwise set forth in the Notes and in the Fiscal Agency Agreement, the Company shall pay all stamp and other taxes and duties, if any, which may be imposed by the Republic, the United States, or any respective political subdivision thereof or any taxing authority of or in the foregoing, with respect to the Fiscal Agency Agreement or as a consequence of the initial issuance of the Notes.

Notwithstanding any other provision of the terms and conditions of the Notes, any amounts to be paid on the Notes by or on behalf of the Company will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “FATCA Withholding”). Neither the Company nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

References to principal or interest in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable as set forth in the Notes.

Optional Tax Redemption

The Notes may be redeemed at the option of the Company, in whole, but not in part, upon not less than 30 nor more than 60 days’ notice, at any time at a redemption price equal to the principal amount thereof plus accrued interest to (but excluding) the date fixed for redemption if, as a result of any change in, expiration of or amendment to the laws of the Republic (or of any political subdivision or taxing authority thereof or therein) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Republic (or such political subdivision or taxing authority) is a party, which change, amendment, expiration or treaty becomes effective on or after June 22, 2026, the Company is or would be obligated on the next succeeding due date for a payment with respect to the Notes to pay Additional Amounts with respect to the Notes, and such obligation cannot be avoided by the use of reasonable measures available to the Company; *provided, however*, that (i) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts, and (ii) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Before

giving any notice of such redemption, the Company shall deliver to the Fiscal Agent and the Principal Paying Agent a certificate of the Company stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred.

Purchase of the Notes

The Company may at any time purchase the Notes by tender (available to all Holders alike) or in the open market at any price. If the Company shall acquire any Notes, such acquisition shall not operate as or be deemed for any purpose to be a satisfaction of the indebtedness represented by such Notes unless and until such Notes are delivered to the Transfer Agent for cancellation and are cancelled and retired by the Transfer Agent. The Notes purchased or otherwise acquired by the Company may be held, resold or, at its discretion, surrendered to the Transfer Agent for cancellation.

Fiscal Agent

The Fiscal Agent may resign at any time or may be removed by the Company. If the Fiscal Agent resigns, is removed or becomes incapable of acting as Fiscal Agent or if a vacancy occurs in the office of the Fiscal Agent for any cause, a successor Fiscal Agent shall be appointed in accordance with the provisions of the Fiscal Agency Agreement.

The address of the relevant corporate trust office of the Fiscal Agent is Citicorp International Limited, 40/F, Champion Tower, 3 Garden Road, Central, Hong Kong.

Paying and Transfer Agents

The Fiscal Agent will serve as the initial paying agent and transfer agent (together with any additional paying agent and transfer agent, the "Paying and Transfer Agents"). The Paying and Transfer Agents may resign at any time or may be removed by the Company. If any of the Paying and Transfer Agents is removed or becomes incapable of acting as a Paying and Transfer Agent or if a vacancy occurs in the office of any of the Paying and Transfer Agents for any cause, a successor Paying and Transfer Agent will be appointed in accordance with the provisions of the Fiscal Agency Agreement.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for the Notes in definitive registered form, the Company will appoint and maintain a Singapore Paying Agent, where the Notes in definitive registered form may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for the Notes in definitive registered form, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive registered form, including details of the Singapore Paying Agent.

Further Issues

Subject to the lock-up provisions, the Company may from time to time, without the consent of the existing Holders, create and issue further notes to the extent permitted under the applicable laws, having the same terms and conditions as the Notes in all respects except for issue date and/or issue price; provided, however, that such additional notes shall be issued

under a separate CUSIP, ISIN and Common Code unless the additional notes are issued pursuant to a “qualified reopening” of the Notes, are otherwise treated as part of the same “issue” of debt instruments as the Notes or are issued with less than a *de minimis* amount of original issue discount, in each case for U.S. federal income tax purposes. Additional notes issued in this manner (other than additional notes issued under a separate CUSIP, ISIN or Common Code) may be consolidated with and form a single series with the Notes outstanding at the time of such further issuance.

Notices

Except as otherwise expressly provided in the Fiscal Agency Agreement, whenever the Fiscal Agency Agreement or the Notes require that the Company or the Fiscal Agent give notice to the Holders, the Company or the Fiscal Agent will cause such notice to be mailed to the Holders (at the expense of the Company) at their respective addresses as they appear on the Note Register (as defined in the Fiscal Agency Agreement) of the Company.

Governing Law and Jurisdiction

The Notes and each of the Fiscal Agency Agreement will be governed by, and interpreted in accordance with, the laws of the State of New York.

The Company has consented to the non-exclusive jurisdiction of the state and federal courts in the Borough of Manhattan, the State and City of New York, United States of America with respect to any action that may be brought in connection with the Fiscal Agency Agreement or the Notes (except actions arising under the United States federal securities laws) and has appointed Posco International America Corp. at 300 Frank W. Burr Blvd. #23, Teaneck, NJ 07666 as its authorized agent upon whom process may be served in any such action.

Foreign Exchange Controls

Korean law does not limit the right of non-Koreans to hold Notes outside of the Republic. In order for the Company to issue the Notes outside of the Republic, the Company is required to file a report with the Ministry of Economy and Finance through a designated foreign exchange bank for the issuance of the Notes. Such report must be obtained prior to the offer and sale of the Notes. Furthermore, in order for the Company to make payments of principal of or interest on the Notes and other amounts as provided in the Fiscal Agency Agreement and the Notes, the Company is required to submit the relevant documents to a foreign exchange bank at the time of each actual payment. The purpose of this submission is to enable such foreign exchange bank to verify that the amount being remitted conforms to the amount required to be paid under the relevant documents and that any necessary requirement under the Foreign Exchange Transaction Act of Korea has been met. Under the Foreign Exchange Transaction Act of Korea, if the Government determines that intervention is unavoidable due to certain emergency circumstances such as natural disasters or sudden and severe adverse changes in domestic and foreign economic conditions, it may temporarily suspend payments, receipts or foreign exchange or impose other necessary restrictions. Furthermore, if the Government deems that extreme difficulty in stabilizing the balance of payments, substantial disturbance in international capital markets or other analogous condition is likely to occur, it may require the participants of capital transactions to comply with certain obligations including, but not limited to, an obligation to obtain prior approval from the relevant Korean authority.

FORM OF THE NOTES

Capitalized terms used in this section and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Upon issuance, the Notes are expected to be represented by the Global Notes in fully registered form. The Global Notes will be deposited with or on behalf of DTC and registered in the name of a nominee of DTC. A Global Note may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of or a nominee of such successor.

Upon the issuance of the Global Notes, DTC will credit, on its book entry registration and transfer system, the principal amount of the respective Notes represented by such Global Notes to the accounts of persons that have accounts with DTC (“participants”), including depositaries for Euroclear and Clearstream. The accounts to be initially credited shall be designated by the Initial Purchasers participating in the initial offer and sale of the Notes. Ownership of beneficial interests in the Global Notes will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in such Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC for such Global Notes (with respect to interests of participants) or by participants or persons that hold through participants (with respect to interests of persons other than participants).

DTC or its nominee, as the case may be, as registered Holder of the Global Notes will be considered the sole owner or holder of the Notes represented by each Global Note for all purposes under the Notes and the Fiscal Agency Agreements.

Principal and interest payments on the Notes represented by the Global Notes registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of such Global Notes. None of us, the Fiscal Agent or any paying agent for such Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in such Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC, upon receipt of any payment of principal or interest, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Notes as shown on the records of DTC. We also expect that payments by participants to owners of beneficial interests in such Global Notes held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the account of customers registered in “street names,” and will be the responsibility of such participants.

If (i) at any time DTC notifies us in writing that it is unwilling or unable to continue as depositary or ceases to be a “clearing agency” under the Exchange Act, and a successor depositary is not appointed by us within 90 days after we are notified by DTC or becomes aware of such condition, or (ii) the Notes have become immediately due and payable pursuant to the Fiscal Agency Agreements, we will issue Notes in definitive registered form in exchange for the Global Notes representing such Notes. The Notes will be issued only in fully registered form without coupons in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. If the Notes are issued in definitive registered form, we will make payments of principal of and interest on the Notes, and transfers and exchanges of the Notes will be affected, subject to the terms of the Fiscal Agency Agreements and the Notes (without any service charge) upon surrender of the Notes.

TAXATION

Korean Taxation

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-resident corporations (“Non-Residents”) depends on whether they have a “permanent establishment” (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Tax on Interest

Interest on the Notes paid to Non-Residents, being foreign currency-denominated bonds issued outside of Korea, is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the “STTCL”).

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Notes, for a Non-Resident without a permanent establishment in Korea, would be 14% of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10% of the income tax or corporation tax (raising the total tax rate to 15.4%).

The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the country of the recipient of the income.

In order to obtain the benefit of a reduced rate available under applicable tax treaties, a Non-Resident holder must submit an application for entitlement to reduced tax rate to the party liable for the withholding before the receipt of the relevant interest payment (if there is no change in the contents of such application, it is not required to submit such application again within 3 years thereafter), together with the documents proving the beneficial owner of such Korean source income, including a certificate of the Non-Resident holder’s tax residence issued by a competent authority of the Non-Resident’s resident country. If the Non-Resident holder was unable to receive the benefit of a reduced rate due to his or her failure to timely submit the aforementioned application, the Non-Resident holder may still receive a tax treaty benefit by submitting evidentiary documents to the relevant tax office within 5 years thereafter. If interest is paid to an overseas investment vehicle, the overseas investment vehicle (subject to certain exceptions) must obtain an application for entitlement to reduced tax rate from the beneficial owner and submit a report of overseas investment vehicle and a schedule of beneficial owners, together with the application for entitlement to reduced tax rate obtained from the beneficial owner and the documents proving the identity of the beneficial owner of such Korean source income, including a certificate of the Non-Resident holder’s tax residence to the party liable for the withholding before the receipt of the relevant interest payment. Effective from January 1, 2022, an overseas investment vehicle is deemed to be a beneficial owner of the Korean source income for income tax purposes, if (i) under the applicable tax treaty, the overseas investment vehicle bears tax liabilities in the country in which it is established or the overseas investment vehicle is deemed to be the beneficial owner of the Korean source income and (ii) the Korean source income is eligible for the treaty benefits under the tax treaty. In the case of an application for entitlement to a reduced tax rate with respect to Korean source income paid on or after

January 1, 2026, the party liable for the withholding is required to submit such application (together with the applicable report of overseas investment vehicle and a schedule of beneficial owners in the case of income paid to an overseas investment vehicle) to the relevant district tax office by the end of February of the year following the year of the payment of such income.

Tax on Capital Gains

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Notes to other Non-Residents (other than to their permanent establishments in Korea). In addition, capital gains earned by Non-Residents from the transfer of the Notes taking place outside Korea are currently exempt from taxation by virtue of STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance and is denominated in a foreign currency under the STTCL.

If the exclusion or exemption from Korean taxation referred to above were to cease to be in effect, in the absence of an applicable treaty reducing or eliminating tax on capital gains, the applicable rate of tax would be the lower of 11% (including local income tax) of the gross realization proceeds or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Note) 22% (including local income tax) of the realized gain (i.e., the excess of the gross realization proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. There is no provision under relevant Korean tax law to allow offsetting of gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of the Notes issued by Korean companies.

The purchaser or any other designated withholding agent of the Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from tax under an applicable tax treaty and on the failure of the seller to produce satisfactory evidence of his acquisition cost and certain direct transaction costs in relation to the Notes being sold, the purchaser or such withholding agent must withhold an amount equal to 11% (including local income tax) of the gross realization proceeds. The purchaser or withholding agent must pay any withholding tax to the competent Korean tax office no later than the tenth day of the month following the month in which the payment for the purchase of the relevant Notes occurred. Failure to transmit the withheld tax to the Korean tax authorities in time subjects the purchaser or such withholding agent to penalties under Korean tax laws. The Korean tax authorities may attempt to collect such tax from a Non-Resident who is liable for payment of any Korean tax on gains, as a purchaser or withholding agent who is obliged to withhold such tax, through proceedings against payments due to the Non-Resident from its Korean investments and the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

Furthermore, in order for a Non-Resident to obtain the benefit of a tax exemption on certain Korean source income, such as capital gains, under an applicable tax treaty, Korean tax law requires such Non-Resident (or its agents) to submit to the payer of such Korean source income an application for tax exemption under a tax treaty along with the documents proving the beneficial owner of such Korean source income, including a certificate of tax residency of such Non-Resident issued by a competent authority of the Non-Resident's country of tax residence. The payer of such Korean source income, in turn, is required to submit such application to the relevant district tax office by the ninth day of the month following the date of the first payment of such income. An application for tax exemption submitted by a Non-Resident remains effective for 3 years from submission, and if any material changes occur with respect to information provided in the application, an application reflecting such change must be newly submitted.

If the Korean source income is paid to Non-Residents through an overseas investment vehicle, such investment vehicle must obtain an application for tax exemption from each Non-Resident, who is the beneficial owner of the Korean source income, and submit to the payer of such Korean source income a report of overseas investment vehicle and a schedule of beneficial owners, together with the applications for tax exemption prepared by the Non-Resident beneficial owners and the documents proving the identity of the beneficial owner of such Korean source income, including a certificate of the Non-Resident holder's tax residence. The payer of such Korean source income is required to submit such application (together with the applicable report of overseas investment vehicle and a schedule of beneficial owners) to the relevant district tax office by the ninth day of the month following the date of the first payment of such income. Effective from January 1, 2022, an overseas investment vehicle is deemed to be a beneficial owner of the Korean source income for income tax purposes if (i) under the applicable tax treaty, the overseas investment vehicle bears tax liabilities in the country in which it is established or the overseas investment vehicle is deemed to be the beneficial owner of the Korean source income and (ii) the Korean source income is eligible for the treaty benefits under the tax treaty. However, this requirement does not apply to exemptions under Korean tax law.

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was a Korean resident or resided in Korea for at least 183 days immediately prior to his death and (b) all property located in Korea that passes on death (irrespective of the residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50%, depending on the value of the relevant property and the identity of the persons involved. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, bonds issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and, consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisors regarding the consequences of the imposition of the Korean inheritance or gift tax.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by the Holders in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by us. No securities transaction tax will be imposed upon the transfer of the Notes.

Tax Treaties

At the date of this Offering Circular, Korea has tax treaties with, inter alia, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 5 and 16.5% (including local income tax), and the tax on capital gains is often eliminated.

A special withholding tax system took effect on July 1, 2006. Under the system, there is a special procedure to apply the Korea-Malaysia tax treaty on certain Korean source income. Payments made to the residents of Labuan, Malaysia will be subject to the default Korean withholding tax rates (generally 15.4% or 22% for interest and the lower of 11% of gross realization proceeds or 22% of capital gains (including local income tax)) rather than the reduced or exempted rate available under the Korea-Malaysia tax treaty. A Labuan taxpayer, however, will be given an opportunity to obtain a refund by proving that it is entitled to the tax treaty benefits as a beneficial owner of the income and is an actual resident of Labuan, Malaysia. A Labuan taxpayer may also file an application with the National Tax Service (the "NTS") for confirmation that it is entitled to the tax treaty benefits and obtain an advance confirmation from the NTS prior to receiving Korean source income.

Withholding and Gross Up

As mentioned above, interest on the Notes is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to STTCL. However, in the event that the payer or we are required by law to make any withholding or deduction for or on account of any Korean taxes (as more fully described in "Description of the Notes — Additional Amounts") we have agreed to pay (subject to the customary exceptions as set out in "Description of the Notes — Additional Amounts") such Additional Amounts as may be necessary in order that the net amounts received by the holder of any Note after such withholding or deduction shall equal the respective amounts which would have been received by such holder in the absence of such withholding or deduction.

United States Taxation

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a U.S. Holder (as defined below) of a Note. This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury regulations, laws, rulings and decisions and the United States — Republic of Korea Income Tax Convention (the "Treaty") as of the date hereof, all of which are subject to change, possibly with retroactive effect. This summary deals only with U.S. Holders of the Notes that will hold Notes as capital assets and that acquired the Notes upon original issuance at their issue price. It does not address particular tax considerations that may be applicable to investors that are subject to special tax rules, such as banks, tax-exempt entities, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold the Notes as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction, entities or arrangements taxed as partnerships for U.S. federal income tax purposes or the partners therein, U.S. expatriates, nonresident alien individuals present in the United States for more than 182 days in a taxable year, U.S. Holders that are engaged in a trade or business in Korea, or U.S. Holders that have a "functional currency" other than the U.S. dollar.

This summary addresses only U.S. federal income tax consequences and does not address consequences arising under state, local, foreign tax laws, the alternative minimum tax or the Medicare tax on net investment income, or under special timing rules prescribed under section 451(b) of the Code. Investors should consult their own tax advisors in determining the tax consequences to them of holding the Notes under such tax laws, as well as the application to their particular situation of the U.S. federal income tax considerations discussed below.

As used herein, a “U.S. Holder” is a beneficial owner of a Note that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income taxation on a net income basis in respect of the Note.

Payments of Interest and Additional Amounts

The gross amount of stated interest and any Additional Amounts (i.e., without reduction for Korean withholding taxes) will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is actually or constructively received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued with less than a de minimis amount of original issue discount (“OID”). In general, however, if the Notes are issued with OID at or above a de minimis threshold, a U.S. Holder will be required to include OID in gross income, as ordinary income, under a “constant-yield method” before the receipt of cash attributable to such income, regardless of the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes.

As discussed in “— Korean Taxation — Tax on Interest,” interest paid on the Notes to a U.S. Holder is expected to be exempt from Korean taxes. If, however, that tax exemption were to cease to apply, then, subject to generally applicable limitations and conditions, Korean interest withholding tax paid (at a rate not exceeding any applicable Treaty rate) may be eligible for credit against such U.S. Holder’s U.S. federal income tax liability. These generally applicable limitations and conditions include requirements adopted by the Internal Revenue Service (“IRS”) in regulations promulgated in December 2021, and any Korean tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. Holder. In the case of a U.S. Holder that consistently elects to apply a modified version of these rules under temporary guidance and complies with specific requirements set forth in such guidance, the Korean tax on interest generally will be treated as meeting the requirements and therefore as a creditable tax. In the case of all other U.S. Holders, the application of these requirements to the Korean tax on interest is uncertain and we have not determined whether these requirements have been met. If the Korean interest tax is not a creditable tax or the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, the U.S. Holder may be able to deduct the Korean tax in computing such U.S. Holder’s taxable income for U.S. federal income tax purposes. Interest and Additional Amounts will constitute income from sources without the United States and, for U.S. Holders that elect to claim foreign tax credits, generally will constitute “passive category income” for foreign tax credit purposes.

The availability and calculation of foreign tax credits and deductions for foreign taxes depend on a U.S. Holder’s particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. Holders should consult their own tax advisors regarding the application of these rules to their particular situations.

Sale, Exchange, Retirement or Other Disposition of the Notes

Upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition (less any accrued interest, which will be taxable as such) and the U.S. Holder’s tax basis in such Note. A U.S. Holder’s tax basis in a Note will

generally equal the cost of the Note to the U.S. Holder. Gain or loss recognized upon a sale, exchange or retirement of a Note generally will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deduction of capital losses is subject to limitations.

Capital gain or loss recognized by a U.S. Holder on the sale or other disposition of the Notes generally will be U.S. source gain or loss for U.S. foreign tax credit purposes. As discussed in “Korean Taxation — Tax on Capital Gains,” no Korean tax is currently expected to be imposed in respect of a sale or other disposition of the Notes by a U.S. Holder (excluding sale or disposition to a Korean resident). If Korean tax were to be imposed on such a disposition of the Notes, a U.S. Holder generally will not be entitled to credit any Korean tax imposed on the sale or other disposition of the Notes against such U.S. Holder’s U.S. federal income tax liability, except in the case of a U.S. Holder that consistently elects to apply a modified version of the U.S. foreign tax credit rules that is permitted under temporary guidance and complies with the specific requirements set forth in such guidance. Additionally, capital gain or loss recognized by a U.S. Holder on the sale or other disposition of the Notes generally will be U.S. source gain or loss for U.S. foreign tax credit purposes. Consequently, even if the Korean tax qualifies as a creditable tax, a U.S. Holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to generally applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. If the Korean tax is not a creditable tax, the tax would reduce the amount realized on the sale or other disposition of the Notes even if the U.S. Holder has elected to claim a foreign tax credit for other taxes in the same year. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit rules to a sale or other disposition of the Notes and any Korean tax imposed on such sale or disposition.

Specified Foreign Financial Assets

Individual U.S. Holders that own “specified foreign financial assets” with an aggregate value in excess of \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include the Notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments on the Notes made to, and the proceeds of dispositions of the Notes effected by, certain U.S. Holders. In addition, certain U.S. Holders may be subject to backup withholding in respect of such amounts if they do not provide their taxpayer identification numbers to the person from whom they receive payments. Non-U.S. holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to establish an exemption from the application of such information reporting requirements and backup withholding. The amount of any backup withholding from a payment to a holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS. Investors should consult their tax advisers about these rules and any other reporting obligations that may apply to their ownership or disposition of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated June 22, 2026 (the “Purchase Agreement”), each initial purchaser named below (each, an “Initial Purchaser” and collectively, the “Initial Purchasers”) has severally agreed to purchase from us, and we have agreed to sell to such Initial Purchaser, the principal amounts of the Notes set forth opposite the name of such Initial Purchaser.

Initial Purchaser	Principal Amount of the Notes
BNP PARIBAS.....	US\$83,334,000
Citigroup Global Markets Inc.....	US\$83,333,000
Crédit Agricole Corporate and Investment Bank.....	US\$83,333,000
The Hongkong and Shanghai Banking Corporation Limited	US\$83,334,000
The Korea Development Bank.....	US\$83,333,000
Mizuho Securities Asia Limited.....	US\$83,333,000
Total	<u>US\$500,000,000</u>

The Purchase Agreement provides that the obligations of each of the Initial Purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. Each of the Initial Purchasers must purchase all the Notes set forth opposite its name if it purchases any of the Notes.

We have been advised that the Initial Purchasers propose to resell the Notes at the issue price set forth on the cover page of this Offering Circular. The price at which the Notes are offered and other selling terms may be changed from time to time without notice by the Initial Purchasers. The Initial Purchasers may offer the Notes in various jurisdictions through certain of their affiliates.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the Initial Purchasers may be required to make in respect thereof.

The Purchase Agreement provides that we will pay compensation to the Initial Purchasers consisting of management and underwriting commission as a percentage of the aggregate principal amount of the Notes.

We have agreed that we will not issue, offer, sell or contract to sell, or announce the offering of, any Dollar-denominated debt securities issued or guaranteed by us (other than the Notes), without the prior written consent of the Initial Purchasers for a period of 30 days following the date of the Purchase Agreement. For the avoidance of doubt, we may, during such period, issue, offer, sell or contract to sell, or announce the offering of, any debt securities issued or guaranteed by us other than Dollar-denominated debt securities.

We expect that the delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Circular, which will be the fifth business day following the date of pricing of the Notes (such settlement cycle being herein

referred to as “T+5”). Under Rule 15c6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in one business day, unless the parties to any such trade expressly agree otherwise. Accordingly, if purchasers of the Notes wish to trade in the Notes on any day prior to the business day before the settlement date, because the Notes will initially settle in T+5, the purchasers of the Notes may be required to specify an alternate settlement cycle at the time of such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

The Initial Purchasers or certain of their affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. The Initial Purchasers or their respective affiliates may purchase Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or our other securities at the time of the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). We have been advised by the Initial Purchasers that they may offer and sell Notes to or through any of their respective affiliates and any such affiliate may offer and sell Notes purchased by them or through any Initial Purchaser.

In connection with the offering of the Notes, the Initial Purchasers are acting exclusively for us and no one else. Accordingly, in connection with the offering of the Notes, the Initial Purchasers will not be responsible to anyone other than us for providing the protections afforded to their clients or for giving of advice in relation to the offering of the Notes.

If a jurisdiction requires that the offering of the Notes be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering of the Notes shall be deemed to be made by that Initial Purchaser or its affiliate on behalf of the Issuer in such jurisdiction.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are our directors, employees or major shareholders, a CMI or its group companies would be considered under the SFC Code as having an Association with us, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with us or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMI should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by us. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, whether such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Initial Purchaser(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus orders should be sent to: dl.asia.syndicate@asia.bnpparibas.com; DCM.Omnibus@citi.com; HKG-Syndicate@ca-cib.com; hk_syndicate_omnibus@hsbc.com.hk; kdbdcm@kdb.co.kr; Omnibus_Bond@hk.mizuho-sc.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to us, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The relevant Initial Purchaser may be asked to demonstrate compliance with their obligations under the SFC Code and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Initial Purchaser with such evidence within the timeline requested.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by us or any Initial Purchaser that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The Purchase Agreement provides that the Initial Purchasers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

European Economic Area

In relation to each Member State of the European Economic Area, each Initial Purchaser has represented and agreed that it has not made and will not make an offer of the Notes which are the subject of the Offering contemplated by this Offering Circular to the public in that Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by us for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Notes shall require us or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, as amended.

United Kingdom

Each Initial Purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Initial Purchaser has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Initial Purchaser has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Korea

The Notes have not been, and will not be, registered with the FSC under the FSCMA. Accordingly, the Notes may not be offered, delivered or sold, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Act of Korea and the regulations thereunder) or to others for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, within one year following the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean QIB registered with the KOFIA as a Korean QIB, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate principal amount of the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, the Notes may not be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Initial Purchaser has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the “Financial Services Act”) and Article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999 (the “Issuers Regulation”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993 (the “Banking Act”) and CONSOB Regulation No. 20307 of February 15, 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland, and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering, us or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority, and investors in the Notes will not benefit from protection or supervision by such authority.

New Issue of the Notes

The Notes will constitute a new class of securities with no established trading market. Application has been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST.

The Notes are eligible for trading in the National Association of Securities Dealers screen-based automated market for trading of securities eligible for resale under Rule 144A. The Initial Purchasers have advised us that they currently intend to make a market in the Notes as permitted by applicable law.

However, they are not obligated to do so and any market-making activities with respect to the Notes may be discontinued at any time without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Notes.

Price Stabilization and Short Positions

The Initial Purchasers may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids to the extent permitted by applicable laws and regulations. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers makes any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The Initial Purchasers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Initial Purchasers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Initial Purchasers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of

investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of ours or our subsidiaries, jointly controlled entities or associated companies, including the Notes, may be entered into at the same time or proximate to offers and sales of the Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the Notes.

TRANSFER RESTRICTIONS

The Notes have not been and will not be registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold directly or indirectly within the United States. The Notes may be offered for sale only (i) in the United States, to QIBs within the meaning of, and in reliance on, Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or (ii) outside the United States in reliance on, and in accordance with, Regulation S, in each case, in compliance with applicable laws, regulations and directives.

The Notes have not been, and will not be, registered with the FSC under the FSCMA. Accordingly, the Notes have not been and will not be offered, delivered or sold, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Act of Korea and the regulations thereunder) or to others for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. In addition, within one year following the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean QIB registered with the KOFIA as a Korean QIB, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate principal amount of the Notes.

Each purchaser of the Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- (1) The purchaser (A)(i) is a qualified institutional buyer, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring the Notes for its own account or for the account of a qualified institutional buyer or (B) is purchasing the Notes in an offshore transaction pursuant to Regulation S.
- (2) The purchaser understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act and that, in the event of the Notes sold in reliance on Rule 144A, if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (A)(i) to us, (ii) to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction meeting the requirements of Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available), or (v) pursuant to another exemption from the Securities Act, provided that, as a condition to the registration of the transfer thereof, we or the Fiscal Agent may require the delivery of any documents, including an opinion of counsel that it, in its sole discretion, may deem necessary or appropriate to evidence compliance with such exemption, or (B) pursuant to an effective registration statement under the Securities Act, and, in each of such cases, in accordance with any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from it of the resale restrictions referred to in (A) above.

- (3) The purchaser understands that the Notes will, unless we determine otherwise in compliance with applicable law, bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF POSCO INTERNATIONAL (THE "COMPANY") THAT THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(i) TO THE COMPANY, (ii) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (iii) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT, (iv) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (v) PURSUANT TO ANOTHER EXEMPTION FROM THE SECURITIES ACT, PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF THE TRANSFER THEREOF, THE COMPANY OR THE FISCAL AGENT MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS, INCLUDING AN OPINION OF COUNSEL THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION, OR (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THE SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, DELIVERED OR SOLD, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, WITHIN ONE YEAR FOLLOWING THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (OR A "KOREAN QIB," AS DEFINED IN THE REGULATION ON ISSUANCE, PUBLIC DISCLOSURE, ETC. OF SECURITIES OF KOREA) REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

- (4) The purchaser understands that the offer and sale of the Notes sold in reliance on Regulation S will, unless we determine otherwise in compliance with applicable law, bear a legend substantially to the following effect:

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

LEGAL MATTERS

Certain legal matters with respect to the issue and sale of the Notes will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP and Lee & Ko. Certain legal matters relating to the issue and sale of the Notes will be passed upon for the Initial Purchasers by Linklaters LLP. Lee & Ko may rely on the opinions of Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP with respect to matters of New York law, and Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP may rely on the opinion of Lee & Ko with respect to matters of Korean law.

INDEPENDENT AUDITORS

Our audited financial statements as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 have been audited by EY Han Young (formerly, “Ernst & Young Han Young”), independent auditors, as stated in their report appearing herein.

With respect to our unaudited condensed interim financial statements as of and for the three months ended March 31, 2026 included in this Offering Circular, KPMG Samjong Accounting Corp., independent auditors, have reported that they applied limited procedures in accordance with professional standards for review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

With respect to our unaudited condensed interim financial statements as of March 31, 2025 and for the three months ended March 31, 2025 publicly disclosed in the Data Analysis, Retrieval, and Transfer (DART) filing system operated by the Korea Financial Services Commission and incorporated by reference in the Offering Circular, EY Han Young, independent auditors, have reported that they applied limited procedures in accordance with professional standards for review of such information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

INDEX TO FINANCIAL STATEMENTS

Annual Consolidated Financial Statements

Independent Auditor's Report	A-1
Consolidated Statements of Financial Position as of December 31, 2025 and 2024 ..	A-4
Consolidated Statements of Comprehensive Income for each of the two years in the period ended December 31, 2025	A-5
Consolidated Statements of Changes in Equity for each of the two years in the period ended December 31, 2025	A-6
Consolidated Statements of Cash Flows for each of the two years in the period ended December 31, 2025	A-7
Notes to the Consolidated Financial Statements	A-9

Interim Condensed Consolidated Financial Statements

Report on Review of Interim Condensed Consolidated Financial Statements	B-1
Interim Condensed Consolidated Statements of Financial Position as of March 31, 2026 (unaudited) and December 31, 2025	B-3
Interim Condensed Consolidated Statements of Comprehensive Income for each of the three-month periods ended March 31, 2026 and 2025 (unaudited)	B-4
Interim Condensed Consolidated Statements of Changes in Equity for each of the three-month periods ended March 31, 2026 and 2025 (unaudited)	B-5
Interim Condensed Consolidated Statements of Cash Flows for each of the three-month periods ended March 31, 2026 and 2025 (unaudited)	B-6
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)	B-8

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors POSCO International Corporation

Opinion

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

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

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

Basis for opinion

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

Key audit matters

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

The timing of recognizing revenue

As described in Note 3.2.3 to the consolidated financial statements, the sales arising from export transactions and triangular transactions account for 89% of the total sales of the Group. We have identified that it is highly probable that the period to which the revenue is attributable is incorrect because the scale of these transactions is significant and the timing of revenue recognition is varying based on transaction terms. In this regard, we have identified the timing of recognizing revenue as a significant risk.

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

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

Occurrence of foreign sales

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

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

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

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

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

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



March 10, 2026

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

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

		Korean won in millions		U.S. dollar in thousands
	Notes	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Assets				
Current assets				
Cash and cash equivalents	4,30,31	₩ 1,171,466	₩ 1,057,204	\$ 816,410
Trade and other receivables, net	5,11,30,31	4,323,861	4,511,486	3,013,354
Other current financial assets	6,30,31	32,400	126,928	22,580
Derivative financial assets	20,30	28,997	96,506	20,208
Other current assets	7,19	250,952	260,239	174,892
Inventories, net	8	1,736,165	2,080,674	1,209,955
Disposal groups held for sale	36	12,134	135,138	8,456
		₩ 7,555,975	₩ 8,268,175	\$ 5,265,855
Non-current assets				
Trade and other receivables, net	5,11,30,31	₩ 363,093	₩ 366,514	\$ 253,044
Other non-current financial assets	6,30,31	109,652	57,538	76,418
Long-term derivative financial assets	20,30	7,783	26,384	5,424
Investments in associates and joint ventures	9	763,645	725,847	532,194
Property, plant and equipment, net	10	5,070,075	4,240,600	3,533,400
Right-of-use assets, net	11	824,085	382,805	574,315
Intangible assets, net	12	3,235,436	2,553,041	2,254,816
Investment properties, net	13	134,326	137,912	93,613
Net defined benefit assets	17	90,040	74,416	62,750
Other non-current assets	7	35,914	41,441	25,029
Deferred tax assets	28	562,987	461,653	392,353
		₩ 11,197,036	₩ 9,068,151	\$ 7,803,356
Total assets		₩ 18,753,011	₩ 17,336,326	\$ 13,069,211
Liabilities and equity				
Current liabilities				
Trade and other payables	11,14,30,31	₩ 3,061,259	₩ 2,932,833	\$ 2,133,430
Borrowings	15,30,31	2,325,933	2,068,254	1,620,972
Current portion of bonds	15,30,31	596,631	1,117,735	415,800
Derivative financial liabilities	20,30,31	39,292	99,826	27,383
Current provisions	18,19	228,296	106,382	159,102
Other current liabilities	16	284,554	281,014	198,309
Current tax liabilities		74,551	53,654	51,956
Liabilities directly associated with disposal groups held for sale	36	1,660	-	1,157
		₩ 6,612,176	₩ 6,659,698	\$ 4,608,109
Non-current liabilities				
Trade and other payables	11,14,30,31	₩ 795,483	₩ 342,775	\$ 554,382
Borrowings	15,30,31	1,371,169	1,140,646	955,585
Bonds	15,30,31	1,781,039	1,567,097	1,241,229
Long-term derivative financial liabilities	20,30,31	5,083	-	3,542
Other non-current liabilities	16	69,683	66,321	48,563
Net defined benefit liabilities	17	21,510	9,502	14,991
Provisions	18,19,20	177,778	153,433	123,896
Deferred tax liabilities	28	106,435	47,391	74,176
		₩ 4,328,180	₩ 3,327,165	\$ 3,016,364
Total liabilities		₩ 10,940,356	₩ 9,986,863	\$ 7,624,473
Equity				
Issued capital	21	₩ 879,614	₩ 879,614	\$ 613,014
Capital surplus	21	1,851,039	1,836,731	1,290,012
Other components of equity	21	(35,721)	(35,721)	(24,895)
Accumulated other comprehensive income	6,22	177,838	228,778	123,937
Retained earnings	23	3,835,664	3,635,149	2,673,124
Equity attributable to equity holders of the parent		₩ 6,708,434	₩ 6,544,551	\$ 4,675,192
Non-controlling interests		1,104,221	804,912	769,546
Total equity		₩ 7,812,655	₩ 7,349,463	\$ 5,444,738

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

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

	Notes	Korean won in millions		U.S. dollar in thousands
		2025	2024	2025
Sales	3	₩ 32,373,604	₩ 32,260,990	\$ 22,561,575
Cost of sales	24	(30,437,865)	(30,338,180)	(21,212,534)
Gross profit		₩ 1,935,739	₩ 1,922,810	\$ 1,349,041
Selling and administrative expenses	24,25	(770,423)	(764,975)	(536,918)
Operating profit	3	₩ 1,165,316	₩ 1,157,835	\$ 812,123
Share of profit of associates	9	71,317	146,320	49,702
Share of loss of associates	9	(3,618)	(18,570)	(2,521)
Finance income	26,30	1,237,888	1,432,676	862,700
Finance costs	26,30	(1,573,318)	(1,708,846)	(1,096,465)
Other income	27	101,891	39,179	71,009
Other expenses	27	(164,331)	(286,877)	(114,524)
Profit for the year before tax		₩ 835,145	₩ 761,717	\$ 582,024
Income tax expenses	28	(131,670)	(202,055)	(91,762)
Profit from continuing operations		₩ 703,475	₩ 559,662	\$ 490,262
Loss from discontinued operations	37	(66,673)	(56,252)	(46,465)
Profit for the year		₩ 636,802	₩ 503,410	\$ 443,797
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>				
Equity adjustments in equity method	9,22,28	₩ (53,135)	₩ 59,228	\$ (37,030)
Loss on equity adjustments in equity method	9,22,28	822	94	573
Exchange difference on translation of foreign operations	22,28	9,215	90,890	6,422
Loss on valuation of derivatives	20,22	-	269	-
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>				
Gain (Loss) on valuation of financial assets at fair value through other comprehensive income ("FVOCI")	22,28	₩ 2,125	₩ (14,103)	\$ 1,481
Equity adjustments in equity method	9,22,28	(9,966)	(25,524)	(6,945)
Re-measurement loss on defined benefit liabilities	17,28	(4,413)	(10,929)	(3,075)
Exchange differences on translation of foreign operations	22,28	30,362	34,570	21,160
Other comprehensive income (loss) for the year, net of tax		₩ (24,990)	₩ 134,495	\$ (17,414)
Total comprehensive income for the year, net of tax		₩ 611,812	₩ 637,905	\$ 426,383
Profit for the year attributable to:				
Owners of the parent		₩ 614,085	₩ 514,555	\$ 427,964
Non-controlling interests		22,717	(11,145)	15,832
Total comprehensive income attributable to:				
Owners of the parent		₩ 558,817	₩ 614,294	\$ 389,447
Non-controlling interests		52,995	23,611	36,934
Earnings per share (Korean won and U.S. dollar):				
Basic and diluted earnings per share	29	₩ 3,603	₩ 3,019	\$ 2.51
Basic and diluted earnings per share from continuing operations	29	₩ 3,994	₩ 3,349	\$ 2.78

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

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

	Korean won in millions							U.S. dollar in thousands	
	Equity attributable to owners of the parent							Total	
	Issued capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Sub-total	Non-controlling interest		Total
As of January 1, 2024	₩ 879,614	₩ 1,826,225	₩ (24,961)	₩ 85,700	₩ 3,336,680	₩ 6,103,258	₩ 521,504	₩ 6,624,762	\$ 4,616,881
Profit for the year	-	-	-	-	514,555	514,555	(11,145)	503,410	350,833
Net loss on valuation of financial assets	-	-	-	(14,104)	-	(14,104)	-	(14,104)	(9,829)
at FVOCI	-	-	-	-	-	-	-	-	-
Equity adjustments in equity method	-	-	-	33,799	-	33,799	-	33,799	23,555
Exchange differences on translation of foreign operations	-	-	-	90,890	-	90,890	34,570	125,460	87,435
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	(10,981)	(10,981)	52	(10,929)	(7,617)
Gain on valuation of derivatives	-	-	-	135	-	135	134	269	187
Total comprehensive income	₩ -	₩ -	₩ -	₩ 110,720	₩ 503,574	₩ 614,294	₩ 23,611	₩ 637,905	\$ 444,564
Annual dividend (dividends per share: ₩1,000)	-	-	-	-	(170,444)	(170,444)	-	(170,444)	(118,785)
Dividends from subsidiaries, etc.	-	-	-	-	-	-	(6,165)	(6,165)	(4,296)
Capital increase of subsidiaries	-	425	-	-	-	425	265,962	266,387	185,048
Other capital adjustments	-	-	2,518	-	(2,303)	215	215	215	150
Transactions of stock compensation	-	-	(13,278)	-	-	(3,197)	-	(3,197)	(2,228)
Redissatification due to disposal of equity instruments measured at FVOCI	-	-	-	32,358	(32,358)	-	-	-	-
As of December 31, 2024	₩ 879,614	₩ 1,836,731	₩ (35,721)	₩ 228,778	₩ 3,635,149	₩ 6,544,551	₩ 804,912	₩ 7,349,463	\$ 5,121,934
As of January 1, 2025	₩ 879,614	₩ 1,836,731	₩ (35,721)	₩ 228,778	₩ 3,635,149	₩ 6,544,551	₩ 804,912	₩ 7,349,463	\$ 5,121,934
Profit for the year	-	-	-	-	614,085	614,085	22,717	636,802	443,795
Net gain on valuation of financial assets	-	-	-	2,124	-	2,124	-	2,124	1,480
at FVOCI	-	-	-	-	-	-	-	-	-
Equity adjustments in equity method	-	-	-	(62,279)	-	(62,279)	-	(62,279)	(43,403)
Exchange differences on translation of foreign operations	-	-	-	9,215	-	9,215	30,362	39,577	27,582
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	(4,328)	(4,328)	(85)	(4,413)	(3,075)
Total comprehensive income	₩ -	₩ -	₩ -	₩ (50,940)	₩ 605,757	₩ 558,817	₩ 52,994	₩ 611,811	\$ 426,379
Annual dividend (dividends per share: ₩1,550)	-	-	-	-	(264,189)	(264,189)	-	(264,189)	(184,117)
Interim dividend (dividends per share: ₩850)	-	-	-	-	(144,878)	(144,878)	-	(144,878)	(100,967)
Dividends from subsidiaries, etc.	-	-	-	-	-	-	(14,033)	(14,033)	(9,780)
Capital increase of subsidiaries	-	-	-	-	-	-	73,214	73,214	51,024
Business combination	-	8,192	-	-	-	8,192	-	8,192	5,709
Inclusion of subsidiaries	-	-	-	-	-	-	194,915	194,915	135,839
Disposal of subsidiaries	-	-	-	-	-	-	(3,051)	(3,051)	(2,126)
Other capital adjustments	-	6,116	-	-	(175)	5,941	(4,730)	1,211	844
As of December 31, 2025	₩ 879,614	₩ 1,851,039	₩ (35,721)	₩ 177,838	₩ 3,835,664	₩ 6,708,434	₩ 1,104,221	₩ 7,812,655	\$ 5,444,739

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

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

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

(Continued)

POSCO International corporation and its subsidiaries
Consolidated statements of cash flows (cont'd)
for each of the two years in the period ended December 31, 2024

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

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

1. Corporate information

1.1 The parent company

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

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

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

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

1.2 Consolidated subsidiaries

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

1.2 Consolidated subsidiaries (cont'd)

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

(*1) This entity includes 21 subsidiaries, including SENEX ENERGY LIMITED.

(*2) As of December 31, 2025, although the ownership interest is 50.1%, the Group has classified this entity as a subsidiary as it is deemed to exercise de facto control in accordance with the shareholders' agreement.

(*3) The business was transferred to POSCO during the year ended December 31, 2025.

(*4) The entity was absorbed and merged into the Group during the year ended December 31, 2025.

(*5) The asset was reclassified as held for sale during the year ended December 31, 2025.

(*6) Including POSCO INTERNATIONAL CCS USA LLC.

(*7) Including POSCO INTERNATIONAL NARRABRI INVESTMENT PTY LTD.

(*8) Disposed of during the year ended December 31, 2025.

(*9) Newly established during the year ended December 31, 2025.

(*10) Newly included in the scope of consolidation during the year ended December 31, 2025.

(*11) This entity includes 24 subsidiaries, including PT AEK TARUM.

(*12) The corporate name was changed through a general meeting of shareholders in January 2026.

1.3 Summarized financial information of the subsidiaries

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

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

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

2. Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

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

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

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

2.1.1 Basis of consolidation

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

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

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

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

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

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

Transactions within the Group, related balances, income and expenses, and unrealized gains and losses are all removed when preparing the consolidated financial statements. On the other hand, the Group removes the

share of the unrealized profits generated from transactions with equity-accounted investees, and unrealized losses are eliminated in the same way as unrealized profits if there is no evidence of asset impairment.

2.2 Summary of material accounting policies

2.2.1 Business combinations and goodwill

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

2.2.2 Investment in associates and joint ventures

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

2.2.3 Fair value measurement

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

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

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

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

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

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

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

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

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

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

2.2.3 Fair value measurement (cont'd)

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

	Notes
Valuation methods, significant estimates and assumptions;	2, 6 and 30
Quantitative disclosures of fair value measurement hierarchy;	30
Investment properties; and	13
Financial instruments (including those carried at amortized cost).	6 and 30

2.2.4 Revenue from contracts with customers

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

2.2.4.1 Trading sector

(1) Classification and implementation of performance obligations

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

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

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

(2) Variable consideration

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

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

(3) Judgment on principal versus agent

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

2.2.4.2 Energy sector

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

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

(1) Classification and implementation of performance obligations

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

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

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

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

(2) Variable consideration

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

2.2.4.3 Others

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

2.2.5 Cash and cash equivalents

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

2.2.6 Financial instruments

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

2.2.6.1 Financial assets

(1) Initial recognition and measurement

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

2.2.6.1 Financial assets (cont'd)

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

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

(2) Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

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

Financial assets at fair value through profit or loss

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

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

2.2.6.1 Financial assets (cont'd)

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

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

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

(3) Derecognition

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

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

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

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

(4) Impairment of financial assets

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

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

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation,

2.2.6.1 Financial assets (cont'd)

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

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

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

2.2.6.2 Financial liabilities

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

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

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

2.2.6.3 Offsetting of financial instruments

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

2.2.6.4 Derivative financial instruments and hedge accounting

(1) Initial recognition and subsequent measurement

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

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

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

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

(2) Fair value hedges

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

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

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

(3) Cash flow hedges

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

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

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

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

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

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

2.2.7 Inventories

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

2.2.8 Non-current assets held for sale

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

2.2.9 Property, plant and equipment

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

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

	Useful life (years)
Buildings	9 - 50
Machinery	4 - 25
Structures	5 - 40
Vehicles	4 - 5
Tools	4 - 15
Fixtures	4 - 10
Bearer plants	20

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

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

2.2.10 Investment properties

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

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

2.2.11 Leases

2.2.11.1 Group as a lessee

(1) Right-of-use assets

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

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

Right-of-use assets are also subject to impairment and are described in the accounting policy for impairment of non-financial assets in Note 2.2.15.

(2) Lease liabilities

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

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

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

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

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

2.2.11.2 Group as a lessor

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

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

2.2.12 Intangible assets

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

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

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

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

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

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

2.2.13.1 Exploration and evaluation assets

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

2.2.13.2 Development assets

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

2.2.13.3 Mining rights

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

2.2.14 Biological assets

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

2.2.15 Impairment of non-financial assets

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

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

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

2.2.16 Foreign currency translation

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

2.2.16.1 Translation of overseas operations

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

2.2.17 Borrowing costs

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

2.2.18 Government grants

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

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

2.2.19 Taxes

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

2.2.20 Provisions and contingent liabilities

2.2.20.1 Provisions related to post-processing (restoration)

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

2.2.20.2 Onerous contract

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

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

2.2.21 Greenhouse gas emission rights

2.2.21.1 Greenhouse gas emission rights

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

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

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

2.2.21.2 Emission liabilities

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

2.2.22 Business combinations under common control

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

2-2-23 Discontinued operations

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

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

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

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

2.2.24 Operating segment

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

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

2.3 Material accounting judgments, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties are disclosed in Capital management (Note 31.1) and financial risk management (Note 31.2).

2.3.1 Accounting judgments

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

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

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

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

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

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

2.3.2 Accounting estimates and changes

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

2.3.2.1 Impairment of non-financial assets

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

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

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

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

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

2.3.2.3 Pension benefits

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

2.3.2.4 Fair value of financial instruments

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

2.3.2.5 Provisions for restoration

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

2.3.2.6 Lease - Calculation of the incremental borrowing interest rate

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

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

2.4. New and amended standards adopted by the Group

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

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

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

The amendments have no material impact on the Group’s consolidated financial statements.

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

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group did not early apply the following new or revised standards when preparing consolidated financial statements.

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2026, and the Group does not expect them to have a material impact on its consolidated financial statements.

2.5.2 Annual Improvements to KIFRS - Volume 11

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

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

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the Group’s consolidated financial statements.

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

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

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

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

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

2.5.4 KIFRS 1118 *Presentation and Disclosure in Financial Statements*

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

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

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

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

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

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

2.6 Approval of consolidated financial statements

The Group’s consolidated financial statements were approved by the Board of Directors dated January 29, 2026, and will be finalized at the general shareholders’ meeting on March 26, 2026.

3. Segment information

3.1 Operating segment

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

3.1.1 The financial performance of each segment for each of the two years in the period ended December 31, 2025 is as follows:

	Korean won in millions				U.S. dollar in Thousands
	2025				2024
	Trading	Energy	Consolidation adjustment	Total	Total
Sales	₩ 38,648,993	₩ 4,003,537	₩ -	₩ 42,652,530	\$ 29,725,089
Inter-segment sales	(10,266,961)	(11,965)	-	(10,278,926)	(7,163,514)
Net sales	28,382,032	3,991,572	-	32,373,604	22,561,575
Operating profit	492,426	589,197	83,693	1,165,316	812,123

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

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

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

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

3.1.3. Reconciliation

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

3.1.3.1 The reconciliations of assets as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Segment operating assets	₩ 18,178,305	₩ 16,874,673	\$ 12,668,691
Deferred tax assets	562,987	461,653	392,353
Non-current current tax assets	11,719	-	8,167
Total assets	₩ 18,753,011	₩ 17,336,326	\$ 13,069,211

3.1.3.2 The reconciliations of liabilities as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Segment operating liabilities	₩ 8,381,699	₩ 7,200,985	\$ 5,841,312
Current tax liabilities	74,551	53,654	51,956
Deferred tax liabilities	106,435	47,391	74,176
Current portion of bonds	596,631	1,117,736	415,800
Non-current bonds	1,781,039	1,567,097	1,241,229
Total liabilities	₩ 10,940,355	₩ 9,986,863	\$ 7,624,473

3.2 Revenue from the contract with customers

Details of classification of sales except for rental revenue of ₩33,081 million (\$23,055 thousand) for the year ended December 31, 2025 (2024: ₩12,355 million (\$8,610 thousand)) for each of the two years in the period ended December 31, 2025 are as follows:

3.2.1 Categorization of sales based on the geographical locations

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

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

3.2.2 Categorization of sales based on the major product and services

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

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

3.2.3 Categorization of sales based on the type of transactions

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

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

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

3.2.4 Categorization of sales based on the timing of revenue recognition

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

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

3.3 Information about key customers

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

3.4 Contract balance

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

	Korean won in millions			U.S. dollar in thousands
	2025			2025
	Beginning balance	Increase (Decrease)	Ending balance	Ending balance
Contract assets:				
Due from customers	₩ 3,370	₩ (1,888)	₩ 1,482	\$ 1,033
Contract liabilities:				
Advances received	109,900	56,627	166,527	116,055
Unearned revenues	74,571	(12,704)	61,867	43,116

	Korean won in millions			U.S. dollar in thousands
	2024			2024
	Beginning balance	Increase (Decrease)	Ending balance	Ending balance
Contract assets:				
Due from customers	₩ 14,855	₩ (11,485)	₩ 3,370	\$ 2,349
Contract liabilities:				
Advances received	107,705	2,195	109,900	76,591
Unearned revenues	45,441	29,130	74,571	51,969

4. Cash and cash equivalents

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Cash	₩ 1,808	₩ 5,508	\$ 1,260
Savings account and checking account	1,045,902	653,153	728,902
Other cash equivalents	123,756	398,543	86,247
Total	₩ 1,171,466	₩ 1,057,204	\$ 816,409

4.2 Restricted deposits

As of December 31, 2025 and 2024, the Group holds ₩35,408 million (\$24,676 thousand) and ₩42,427 million (\$29,568 thousand), respectively, in cash and cash equivalents that are restricted in use due to financial agreements, collateral provisions and others.

5. Trade and other receivables

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

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

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Beginning balance	₩ 35,859	₩ 78,470	\$ 24,991
Reversal of allowance for doubtful accounts	(2,438)	(17,648)	(1,699)
Write-off	-	(25,291)	-
Foreign exchange translation loss(profit)	(216)	328	(151)
Ending balance	₩ 33,205	₩ 35,859	\$ 23,141

5.3 Financial assets transferred but not derecognized

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

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

6. Other financial assets

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Financial assets at FVPL (*1)	₩ -	₩ 55,212	\$ -
Deposits in financial institutions	32,399	71,716	22,579
Total	₩ 32,399	₩ 126,928	\$ 22,579

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

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Financial assets at FVOCI (equity)	₩ 46,276	₩ 42,494	32,250
Financial assets at FVPL (long-term investment)	12,992	437	9,054
Financial assets at FVPL (other securities)	35,675	12	24,862
Deposits in financial institutions	14,709	14,595	10,251
Total	₩ 109,652	₩ 57,538	\$ 76,417

6.2.1 Financial instruments at fair value

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

	Number of shares	Equity ownership (%)	Korean won in million				U.S. Dollar in thousand			
			Acquisition cost	Fair value or net asset value		book value	book value	book value		
				Dec. 31, 2025					Dec. 31, 2024	Dec. 31, 2025
FVOCI financial assets(securities)										
Marketable securities										
Maruichi Steel Tube Ltd.	360,000	0.14	₩ 2,933	₩ 4,801	₩ 4,801	₩ 3,930	\$ 3,346			
Kumho Petro Chemical Co., Ltd.	37,000	0.13	8,063	4,466	4,466	3,352	3,112			
			₩ 10,996	₩ 9,267	₩ 9,267	₩ 7,282	\$ 6,458			
Non-marketable securities										
The Korea Economic Daily	178,881	0.96	₩ 1,952	₩ 974	₩ 974	₩ 974	\$ 679			
Hanmi ADM Co., Ltd.	10,000	12.57	1,000	1,000	1,000	1,000	697			
S&S INC	8,149	0.17	113	113	113	113	79			
BioApplications Inc.	450,000	4.44	4,950	1,575	1,575	1,575	1,098			
CJ PHILIPPINES, INC.	109,200	10.00	349	349	349	349	243			
DONGJIN VIETNAM Co., Ltd	20,000	10.00	803	803	803	803	560			
POSCO ASSAN TST STEEL INDUSTRY (*1)	24,096,526	10.00	15,460	-	-	-	-			
TES MI s.r.o.	750	3.00	523	523	523	523	364			
Kiho Co., Ltd.	200	10.00	377	377	377	377	263			
K. K. KOREA KAMCHATKA CO., LTD. (*3)	-	-	-	-	-	-	-			
KNOC INAM LTD. (*3)	-	-	-	-	-	-	-			
POSCO VIETNAM Processing center CO.,LTD.	1,924,551	2.70	735	735	735	735	512			
Hanse Mobility Co., Ltd. (formerly erae AMS Co., Ltd.)	1,984,938	12.67	20,163	14,929	14,929	14,006	10,404			
HARDT	10,865	6.52	9,533	9,533	9,533	9,533	6,644			
EVA CYCLE (*2)	5,424	3.11	1,000	1,000	1,000	-	697			
Sebang Steel Co., Ltd.	10	10.00	45	45	45	47	31			
POSCO-AAPC (*1)	-	13.10	4,712	5,053	5,053	5,177	3,521			
			₩ 61,715	₩ 37,009	₩ 37,009	₩ 35,212	\$ 25,792			
FVPL financial assets (other securities)										
Hansung Steel Co., Ltd.	2,500	2.89	₩ 12	₩ 12	₩ 12	₩ 12	\$ 8			
SUJP YANG DITAWARKAN TPU PT DANANTARA INVESTMENT MANAGEMENT (*4)	-	-	35,663	35,663	35,663	-	24,854			
			₩ 35,675	₩ 35,675	₩ 35,675	₩ 12	\$ 24,862			
FVPL financial assets (investments)										
Korea Die & Mold Industry Cooperative	5	-	₩ 1	₩ 1	₩ 1	₩ 1	\$ 1			
Korea Finance for Construction	180	-	166	166	166	166	116			
Posco Community Credit Coope	10,800	8.24	270	270	270	270	188			
Glenfame Alaska Partners, LLC (*2)	-	1.17	12,555	12,555	12,555	-	8,750			
			₩ 12,992	₩ 12,992	₩ 12,992	₩ 437	\$ 9,055			
			₩ 121,378	₩ 94,943	₩ 94,943	₩ 42,943	\$ 66,167			

(*1) The decline in fair value during the year ended December 31, 2024 was recognized in other comprehensive income.

(*2) Newly acquired during the year ended December 31, 2025.

(*3) Liquidated during the year ended December 31, 2025.

(*4) Acquired through the acquisition of PT PRIME AGRI RESOURCES during the year ended December 31, 2025.

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

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

6.3 Restricted deposits

As of December 31, 2025 and 2024, the Group has deposits of ₩23,000 million (\$16,029 thousand) and ₩35,125 million (\$24,479 thousand), respectively, in financial institutions that were restricted in use due to financial arrangements, collateral provisions and others.

7. Other assets

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

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

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

8. Inventories

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

	Korean won in millions		U.S. dollar in thousands	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	
Merchandise	₩ 863,759	₩ 963,953	\$ 601,965	
Valuation allowance	(699)	(5,496)	(487)	
Finished goods	83,648	87,262	58,295	
Valuation allowance	(2,002)	(6,159)	(1,395)	
Semi-finished goods and Work-in-process	97,168	102,924	67,718	
Valuation allowance	(31,165)	(13,295)	(21,719)	
Raw materials	297,989	393,878	207,672	
Valuation allowance	(53,124)	(50,059)	(37,023)	
Materials-in-transit	463,533	573,760	323,042	
Others	21,063	34,379	14,679	
Valuation allowance	(4,005)	(473)	(2,791)	
	<u>₩ 1,736,165</u>	<u>₩ 2,080,674</u>	<u>\$ 1,209,956</u>	

8. Inventories (cont'd)

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

9. Investments in associates and joint venture

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

	Nationality	Number of shares	Equity ownership (%)	Korean won in millions						U.S. dollar in thousand
				Dec. 31, 2025			Dec. 31, 2024		Dec. 31, 2025	
				cost	value	Book value	Book value	Book value		
<Associates>										
Shanghai Liansheng Daewoo Corp	China	-	49.0	₩ 5,312	₩ 1,318	₩ -	₩ -	-	\$ -	
Shanghai Waigaoqiao Free Trade Zone Liansheng Daewoo Int'l Trading Co., Ltd.	China	-	49.0	181	1,935	1,834	1,800	1,278		
KOREA LNG LTD.	Bermuda	2,400	20.0	-	19,524	19,524	25,622	13,607		
GENERAL MEDICINES CO., LTD.	Sudan	9,702	33.0	736	3,082	3,266	3,330	2,276		
POSCO IJPC	Indonesia	11,693,706	21.7	13,475	14,313	13,793	15,704	9,613		
DMSA/AMSA (*1) (*5)	Madagascar	-	3.9	346,880	(31,777)	-	-	-		
POSCO MEXICO PROCESSING CENTER HOLDING, LLC (*1)	Mexico	-	19.6	14,004	21,299	20,412	22,744	14,225		
POSCO-ESDC LTD. (*3)	Slovenia	-	-	-	-	-	2,337	-		
GLOBAL KOMSCO DAEWOO LLC	Uzbekistan	3,850,000	35.0	4,445	8,905	8,894	8,867	6,198		
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	Hongkong	50,082	25.0	87,962	263,381	263,374	279,344	183,549		
Blue Ocean Recovery PEF No.1	Korea	333 units	27.5	33,300	34,159	-	-	-		
YULCHON MEXICO S.A. DE C.V. (*1)	Mexico	18,267,000	6.2	1,349	1,773	2,141	1,862	1,492		
HyunSon Engineering & Construction (*1)	Algerie	279,000,000	4.9	281	596	586	573	408		
Inco tech Inc. (*1)	Korea	350,000	10.0	350	(2,412)	-	-	-		
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD. (*1)	China	10,302,191	10.0	11,488	9,842	9,456	9,628	6,590		
POSCO-MALAYSIA SDN. BHD. (*1)	Malaysia	24,128,000	13.6	7,905	589	6,416	6,084	4,471		
POSCO-ITPC S.P.A. (*1)	Italy	30,000	10.0	781	1,931	1,878	1,680	1,309		
SHINPOONG DAEWOO PHARMA CO., LTD. (*3)	Vietnam	-	-	-	-	-	852	-		
Gyeonggi Green Energy Co., Ltd. (*1) (*5)	Korea	2,880,000	19.0	14,400	(13,376)	-	-	-		
Noeul Green Energy Co., Ltd. (*1) (*5)	Korea	120,000	10.0	600	(828)	-	-	-		
Samcheok Blue Power Co., Ltd. (*4) (*5)	Korea	4,507,138	34.0	451,460	280,729	402,455	339,954	280,476		
POSCO International CVC No. 1 New Technology Investment Association (*2)	Korea	-	80.0	800	646	646	-	450		
				₩ 995,689	₩ 615,609	₩ 754,675	₩ 720,381	\$ 525,942		
<Joint venture>										
ECO ENERGY SOLUTION CO., LTD.	Korea	600,000	50.0	₩ 3,000	₩ 9,418	₩ 8,970	₩ 5,466	\$ 6,251		
				₩ 998,689	₩ 625,027	₩ 763,645	₩ 725,847	\$ 532,193		

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

(*1) Although the Group's ownership interest is below 20%, these securities are classified as investments in associates as the Group is considered to have the ability to exercise significant influence over the investee.

(*2) The investment was newly acquired during the year ended December 31, 2025 and has been classified as an investment in an associate in accordance with the fund's partnership agreement.

(*3) Disposed of during the year ended December 31, 2025.

(*4) Additionally acquired during the year ended December 31, 2025.

(*5) As of December 31, 2025, the Group provides its investments in associates with a carrying amount of ₩391,647 million (\$272,944 thousand) as collateral for the borrowings of the associates.

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

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

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

	2024									
	Beginning balance	Acquisition	Disposal	Transfer	Share of profit (loss) of associates	Impairment	Dividends	Others	Ending balance	
Shanghai Liansheng Daewoo Corp	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	
Shanghai Waigaoqiao Free Trade Zone Liansheng Daewoo Int'l Trading Co., Ltd.	1,808	-	-	-	-	-	-	192	1,800	
KOREA LNG LTD.	58,759	-	-	-	17,714	-	(17,829)	(33,022)	25,622	
GENERAL MEDICINES CO., LTD.	5,592	-	-	-	(2,803)	-	-	541	3,330	
POSCO UPC	13,608	-	-	-	120	-	-	1,976	15,704	
DMS/AMSA	16,572	-	-	-	(17,395)	-	-	823	-	
POSCO MEXICO PROCESSING CENTER HOLDING, LLC	20,225	-	-	-	(489)	-	-	3,008	22,744	
POSCO-ESDC LTD.	2,198	-	-	-	66	-	(89)	162	2,337	
GLOBAL KOMSCO DAEWOO LLC	7,380	-	-	-	442	-	-	1,065	8,867	
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	287,280	-	(28,667)	-	45,922	-	(64,208)	39,017	279,344	
Blue Ocean Recovery PEF No. 1	-	-	-	-	-	-	-	-	-	
YULCHON MEXICO S.A. DE C.V.	1,765	-	-	-	194	-	-	(97)	1,862	
HyunSan Engineering & Construction	264	-	-	-	256	-	-	53	573	
Inco tech Inc.	-	-	-	-	-	-	-	-	-	
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD	8,779	-	-	-	(176)	-	-	1,025	9,628	
POSCO-MALAYSIA SDN.BHD.	5,992	-	-	-	56	-	-	36	6,084	
POSCO-ITPC S.p.A	2,476	-	-	-	(941)	-	-	145	1,680	
SHINPOONG DAEWOO PHARMA CO.,LTD.	722	-	-	-	66	-	-	64	852	
Gyeonggi Green Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	
Noeul Green Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	
Samcheok Blue Power Co., Ltd.	301,330	-	-	-	48,739	-	(10,047)	(68)	339,954	
AES Mong Duang Power CO., LTD. (*2)	230,699	-	-	(134,277)	33,942	(116,017)	(34,822)	20,475	-	
Mong Duang Finance Holdings B.V (*2)	2,271	-	-	(861)	(327)	(1,200)	-	117	-	
ECO ENERGY SOLUTION CO., LTD.	3,102	-	-	-	2,364	-	-	-	5,466	
	₩ 970,602	₩ -	₩ (28,667)	₩ (135,138)	₩ 127,750	₩ (117,217)	₩ (126,955)	₩ 35,512	₩ 725,847	
U.S. dollar in thousand	\$ 676,425	\$ -	\$ (19,579)	\$ (54,179)	\$ 89,030	\$ (81,690)	\$ (88,504)	\$ 24,749	\$ 505,852	

(*1) As of December 31, 2025, the cumulative losses unrecognized as the application of the equity method has been discontinued amount to ₩54,628 million (\$38,071 thousand).

(*2) The Group classified AES MONG DUONG Power Co., Ltd. and MONG DUONG FINANCE HOLDINGS B.V. as assets held for sale during the year ended December 31, 2024, and their disposals were completed during the year ended December 31, 2025.

9.3 Details of unrealized gains and losses reflected in gain or loss on investments in associates for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
GENERAL MEDICINES CO., LTD.	₩ -	₩ 45	\$ -
GLOBAL KOMSCO DAEWOO LLC.	1	(14)	1
POSCO IJPC	292	(99)	203
POSCO-ITPC S.P.A.	2	(63)	1
POSCO-MALAYSIA SDN. BHD.	2	9	1
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	868	(1,273)	605
ECO ENERGY SOLUTION CO., LTD.	(448)	-	(312)
Samcheok Blue Power Co., Ltd.	(261)	-	(182)
	<u>₩ 456</u>	<u>₩ (1,395)</u>	<u>\$ 317</u>

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

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

10. Property, plant and equipment

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

December 31, 2025						U.S. dollar in thousands
Korean won in millions						
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value	Book value
Land	₩ 779,651	₩ -	₩ (5,248)	₩ -	₩ 774,403	\$ 539,691
Buildings	1,120,334	(353,119)	(104,262)	(233)	662,720	461,858
Structures	1,513,046	(492,786)	(2,746)	-	1,017,514	709,118
Machinery	2,836,109	(1,541,690)	(96,265)	-	1,198,154	835,009
Vehicles	81,417	(49,022)	(1,524)	(14)	30,857	21,505
Tools	95,375	(72,813)	(565)	-	21,997	15,330
Fixtures	151,841	(118,172)	(4,060)	(29)	29,580	20,615
Construction-in-progress	1,024,458	-	(59,300)	-	965,158	672,631
Bearer plants	588,892	(226,021)	-	-	362,871	252,889
Exploration and evaluation assets	10,910	(4,089)	-	-	6,821	4,754
	<u>₩ 8,202,033</u>	<u>₩ (2,857,712)</u>	<u>₩ (273,970)</u>	<u>₩ (276)</u>	<u>₩ 5,070,075</u>	<u>\$ 3,533,400</u>
U.S. dollar in thousands	<u>\$ 5,716,101</u>	<u>\$ (1,991,576)</u>	<u>\$ (190,933)</u>	<u>\$ (192)</u>	<u>\$ 3,533,400</u>	

December 31, 2024						U.S. dollar in thousands
Korean won in millions						
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value	Book value
Land	₩ 576,266	₩ -	₩ (3,819)	₩ -	₩ 572,447	\$ 398,946
Buildings	1,070,030	(312,368)	(130,794)	(248)	626,620	436,699
Structures	1,040,418	(433,556)	(4,359)	-	602,503	419,892
Machinery	2,944,936	(1,529,850)	(103,835)	-	1,311,251	913,827
Vehicles	34,696	(21,913)	(164)	(14)	12,605	8,785
Tools	95,062	(68,835)	(1,881)	-	24,346	16,967
Fixtures	135,196	(104,602)	(4,202)	-	26,392	18,393
Construction-in-progress	952,257	-	(27,272)	-	924,985	644,634
Bearer plants	203,433	(63,982)	-	-	139,451	97,185
	<u>₩ 7,052,294</u>	<u>₩ (2,535,106)</u>	<u>₩ (276,326)</u>	<u>₩ (262)</u>	<u>₩ 4,240,600</u>	<u>\$ 2,955,328</u>
U.S. dollar in thousands	<u>\$ 4,914,833</u>	<u>\$ (1,766,748)</u>	<u>\$ (192,575)</u>	<u>\$ (183)</u>	<u>\$ 2,955,328</u>	

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

2025							
Korean won in millions							
	Beginning balance	Increase (Decrease) due to merger	Acquisition	Disposal, etc.	Depreciation	Impairment (*1)	Others (*2)
Land	₩ 572,447	₩ 210,919	₩ 92	₩ (13)	₩ -	₩ (1,364)	₩ (7,678)
Buildings	626,868	60,214	3,180	(17,277)	(26,083)	(6,068)	22,119
Less: government subsidies	(248)	-	-	-	15	-	-
Structures	602,503	10,796	4,430	(99,641)	(44,916)	-	544,342
Machinery	1,311,251	19,038	16,333	(19,546)	(122,280)	(13,159)	6,517
Vehicles	12,619	19,855	2,797	(849)	(3,683)	(1,413)	1,545
Less: government subsidies	(14)	-	(8)	-	8	-	-
Tools	24,346	-	7,770	(687)	(10,912)	(39)	1,519
Fixtures	26,392	2,737	6,356	(1,495)	(11,326)	58	6,887
Less: government subsidies	-	-	(32)	-	3	-	-
Construction-in-progress	924,985	39,473	510,267	(2,733)	-	(29,648)	(477,186)
Bearer plants	139,451	249,352	-	(4,647)	(11,229)	-	(10,056)
Exploration and evaluation assets	-	-	-	-	(134)	(5,002)	11,957
	<u>₩ 4,240,600</u>	<u>₩ 612,384</u>	<u>₩ 551,185</u>	<u>₩ (146,888)</u>	<u>₩ (230,537)</u>	<u>₩ (56,635)</u>	<u>₩ 99,966</u>
U.S. dollar in thousands	<u>\$ 2,955,328</u>	<u>\$ 426,778</u>	<u>\$ 384,128</u>	<u>\$ (102,368)</u>	<u>\$ (160,664)</u>	<u>\$ (39,470)</u>	<u>\$ 69,668</u>

(*1) For the year ended December 31, 2025, impairment losses were recognized for the carrying amounts exceeding the recoverable amounts as a result of impairment tests on property, plant and equipment held by the Group's subsidiaries such as POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD. and POSCO INTERNATIONAL TEXTILE LLC.

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

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

POSCO International Corporation and its subsidiaries
Note to the consolidated financial statements
December 31, 2025 and 2024

	2024						
	Korean won in millions						
	Beginning balance	Acquisition	Disposal, etc.	Depreciation	Impairment (*1)	Others (*2)	Ending balance
Land	₩ 551,045	₩ 20,286	₩ (4,354)	₩ -	₩ -	₩ 5,470	₩ 572,447
Buildings	646,683	4,065	(7,402)	(27,172)	(47,046)	57,740	626,868
Less: government subsidies	(210)	-	-	15	-	(53)	(248)
Structures	472,554	1,576	(495)	(32,450)	(435)	161,753	602,503
Machinery	1,392,857	64,402	(16,100)	(128,559)	(23,661)	22,312	1,311,251
Vehicles	12,246	2,020	(522)	(2,779)	(22)	1,676	12,619
Less: government subsidies	(24)	-	-	10	-	-	(14)
Tools	27,085	16,028	(454)	(14,895)	(1,519)	(1,899)	24,346
Fixtures	29,087	7,592	(988)	(11,698)	(737)	3,136	26,392
Less: government subsidies	(1)	-	-	-	-	1	-
Construction-in-progress	436,290	662,527	(271)	-	-	(173,561)	924,985
Bearer plants	137,331	-	(27)	(9,602)	-	11,749	139,451
	₩ 3,704,943	₩ 778,496	₩ (30,613)	₩ (227,130)	₩ (73,420)	₩ 88,324	₩ 4,240,600
U.S. dollar in thousands	\$ 2,582,022	\$ 542,544	\$ (21,335)	\$ (158,290)	\$ (51,167)	\$ 61,554	\$ 2,955,328

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

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

10.3 As of December 31, 2025 and 2024, the Group has capitalized borrowing costs of ₩14,628 million (\$10,194 thousand) and ₩22,462 million (\$15,654 thousand), respectively, arising from borrowings related to the acquisition of property, plant, and equipment. The capitalization rates used to determine the amount of borrowing costs to be capitalized are 2.66% and 6.63%, respectively.

11. Leases

11.1 Group as a lessee

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

	2025						
	Right-of-use assets						
	Land	Building and structure	Aircraft	Facility	Others	Total	Lease receivables
Beginning balance	₩ 48,664	₩ 32,984	₩ 16,856	₩ 242,457	₩ 41,844	₩ 382,805	₩ 328,453
Acquisition	77	55,198	-	620	444,956	500,851	35
Termination or cancellation of contracts	(3,889)	(4,979)	-	(23)	(10,261)	(19,152)	(407)
Depreciation	(878)	(15,425)	(4,704)	(18,627)	(24,827)	(64,461)	-
Interest income	-	-	-	-	-	-	5,546
Related profit	-	-	-	-	-	-	26,142
Interest expense	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	(316)
Impairment loss	(5)	-	-	-	-	(5)	-
Lease payment	-	-	-	-	-	-	-
Lease receipt	-	-	-	-	-	-	(26,312)
Increase due to business combination	-	2,999	-	-	-	2,999	-
Others	(8,813)	3,057	-	16,146	10,658	21,048	(32,146)
Ending balance	₩ 35,156	₩ 73,834	₩ 12,152	₩ 240,573	₩ 462,370	₩ 824,085	₩ 300,995
U.S. dollar in thousands	\$ 24,501	\$ 51,456	\$ 8,469	\$ 167,658	\$ 322,232	\$ 574,315	\$ 209,767

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

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

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

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
<Revenues>			
Interest and related profit on lease receivables	₩ 31,688	₩ 4,977	\$ 22,084
<Expenses>			
Depreciation of right-of-use assets	₩ (64,461)	₩ (48,420)	\$ (44,924)
Interest on lease liabilities	(39,516)	(22,273)	(27,539)
Short-term lease	(5,437)	(2,760)	(3,789)
Leases of low-value assets	(1,044)	(2,362)	(728)
	₩ (110,458)	₩ (75,815)	\$ (76,980)
Net profit or loss	₩ (78,770)	₩ (70,838)	\$ (54,896)

11.2 Group as a lesser

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

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

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

	2025	
	Korean won in millions	U.S. dollar in thousands
Within 1 year	₩ 22,749	\$ 15,854
More than 1 year and within 5 years	125,193	87,249
More than 5 years	177,069	123,402
	₩ 325,011	\$ 226,505

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

11.2.3 The Group recognized rental income of ₩33,081 million (\$23,055 thousand) and ₩12,355 million (\$8,610 thousand) in relation to operating lease arrangements for each of the two years in the period ended December 31, 2025, respectively.

12. Intangible assets

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

	2025							U.S. dollar in thousands	
	Korean won in million								
	Beginning balance	Increase (Decrease) due to merger	Acquisition	Disposal, etc.	Amortization	Impairment	Others (*1)	Ending balance	Ending balance
Goodwill	₩ 34,858	₩ 424,742	₩ -	₩ -	₩ -	₩ -	₩ 147	₩ 459,547	\$ 320,264
Exploration and evaluation assets	92,812	-	17,748	(681)	-	(14,547)	(2,893)	92,837	64,560
Less: government subsidies	(2,197)	-	-	859	-	-	-	(1,538)	(1,072)
Industrial property rights	14,710	80,757	479	(2)	(443)	-	(1,583)	93,918	65,453
Mining rights (*2)	2,329,592	-	364,296	-	(240,450)	(30,426)	82,827	2,505,839	1,748,351
Membership	20,066	-	3,606	(3,147)	(98)	(83)	431	20,775	14,478
Construction-in-progress	-	-	1,695	-	-	-	(1,695)	-	-
Software	53,912	-	-	-	-	-	(2,332)	51,580	35,947
Others	9,488	1,230	5,664	(97)	(16,403)	-	12,796	12,678	8,835
	₩ 2,553,041	₩ 506,729	₩ 393,486	₩ (3,268)	₩ (257,394)	₩ (45,056)	₩ 87,898	₩ 3,235,436	\$ 2,254,816
U.S. dollar in thousand	\$ 1,779,247	\$ 353,146	\$ 274,225	\$ (2,278)	\$ (179,381)	\$ (31,400)	\$ 61,257	\$ 2,254,816	

(*1) Including decreases arising from transfers from construction in progress and reclassifications to assets held for sale

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

12.1 Changes in the net book value of intangible assets for each of the two years in the period ended December 31, 2025 are as follows (cont'd):

	2024							U.S. dollar in thousands	
	Korean won in million								
	Beginning balance	Acquisition	Disposal, etc.	Amortization	Impairment	Others (*2)	Ending balance	Ending balance	
Goodwill (*1)	₩ 43,705	₩ -	₩ -	₩ -	₩ (9,722)	₩ 675	₩ 34,658	\$ 24,154	
Exploration and evaluation assets	104,380	18,714	(764)	-	-	(27,498)	92,812	84,882	
Less: government subsidies	(33,718)	-	-	-	-	31,519	(2,197)	(1,530)	
Development block intangible assets	10,234	543	-	-	-	(10,777)	-	-	
Industrial property rights	18,549	540	-	(430)	-	(1,949)	14,710	10,252	
Mining rights (*3)	2,125,721	386,863	-	(217,543)	-	54,751	2,329,592	1,823,522	
Membership	20,005	687	(180)	(35)	-	(411)	20,086	13,984	
Construction-in-progress	-	5,398	-	-	-	(5,398)	-	-	
Software	42,194	3,097	-	(8,407)	-	15,028	53,912	37,572	
Others	2,865	880	(821)	(7,788)	-	14,352	9,488	8,813	
	₩ 2,331,917	₩ 394,520	₩ (1,765)	₩ (232,293)	₩ (9,722)	₩ 70,294	₩ 2,553,041	\$ 1,779,249	
U.S. dollar in thousand	\$ 1,625,143	\$ 274,946	\$ (1,230)	\$ (161,825)	\$ (6,774)	\$ 48,989	\$ 1,779,249		

(*1) As a result of the impairment test on assets held by the Group's subsidiary Shinan Green Energy Co., Ltd., ₩9,722 million (\$6,775 thousand) of impairment loss was recognized.

(*2) Including transfers from construction-in-progress and decrease due to the approval of exemption from the repayment obligation of contingent loans.

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

12.2 The book values of goodwill allocated to Group's CGU as of December 31, 2025 and 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
POSCO ENERGY Co., Ltd. (*1)	₩ 26,471	₩ 26,471	\$ 18,448
PT. BIO INTI AGRINDO	7,692	8,187	5,361
PT PRIME AGRI RESOURCES	425,384	-	296,456
	₩ 459,547	₩ 34,658	\$ 320,265

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

12.3 Joint arrangement

The mining rights of intangible assets and the machinery of property, plant and equipment include the Group's share of the jointly held assets held under joint arrangements. The major joint arrangements of the Group as of December 31, 2024 are as follows:

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

13. Investment properties

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

December 31, 2025					U.S. dollar in thousands
Korean won in millions					
Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value		Book value
Land	₩ 52,274	₩ -	₩ -	₩ 52,274	\$ 36,430
Buildings	122,480	(37,726)	(2,702)	82,052	57,183
	<u>₩ 174,754</u>	<u>₩ (37,726)</u>	<u>₩ (2,702)</u>	<u>₩ 134,326</u>	<u>\$ 93,613</u>
U.S. dollar in thousands	<u>\$ 121,788</u>	<u>\$ (26,292)</u>	<u>\$ (1,883)</u>	<u>\$ 93,613</u>	

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

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

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

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

13.3 The fair value of investment properties

The fair value of investment property amounts to ₩178,544 million (\$124,430 thousand) as of December 31, 2025.

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

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

13.5 Joint arrangement

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

14. Trade and other payables

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

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

15. Borrowings and bonds

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

		Annual interest rates	The longest maturity	Korean won in millions		U.S. dollar in thousands
Creditor				Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
<Current borrowings>						
Short-term borrowings:						
Banker's usance	Woori Bank and others	3M TERM SOFR	2026.02.28	₩ -	₩ 6,932	\$ -
NEGO borrowings	Woori Bank and others	3M TERM SOFR+0.46 % and others	2026.02.28	704,293	503,343	490,831
General borrowings (Limit)	Woori Bank and others	3M TERM SOFR+0.59 % and others	2026.02.28	942,752	885,157	657,016
Korean won-denominated borrowings	Shinhan Bank and others	3.85% and others	2026.05.16	82,000	194,500	57,147
Other borrowings	HANA Bank and others	5.85% and others	2026.06.20	63,761	9,661	44,436
				₩ 1,792,806	₩ 1,599,593	\$ 1,249,430
Current-portion of long-term borrowings:						
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2026.12.31	1,064	1,385	742
Forgivable borrowings	Korea Energy Agency	3year government bond yield	2026.03.15	7,045	9,113	4,910
General borrowings (Facility)	Shinhan Bank and others	6.01% and others	2026.09.15	405,794	26,265	282,803
Other borrowings (*1)	Korea EXIM Bank and others	2.12% and others	2026.11.28	119,224	432,463	83,089
Less: present value discount				-	(565)	-
				₩ 533,127	₩ 468,661	\$ 371,544
				₩ 2,325,933	₩ 2,068,254	\$ 1,620,974

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

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

(*1) The Group's property, plant and equipment are provided as collateral for the borrowings as of December 31, 2025 (see Note 20).

(*2) Due to the nature of the exploration project, the maturity date of the contingent loan cannot be specified.

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

			Korean won in millions		U.S. dollar in thousands
	Annual interest rates	Maturity	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Current Portion of bonds:					
17-1st unsecured bond	3.13%	2025.07.10	₩ -	₩ 70,000	\$ -
24-2nd unsecured bond	1.94%	2025.05.28	-	50,000	-
24-6th unsecured bond	1.68%	2025.08.06	-	110,000	-
	Daily SOFR+1.30% p.a.				
27th unsecured bond		2025.03.17	-	367,500	-
	3M TERM				
28th unsecured bond	SOFR+1.50% p.a.	2025.07.26	-	147,000	
	Daily SORA+1.55% p.a.				
29th unsecured bond		2025.10.25	-	183,783	-
30-1st unsecured bond	2.86%	2025.01.27	-	160,000	-
32-1st unsecured bond	4.29%	2025.08.29	-	30,000	-
25-2nd unsecured bond	2.18%	2026.03.19	80,000	-	55,753
31th unsecured bond	4.18%	2026.05.25	200,000	-	139,383
22-3rd unsecured bond	1.96%	2026.07.04	50,000	-	34,846
22-6th unsecured bond	2.25%	2026.08.08	50,000	-	34,846
32-2nd unsecured bond	4.39%	2026.08.28	120,000	-	83,630
33-1st unsecured bond	3.28%	2026.09.11	80,000	-	55,753
Shelf Registration Sukuk 1.2 Series B	10.35%	2026.03.17	13,546	-	9,440
Shelf Registration Bonds 1.2 Series B	10.35%	2026.03.17	4,013	-	2,797
			₩ 597,559	₩ 1,118,283	\$ 416,448
Less: present value discount on bonds			(928)	(548)	(647)
			₩ 596,631	₩ 1,117,735	\$ 415,801
Non-current bonds:					
22-3rd unsecured bond	1.95%	2026.07.04	₩ -	₩ 50,000	\$ -
22-6th unsecured bond	2.25%	2026.08.08	-	50,000	-
24-4th unsecured bond	2.47%	2027.04.28	50,000	50,000	34,846
24-7th unsecured bond	1.86%	2027.08.06	40,000	40,000	27,877
25-2nd unsecured bond	2.18%	2026.03.19	-	80,000	-
25-3rd unsecured bond	2.47%	2028.03.17	50,000	50,000	34,846
30-2nd unsecured bond	3.02%	2027.01.27	40,000	40,000	27,877
30-3rd unsecured bond	4.00%	2032.05.02	100,000	100,000	69,691
31th unsecured bond	4.18%	2026.05.25	-	200,000	-
32-2nd unsecured bond	4.39%	2026.08.28	-	120,000	-
32-3rd unsecured bond	4.56%	2028.08.29	50,000	50,000	34,846
33-1st unsecured bond	3.28%	2026.09.11	-	80,000	-
33-2nd unsecured bond	3.25%	2027.09.10	190,000	190,000	132,413
33-3rd unsecured bond	3.34%	2029.09.12	30,000	30,000	20,907
34th unsecured bond	3M SOFR + 1% p.a.	2027.10.08	430,470	441,000	300,000
35-1st unsecured bond	2.66%	2027.09.10	100,000	-	69,691
35-2nd unsecured bond	2.69%	2028.09.12	100,000	-	69,691
35-3rd unsecured bond	2.90%	2030.09.10	100,000	-	69,691
	3M SOFR + 0.98% p.a.				
36th unsecured bond		2028.10.20	430,470	-	300,000
Shelf Registration Bonds 1.3 Series B	8.40%	2027.03.02	38,455	-	26,800
Shelf Registration Sukuk 2.1 Series A	7.60%	2028.07.04	517	-	360
Shelf Registration Bonds 2.1 Series A	7.60%	2028.07.04	1,210	-	843
Shelf Registration Bonds 2.1 Series B	8.25%	2030.07.04	5,047	-	3,517
Shelf Registration Sukuk 1.3 Series B	8.40%	2027.03.02	19,672	-	13,710
Shelf Registration Sukuk 2.1 Series B	8.25%	2030.07.04	9,960	-	6,941
			₩ 1,785,801	₩ 1,571,000	\$ 1,244,547
Less: present value discount on bonds			(4,762)	(3,903)	(3,319)
			₩ 1,781,039	₩ 1,567,097	\$ 1,241,228
			₩ 2,377,670	₩ 2,684,832	\$ 1,657,029

16. Other liabilities

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

	Korean won in millions		U.S. dollar in thousands	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	
Current:				
Advances received	₩ 166,527	₩ 109,900	\$ 116,055	
Unearned revenue	61,867	74,571	43,116	
Withholdings	43,744	83,821	30,486	
Others	12,416	12,722	8,653	
	₩ 284,554	₩ 281,014	\$ 198,310	
Non-current:				
Long-term withholdings	₩ 38,311	₩ 37,334	\$ 26,699	
Others	31,372	28,987	21,864	
	₩ 69,683	₩ 66,321	\$ 48,563	
Total	₩ 354,237	₩ 347,335	\$ 246,873	

17. Retirement benefits

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

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

	Korean won in millions		U.S. dollar in thousands	
	2025	2024	2025	
Defined contribution retirement benefit expense	₩ 4,064	₩ 5,605	\$ 2,832	

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

	Korean won in millions		U.S. dollar in thousands	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	
Present value of defined benefit obligation	₩ 296,259	₩ 268,720	\$ 206,467	
Fair value of plan assets	(364,789)	(333,634)	(254,226)	
Net defined benefit liabilities	21,510	9,502	14,991	
Net defined benefit assets	(90,040)	(74,416)	(62,750)	

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Beginning balance	₩ 268,720	₩ 248,763	\$ 187,274
Current service cost	26,448	26,176	18,432
Interest cost	9,432	10,012	6,573
Past service cost	988	-	689
Benefits paid	(33,882)	(35,394)	(23,613)
Increase due to business combination	21,850	-	15,228
Re-measurement loss(gain) in OCI:	10,317	19,318	7,190
- Actuarial changes arising from changes in demographic assumptions	2,751	534	1,917
- Actuarial changes arising from changes in financial assumptions	(8,931)	11,277	(6,224)
- Others	16,497	7,507	11,497
Others	(7,614)	(155)	(5,306)
Ending balance	₩ 296,259	₩ 268,720	\$ 206,467

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Beginning balance	₩ 333,634	₩ 303,342	\$ 232,514
Contribution by the employer	59,057	43,183	41,158
Interest income	11,580	10,146	8,070
Benefits paid	(42,169)	(25,130)	(29,388)
Increase due to business combination	8,697	-	6,061
Re-measurement gain (loss) in OCI:			
- Actuarial changes arising from changes in financial assumptions	3,051	4,107	2,126
Others	(9,061)	(2,014)	(6,315)
Ending balance	₩ 364,789	₩ 333,634	\$ 254,226

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Debt products	₩ 204,234	₩ 88,661	\$ 142,333
Deposit product	9,391	26,580	6,545
Others	151,164	218,393	105,348
	₩ 364,789	₩ 333,634	\$ 254,226

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Current service cost	₩ 26,448	₩ 26,176	\$ 18,432
Past service cost	988	-	689
Net interest on net defined benefit	(2,148)	(134)	(1,497)
	<u>₩ 25,288</u>	<u>₩ 26,042</u>	<u>\$ 17,624</u>

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Re-measurement of defined benefit obligation	₩ (10,317)	₩ (19,318)	\$ (7,190)
Re-measurement of plan assets	3,051	4,107	2,126
	₩ (7,266)	₩ (15,211)	\$ (5,064)
Income tax effect	2,853	4,282	1,988
Other comprehensive income	<u>₩ (4,413)</u>	<u>₩ (10,929)</u>	<u>\$ (3,076)</u>

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

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

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

	Discount rate		Expected future salary growth rate	
	1% point increase	1% point decrease	1% point increase	1% point decrease
Amount (Korean won in millions)	₩ (25,257)	₩ 26,999	₩ 26,490	₩ (25,291)
Amount (U.S. dollar in thousands)	\$ (17,602)	\$ 18,816	\$ 18,461	\$ (17,626)
Rate	(8.53%)	9.11%	8.94%	(8.54%)

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

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

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

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

18. Provisions

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

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

(*1) In accordance with Article 12-5 of the *Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy*, the Group has an obligation to supply more than a certain amount of power generation using new and renewable energy. In accordance with the Act, the amount required to fulfill its obligations, including the amount of insufficient supply among the supply using new and renewable energy that the Group had to bear during the current period, was estimated and set as a provision.

(*2) The Group estimated the costs expected to be borne in the future in relation to fuel cell long-term service agreement (the "LTSA") and set them as provisions.

(*3) The Group recorded provisions for restoration subject to the obligations to restore mining areas and office leases.

(*4) The Group has recognized a provision for the estimated costs expected to be incurred in the future, in accordance with relevant laws and regulations, such as the Indonesian Anti-Deforestation Law.

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

< 2025 >

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

	Korean won in millions			
	For 2024 (KAU24)	For 2025 (KAU25)	For 2026 (KAU26)	Other(*1)
<Book value>				
Beginning balance	₩ -	₩ 5,923	₩ -	₩ -
Additional allocation and cancellation	-	-	-	-
Purchase	-	-	-	3,510
Sell	-	-	-	-
Submit emission rights	-	-	-	-
Carried over	-	-	-	-
Ending balance	₩ -	₩ 5,923	₩ -	₩ 3,510
U.S. dollar in thousands	\$ -	\$ 4,128	\$ -	\$ 2,446

< 2024 >

	Ton (tCO2-eg)		
	For 2023 (KAU23)	For 2024 (KAU24)	For 2025 (KAU25)
<Quantity>			
Beginning balance	4,029,791	5,120,725	4,870,725
Additional allocation and cancellation	1,481,073	-	-
Purchase	-	-	220,995
Sell	(1,073,177)	-	-
Submit emission rights	(4,218,056)	-	-
Carried over	(219,631)	219,631	-
Ending balance	-	5,340,356	5,091,720
	Korean won in millions		
	For 2023 (KAU23)	For 2024 (KAU24)	For 2025 (KAU25)
<Book value>			
Beginning balance	₩ 5,923	₩ -	₩ -
Additional allocation and cancellation	-	-	-
Purchase	-	-	5,923
Sell	(5,923)	-	-
Submit emission rights	-	-	-
Carried over	-	-	-
Ending balance	₩ -	₩ -	₩ 5,923
U.S. dollar in thousands	\$ -	\$ -	\$ 4,128

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

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

19.2 Emission liabilities

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

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

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

20. Commitments and contingencies

20.1 Provision for contingencies

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

	Beginning balance	Increase	Reversal	Used	Translation	Ending balance	Principal debt amount
Daewoo Corp. (EXIM India, etc.)	₩ 6,686	₩ 355	₩ (183)	₩ -	₩ (474)	₩ 6,384	₩ 322,160
Provision for loss	15,370	2,145	-	(699)	(255)	16,561	-
	₩ 22,056	₩ 2,500	₩ (183)	₩ (699)	₩ (729)	₩ 22,945	₩ 322,160
U.S. dollar in thousands	\$ 15,371	\$ 1,742	\$ (128)	\$ (487)	\$ (508)	\$ 15,991	\$ 224,517

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

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

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

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

20.2 Pending litigations

As of December 31, 2025, there are 21 pending lawsuits (5 domestic and 16 overseas) in which the Group is the defendant. The total amount of these claims is ₩639 million (\$445 thousand), USD 72,662 thousand, INR 4,469 million, BRL 6,729 thousand, PKR 124,775 thousand, ARS 1,800 thousand, and IDR 50,000 million. The Group has recognized ₩6,384 million (\$4,449 thousand) as provisions for those cases where an outflow of resources is considered probable and can be reliably estimated. For the remaining cases, the final outcomes cannot be reasonably predicted; therefore, no further impact has been reflected in the financial statements. Separately, as of December 31, 2025, there are 24 pending lawsuits in which the Group is the plaintiff.

20.3 Credit facilities

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

Description	Description	Currency	Credit line amount
Local L/C	Woori Bank and others	USD	111,506
Import L/C	Woori Bank and others	USD	1,221,556
Credit line in foreign currency	Woori Bank and others	USD	3,851,639
Purchased foreign exchanges (Sale of receivables)	Woori Bank and others	USD	1,462,500
P bond and others	Woori Bank and others	USD	735,959
Overdraft and others	Standard Chartered Bank Korea	KRW	5,000
Credit line in Korean won	Woori Bank and others	KRW	737,248
Supply Chain Finance	Korea EXIM Bank	USD	120,000

20.4 Collateral

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

20.5 Derivatives

20.5.1 Details of unsettled derivatives:

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

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

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

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

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

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

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

20.5.2 Derivatives trading and valuation gains and losses

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

	Korean won in millions			
	Beginning balance	Settlement	Valuation gain (loss)	Ending balance
Currency forwards	₩ (8,585)	₩ 19,813	₩ (28,765)	₩ (17,537)
Commodity futures	10,649	(10,649)	(10,052)	(10,052)
Firm commitment contracts	(7,759)	291	14,874	7,406
Currency swap	28,759	(11,506)	(4,666)	12,587
	<u>₩ 23,064</u>	<u>₩ (2,051)</u>	<u>₩ (28,609)</u>	<u>₩ (7,596)</u>
U.S. dollar in thousands	<u>\$ 16,074</u>	<u>\$ (1,429)</u>	<u>\$ (19,938)</u>	<u>\$ (5,294)</u>

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

20.6 Guarantee obligations

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

Debtor	Creditor	Limit amount		outstanding balance		Year of expiration
		Foreign currency amounts	Korean won equivalent	Foreign currency amounts	Korean won equivalent	
GLOBAL KOMSOO Daewoo LLC	Hana Bank (Bahrain)	USD 6,650	9,542	USD 4,200	6,027	2028
POSCO ASSAN TST STEEL INDUSTRY	Citi Bank and others	USD 13,650	19,588	USD 13,650	19,588	2028
KSU Mandob Sejatera	Bank Muamalat	IDR 80,000	6,848	IDR 5,867	502	2028
Koperasi Sempurna Mandiri (Koperasi SM)	PT Bank Syariah Indonesia Tbk	IDR 7,950	681	IDR 7,950	681	(*)
Koperasi Jambi Mekar Jaya Sempurna (Koperasi JMJS)	PT Bank Syariah Indonesia Tbk	IDR 27,296	2,337	IDR 27,296	2,337	(*)
Koperasi Mitra Peruye (KMP)	PT Bank Mandiri (Persero) Tbk, PT Bank Syariah Indonesia Tbk	IDR 29,652	2,538	IDR 29,652	2,538	(*)
Koperasi Dara Kaba (KDK)	PT Bank Syariah Indonesia Tbk	IDR 14,239	1,219	IDR 14,239	1,219	(*)
Koperasi Sawit Ene Mampui Sejahtera (KSEMS)	PT Bank Syariah Indonesia Tbk	IDR 24,696	2,114	IDR 24,696	2,114	(*)
Koperasi Binua AE Ayaak (KBAA)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 17,848	1,528	IDR 17,848	1,528	(*)
Koperasi Saripant Ayungku APU (KSAA)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 17,958	1,537	IDR 17,958	1,537	(*)
Koperasi Bakomo Diri Maju (KBDM)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 43,630	3,735	IDR 43,630	3,735	(*)
Koperasi Panamukng Sagauh Raya (KPSR)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 24,075	2,061	IDR 24,075	2,061	(*)
Koperasi Usaha Tandan Hidup (KUTH)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 28,180	2,412	IDR 28,180	2,412	(*)
Koperasi Usaha Ene Laki (KUEL)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 19,944	1,707	IDR 19,944	1,707	(*)
Koperasi Mutiara Permata Indah (KMPI)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 25,800	2,208	IDR 25,800	2,208	(*)
Koperasi Jeruju Bakti Mandiri (KJBM)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 9,000	770	IDR 9,000	770	(*)
Koperasi Supas Maju Bersama (KSMB)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 26,305	2,252	IDR 26,305	2,252	(*)
Koperasi Pasir Subur Sampoerna (PSS)	PT Bank Mandiri (Persero) Tbk, PT Bank Syariah Indonesia Tbk	IDR 3,740	320	IDR 3,740	320	(*)
Koperasi Sawit Mukti Jaya (SMJ)	PT Bank Mandiri (Persero) Tbk	IDR 19,485	1,668	IDR 19,485	1,668	(*)
		USD 20,300	29,128	USD 17,850	25,613	
		IDR 419,798	35,935	IDR 345,665	29,589	

(*) At the time of repayment

20.7 Other commitments

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

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

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

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

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

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

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

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

20.7.3 Long-term power supply and demand contract

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

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

20.7.4 Capital investment agreement

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

20.7.5 Long-term purchase contract

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

20.7.6 Agreements related to the Narrabri bituminous coal project

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

20.7.7 Supplier finance arrangement

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

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

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

20.8 Assets provided as collateral

20.8.1 Assets pledged as collateral for borrowings and guarantees

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

Collateral provided by	Assets provided as collateral	Collateral amount	Creditor	Reason for providing collateral
POSCO MOBILITY SOLUTION	Land and Buildings	₩ 288,000	Woori Bank, KB Bank, Hana Bank, Shinhan Bank and Nonghyup Bank	Raising facility funds and operating funds
Shinan Green Energy Co., Ltd.	Property, plant and equipment (Land, Buildings, etc.)	204,000	Community Credit Cooperatives, TONGYANG LIFE INSURANCE CO., LTD. and Industrial Bank of Korea	Raising facility funds and operating funds
POSCO INTERNATIONAL MEXICO E-MOBILITY	Buildings	20,513	SHINHAN MEXICO	Raising facility funds and operating funds
POSCO INTERNATIONAL	Property, plant and equipment (Land, Buildings, etc.)	1,038,433	Korea Development Bank, Korea EXIM Bank, Nord LB and KfW-IPEX Bank	Raising facility funds and operating funds
PT PRIME AGRI RESOURCES	Property, plant and equipment (Buildings, etc.)	717,328	PT Bank Mandiri (Persero) Tbk, PT Bank Syariah Indonesia (Persero) Tbk, PT Bank Syariah Indonesia (Persero) Tbk, PT Bank OCBC NISP Tbk	Raising facility funds and operating funds
PT. KRAKATAU POSCO ENERGY	Property, plant and equipment (Buildings, etc.)	255,321	POSCO Asia and Shinhan bank Indonesia	Raising facility funds and operating funds
		₩ 2,523,595		
U.S. dollar in thousands		\$ 1,758,725		

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

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

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

21. Issued capital, capital surplus and other capital components

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

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

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

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

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Paid-in capital in excess of par value	₩ 523,521	₩ 517,586	\$ 364,848
Loss on disposal of hybrid bonds	(429)	(429)	(299)
Other capital surplus	1,327,947	1,319,574	925,463
	<u>₩ 1,851,039</u>	<u>₩ 1,836,731</u>	<u>\$ 1,290,012</u>

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Treasury stock	₩ (27,695)	₩ (27,695)	\$ (19,301)
Other capital adjustments	(8,026)	(8,026)	(5,593)
	<u>₩ (35,721)</u>	<u>₩ (35,721)</u>	<u>\$ (24,894)</u>

21.5 Treasury stock

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

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

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

22. Accumulated other comprehensive income

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Loss on valuation of financial assets at FVOCI	₩ (16,367)	₩ (18,491)	\$ (11,406)
Change in equity adjustment in equity method	70,520	133,621	49,146
Negative change in equity adjustment in equity method	(24,634)	(25,455)	(17,168)
Cumulative exchange differences on translations of foreign operations	148,270	139,054	103,331
Gain on valuation of derivatives	49	49	34
	₩ 177,838	₩ 228,778	\$ 123,937

23. Retained earnings

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Legal reserve (*1)	₩ 151,303	₩ 110,144	\$ 105,445
Voluntary reserve	2,412,408	2,412,400	1,681,238
Unappropriated retained earnings	1,271,954	1,112,605	886,441
	₩ 3,835,665	₩ 3,635,149	\$ 2,673,124

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

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

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

24. Expenses by nature

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Raw materials used and changes in inventory assets, etc.	₩ 28,633,240	₩ 28,663,561	\$ 19,954,868
Employee benefits	509,432	481,605	355,030
Depreciation (*1)	298,136	279,108	207,775
Amortization	257,394	232,203	179,381
Water cost for electricity	64,184	62,522	44,731
Commissions	136,035	131,238	94,805
Transportation and storage costs	425,692	386,441	296,670
Others	884,175	866,477	616,193
	<u>₩ 31,208,288</u>	<u>₩ 31,103,155</u>	<u>\$ 21,749,453</u>

(*1) Including the depreciation of investment property.

25. Selling and administrative expenses

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Salaries	₩ 338,347	₩ 336,000	\$ 235,798
Retirement benefits	13,883	38,526	9,675
Employee welfare	80,704	73,040	56,244
Travel	21,933	17,055	15,285
Communication	8,283	9,361	5,773
Utilities	9,216	6,894	6,423
Taxes and dues	10,254	11,312	7,146
Rents	17,252	17,065	12,023
Depreciation	21,367	24,494	14,891
Amortization	12,298	11,047	8,571
Depreciation of right-of-use assets	17,917	17,014	12,487
Repairs	3,163	3,020	2,204
Insurance	30,612	26,531	21,334
Entertainment	3,728	3,610	2,598
Advertising	5,024	5,088	3,501
Shipping	32,564	41,028	22,694
Commissions	115,923	112,064	80,788
Bad debt expenses (reversal)	(2,438)	(17,562)	(1,699)
Supplies expenses	7,127	4,748	4,967
Vehicles maintenance	2,075	1,934	1,446
Publication expenses	346	582	241
Training expenses	6,046	5,514	4,214
Development expenses	3,065	3,496	2,136
Sales promotional expenses	2,864	3,040	1,996
Miscellaneous expenses	498	515	347
Others	8,372	9,559	5,835
	₩ 770,423	₩ 764,975	\$ 536,918

26. Finance income and costs

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
<Finance income>			
Interest income	₩ 46,936	₩ 58,789	\$ 32,710
Financial guarantee income	472	104	329
Dividends income	332	302	231
Gains on foreign currency transactions	680,336	653,953	474,135
Gains on foreign currency translation	172,662	266,534	120,330
Gains on valuation of derivatives	50,586	159,997	35,254
Gains on settlement of derivatives	280,884	280,725	195,752
Gains on valuation of trade receivables	4,268	38	2,974
Gains on valuation of financial assets at FVPL	1,055	3,175	735
Gains on disposal of financial assets at FVPL	357	9,059	249
	₩ 1,237,888	₩ 1,432,676	\$ 862,699
<Finance cost>			
Losses on disposal of trade receivables	₩ 71,066	₩ 67,756	49,527
Interest expenses	267,007	292,053	186,081
Financial guarantee expenses	116	8	81
Losses on foreign currency transactions	648,468	563,281	451,926
Losses on foreign currency translation	149,077	374,940	103,894
Losses on valuation of derivatives	79,194	125,338	55,191
Losses on settlement of derivatives	356,304	283,528	248,313
Losses on valuation on trade receivables	2,047	1,657	1,427
Losses on valuation on financial assets at FVPL	20	259	14
Losses on disposal of financial assets at FVPL	19	-	13
Loss on disposal of convertible bonds	-	26	-
	₩ 1,573,318	₩ 1,708,846	\$ 1,096,467

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Interest income on cash equivalents	₩ 33,792	₩ 32,682	\$ 23,550
Other interest income	13,144	26,107	9,160
	₩ 46,936	₩ 58,789	\$ 32,710

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Interest on borrowings and bonds	₩ 242,119	₩ 292,560	\$ 168,736
Interest on lease liability	39,516	21,955	27,539
Deduction: Amount included in the cost of eligible assets	(14,628)	(22,462)	(10,194)
	₩ 267,007	₩ 292,053	\$ 186,081

27. Other income and expenses

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
<Other income>			
Gain on disposal of property, plant and equipment	₩ 5,218	₩ 7,995	\$ 3,636
Gain on disposal of intangible assets	12	3,408	8
Gain from disposal of assets held for sale	41,115	-	28,654
Reversal of provisions for contingencies	183	8,481	128
Reversal of other allowance for doubtful accounts	7,018	289	4,891
Gain on disposal of investments in associates	17,955	-	12,513
Others	30,390	19,007	21,179
	₩ 101,891	₩ 39,180	\$ 71,009
<Other expenses>			
Contribution to provisions for restoration	₩ 7,795	₩ 4,313	\$ 5,432
Other bad debt expenses	12,783	19,891	8,909
Loss on disposal of property, plant and equipment	10,377	4,859	7,232
Loss on impairment of property, plant and equipment	46,144	62,994	32,158
Loss on disposal of intangible assets	27	85	19
Loss on impairment of intangible assets	45,078	9,722	31,415
Donations	5,751	17,411	4,008
Contingencies	2,500	10,683	1,742
Loss on disposal of investments in associates	3,674	28,765	2,560
Impairment loss on investment in associates	-	117,217	-
Others	30,202	10,937	21,048
	₩ 164,331	₩ 286,877	\$ 114,523

28. Income taxes

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Current income taxes	₩ 165,813	₩ 217,080	\$ 115,557
Changes in deferred income tax arising from temporary differences and others	(40,154)	1,140	(27,984)
Carryover tax deduction and others	(2,135)	(3,022)	(1,488)
Income tax charged directly to equity	8,146	(13,143)	5,677
Income tax expenses	₩ 131,670	₩ 202,055	\$ 91,762

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Accounting profit before income tax	₩ 835,144	₩ 761,717	\$ 582,022
Tax at the statutory income tax rate	₩ 210,116	₩ 190,731	\$ 146,433
Adjustments:			
Non-taxable income	(124)	-	(86)
Non-deductible expenses	1,667	284	1,162
Tax credits	(91,851)	(63,809)	(64,012)
Others (*1)	11,862	74,849	8,267
Income tax expense	₩ 131,670	₩ 202,055	\$ 91,764
Effective income tax rates	15.77%	26.53%	15.77%

(*1) Including direct foreign taxes paid.

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Gain on valuation of financial assets at FVOCI	₩ (747)	₩ (6,212)	\$ (521)
Re-measurement loss (gain) on defined benefit liabilities	2,327	(3,423)	1,622
Loss (gain) on valuation of financial assets at FVOCI	5,645	(1,713)	3,934
Exchange differences on translation of foreign operations	(5,013)	(8,861)	(3,494)
Loss on disposal of financial assets at FVOCI	-	10,263	-
Gain from disposal of treasury stock	-	(3,197)	-
Business combination under common control	5,934	-	4,135
	₩ 8,146	₩ (13,143)	\$ 5,676

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

2025				
	Beginning balance	Recognized in profit or loss	Recognized directly to equity	Ending balance
Valuation of derivatives	₩ (9,026)	₩ 6,254	₩ -	₩ (2,772)
Loss on impairment of investments	31,736	333	-	32,069
Equity in subsidiaries and associates	252,037	6,147	5,645	263,829
Provisions of retirement benefits	59,558	5,877	2,327	67,762
Retirement insurance deposits	(81,494)	10,710	-	(70,784)
Debt restructuring	(3,988)	(188)	-	(4,176)
Extraordinary loss	5,408	484	-	5,892
Allowance for doubtful accounts	39,674	6,141	-	45,815
Depreciation	77,962	46,194	-	124,156
Capitalized borrowing costs	(4,542)	3,449	-	(1,093)
Accrued expenses	19,559	945	-	20,504
Foreign currency translation	(71)	(657)	-	(728)
Equity instruments valuation at FVOCI	6,049	(3)	(747)	5,299
Financial guarantee liabilities	2,820	435	-	3,255
Contingent loans	24,269	718	-	24,987
Accrued revenue	(6,529)	(6,820)	-	(13,349)
Provisions	31,723	(2,514)	-	29,209
Treasury stock (merger of energy)	20,204	956	-	21,160
Others	124,722	(83,533)	921	42,110
	₩ 590,071	₩ (5,072)	₩ 8,146	₩ 593,145
Tax credit carryforwards (*1)	(175,809)	39,216	-	(136,593)
	₩ 414,262	₩ 34,144	₩ 8,146	₩ 456,552
U.S. dollar in thousands	\$ 288,704	\$ 23,795	\$ 5,677	\$ 318,177
2024				
	Beginning balance	Recognized in profit or loss	Recognized directly to equity	Ending balance
Valuation of derivatives	₩ 5,381	₩ (14,407)	₩ -	₩ (9,026)
Loss on impairment of investments	48,368	(16,632)	-	31,736
Equity in subsidiaries and associates	190,850	62,900	(1,713)	252,037
Provisions of retirement benefits	59,383	3,598	(3,423)	59,558
Retirement insurance deposits	(63,437)	(18,057)	-	(81,494)
Debt restructuring	(4,007)	19	-	(3,988)
Extraordinary loss	5,397	11	-	5,408
Allowance for doubtful accounts	31,248	8,426	-	39,674
Depreciation	78,321	(359)	-	77,962
Capitalized borrowing costs	(7,855)	3,313	-	(4,542)
Accrued expenses	15,371	4,188	-	19,559
Foreign currency translation	(515)	444	-	(71)
Equity instruments valuation at FVOCI	12,039	222	(6,212)	6,049
Financial guarantee liabilities	1,796	1,024	-	2,820
Contingent loans	17,593	6,676	-	24,269
Accrued revenue	(7,748)	1,219	-	(6,529)
Provisions	34,204	(2,481)	-	31,723
Treasury stock (merger of energy)	21,448	(1,244)	-	20,204
Others	119,473	14,110	(8,861)	124,722
	₩ 557,310	₩ 52,970	₩ (20,209)	₩ 590,071
Tax credit carryforwards (*1)	(143,779)	(32,030)	-	(175,809)
	₩ 413,531	₩ 20,940	₩ (20,209)	₩ 414,262
U.S. dollar in thousands	\$ 288,195	\$ 14,593	\$ (14,084)	\$ 288,704

(*1) As of December 31, 2025 and 2024, the amounts related to investments in subsidiaries and associates that are not recognized as deferred tax assets and liabilities are deductible temporary differences of ₩409,891 million (\$285,658 thousand) and ₩587,907 million (\$409,719 thousand), respectively.

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

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

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

29. Earnings per share

29.1 Earnings per share

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Profit from continuing operations attributable to owners of the parent	₩ 680,758	₩ 570,807	\$ 474,429
Loss from discontinued operations attributable to owners of the parent	(66,673)	(56,252)	(46,465)
Weighted average number of ordinary shares outstanding (*1)	170,411,487	170,411,495	170,411,487
Basic earnings per share from continuing operations attributable to owners of the parent (Korean won, U.S dollar)	3,994	3,349	2.78
Basic losses per share from continuing operations attributable to owners of the parent (Korean won, U.S dollar)	(391)	(330)	(0.27)

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

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

29.2 Diluted earnings per share

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

30. Fair value measurement

30.1 Fair value hierarchy

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

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

30.2 Assumption used for fair value valuation technique

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

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

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

Valuation techniques used to measure fair values of instruments are:

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

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

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

30.3 Financial instruments by category

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

	December 31, 2025						
	Korean won in millions						U.S. dollar
	Book value	Level 1	Level 2	Level 3	Total	Total	
<Financial assets>							
Financial assets at FVPL							
Trade and other receivables	₩ 62,103	₩ -	₩ 62,103	₩ -	₩ 62,103	\$ 43,280	
Long-term investment (*1)	12,992	-	-	12,992	12,992	9,054	
Other securities (*1)	35,675	-	-	35,675	35,675	24,862	
Other financial assets	12,435	-	12,435	-	12,435	8,666	
Derivative financial assets	36,780	-	36,780	-	36,780	25,632	
Financial assets at FVOCI							
Equity instruments (*1)	46,276	9,267	-	37,009	46,276	32,250	
Financial assets at amortized costs (*2)							
Cash and Cash equivalents	1,171,466	-	-	-	-	-	
Trade and other receivables (*3)	4,624,851	-	-	-	-	-	
Other securities	34,673	-	-	-	-	-	
<Financial liabilities>							
Financial liabilities at FVPL							
Derivative financial liabilities	₩ 44,376	₩ -	₩ 44,376	₩ -	₩ 44,376	\$ 30,926	
Financial liabilities at amortized costs (*2)							
Trade and other receivables (*4)	3,856,742	-	-	-	-	-	
Borrowings	3,697,102	-	-	-	-	-	
Bonds	2,377,670	-	-	-	-	-	

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the current period and there was no clear evidence of value changes for each of the two years in the period ended December 31, 2025.

(*2) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value, so the fair value is not separately disclosed.

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

(*4) Trade and other payables and long-term trade and other payables include ₩92,532 million (\$64,487 thousand) of current portion of lease liabilities and ₩782,742 million (\$545,503 thousand) of long-term lease liabilities, respectively.

30.3 Financial instruments by category (cont'd)

	December 31, 2024					U.S. dollar in thousand
	Korean won in millions					
	Book value	Level 1	Level 2	Level 3	Total	Total
<Financial assets>						
Financial assets at FVPL						
Trade and other receivables	₩ 39,445	₩ -	₩ 39,445	₩ -	₩ 39,445	\$ 27,490
Long-term investment (*1)	437	-	-	437	437	305
Other securities (*1)	12	-	-	12	12	8
Other financial assets	67,391	-	67,391	-	67,391	48,968
Derivative financial assets	122,890	-	122,890	-	122,890	85,644
Financial assets at FVOCI						
Equity instruments (*1)	42,494	7,282	-	35,212	42,494	29,815
Financial assets at amortized costs (*2)						
Cash and Cash equivalents	1,057,204	-	-	-	-	-
Trade and other receivables (*3)	4,838,555	-	-	-	-	-
Other securities	74,131	-	-	-	-	-
<Financial liabilities>						
Financial liabilities at FVPL						
Derivative financial liabilities	₩ 99,826	₩ -	₩ 99,826	₩ -	₩ 99,826	\$ 69,570
Financial liabilities at amortized costs (*2)						
Trade and other receivables (*4)	3,275,808	-	-	-	-	-
Borrowings	3,208,900	-	-	-	-	-
Bonds	2,684,832	-	-	-	-	-

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the current period and there was no clear evidence of value changes for each of the two years in the period ended December 31, 2024.

(*2) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value, so the fair value is not separately disclosed.

(*3) Trade and other receivables and long-term trade and other receivables include ₩25,292 million (\$17,626 thousand) of current portion of lease receivables and ₩303,161 million (\$211,277 thousand) of long-term lease receivables, respectively.

(*4) Trade and other payables and long-term trade and other payables include ₩79,527 million (\$55,423 thousand) of current portion of lease liabilities and ₩334,273 million (\$232,959 thousand) of long-term lease liabilities, respectively.

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

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

	Financial income (loss)							Other comprehensive income
	Interest income (expenses) (*1)	Foreign exchange gain (loss)	Disposal gain (loss)	Valuation gain (loss)	Dividend income	Others	Total	
<2025>								
Financial assets at FVPL	₩ -	₩ -	₩ 281,241	₩ 53,842	₩ 1	₩ -	₩ 335,084	₩ -
Financial assets at FVOCI	-	-	-	-	331	-	331	2,908
Financial assets at amortized costs	48,938	(14,983)	(71,068)	-	-	-	(39,093)	-
Financial liabilities at FVPL	-	-	(358,323)	(79,194)	-	-	(435,517)	-
Financial liabilities at amortized costs	(287,007)	70,418	-	-	-	358	(198,235)	-
Total	₩ (220,071)	₩ 55,453	₩ (146,148)	₩ (25,352)	₩ 332	₩ 356	₩ (335,430)	₩ 2,908
U.S. dollar in thousand	\$ (153,370)	\$ 38,646	\$ (101,852)	\$ (17,668)	\$ 232	\$ 248	\$ (233,765)	\$ 2,027
<2024>								
Financial assets at FVPL	₩ -	₩ -	₩ 289,757	₩ 161,294	₩ 1	₩ -	₩ 451,052	₩ -
Financial assets at FVOCI	-	-	-	-	301	-	301	(17,288)
Financial assets at amortized costs	58,789	418,880	(87,756)	-	-	-	409,713	-
Financial liabilities at FVPL	-	-	(283,527)	(125,338)	-	-	(408,885)	-
Financial liabilities at amortized costs	(292,053)	(436,414)	-	-	-	96	(728,371)	-
Total	₩ (233,264)	₩ (17,734)	₩ (61,526)	₩ 35,956	₩ 302	₩ 96	₩ (276,170)	₩ (17,288)
U.S. dollar in thousand	\$ (162,565)	\$ (12,359)	\$ (42,878)	\$ 25,058	\$ 211	\$ 67	\$ (192,466)	\$ (12,047)

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

31. Financial instruments risk management

31.1 Capital risk management

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

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Total borrowings	₩ 6,074,771	₩ 5,893,732	\$ 4,233,585
Less: Cash and cash equivalents	(1,171,466)	(1,057,204)	(816,410)
Net borrowings	₩ 4,903,305	₩ 4,836,528	\$ 3,417,175
Total equity	₩ 7,812,655	₩ 7,349,463	\$ 5,444,738
Gearing ratio	62.76%	65.81%	62.76%

31.2 Financial risk management

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

31.2.1 Market risk

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

31.2.1.1 Foreign currency risk

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

	Korean won in million				U.S. dollar in thousand	
	December 31, 2025		December 31, 2024		December 31, 2025	
	Asset	Liability	Asset	Liability	Asset	Liability
USD	₩ 2,888,409	₩ 4,416,714	₩ 2,959,687	₩ 3,191,973	\$ 2,012,969	\$ 3,078,064
JPY	121,448	32,255	227,864	194,634	84,639	22,479
EUR	805,145	458,644	643,293	311,956	561,116	319,635
CNY	130,496	172,592	114,993	180,853	90,944	120,282

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

	Korean won in million		U.S. dollar in thousand	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
	₩	₩	\$	\$
USD	(152,831)	152,831	(106,510)	106,510
JPY	8,919	(8,919)	6,216	(6,216)
EUR	34,650	(34,650)	24,148	(24,148)
CNY	(4,210)	4,210	(2,934)	2,934

31.2.1.2 Interest rate risk

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

As of December 31, 2025, with all other variables remain constant, a change of 1% in the floating interest rate on borrowings will have an effect of ₩30,896 million (\$21,532 thousand) decrease or increase in the Group's income before income taxes.

31.2.2 Credit risk

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

31.2.2.1 Trade and other receivables

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

31.2.2.2 Other assets

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

31.2.2.3 Maximum exposure to credit risk

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

31.2.2.4 Aging analysis of non-derivative financial instruments

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

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

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

31.2.3 Liquidity risk

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

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

	Within 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables (*1)	₩ 3,061,259	₩ 688,433	₩ 286,009	₩ 4,035,701
Derivative financial liabilities (*2)	39,293	5,083	-	44,376
Borrowings and bonds	2,967,294	2,632,843	595,377	6,195,514
	<u>₩ 6,067,846</u>	<u>₩ 3,326,359</u>	<u>₩ 881,386</u>	<u>₩ 10,275,591</u>
U.S. dollar in thousand	<u>\$ 4,228,759</u>	<u>\$ 2,318,182</u>	<u>\$ 614,249</u>	<u>\$ 7,161,190</u>

(*1) The trade and other payables and the long-term trade and other payables include ₩92,532 million (\$64,487 thousand) of current portion of lease liabilities and ₩782,742 million (\$545,503 thousand) of long-term lease liabilities, respectively.

(*2) Derivative financial liabilities are settled on a net basis.

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

	Within 1 year	1 to 5 years	Over 5 years	Total
Financial guarantee contract (*1)	₩ 29,087	₩ 29,630	₩ -	₩ 58,717
U.S. dollar in thousand	\$ 20,271	\$ 20,650	\$ -	\$ 40,921

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

32. Related party transactions

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

	Company Name
Parent	POSCO Holdings Inc.
Associates and joint ventures	POSCO MEXICO PROCESSING CENTER HOLDING LLC., HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD, POSCO-MALAYSIA SDN. BHD., POSCO-ITPC S.P.A, YULCHON MEXICO S.A. DE C.V., HYUNSON ENGINEERING & CONSTRUCTION, POSCO IJPC, Inco tech Inc., SHINPOONG DAEWOO PHARMA VIETNAM CO., LTD., Shanghai Lansheng DAEWOO Corp, Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd., GENERAL MEDICINES CO., LTD., KOREA LNG LTD., DMSA/AMSA, SOUTH-EAST ASIA GAS PIPELINE CO., LTD., GLOBAL KOMSCO DAEWOO LLC., Blue Ocean Corporate Financial Stability No. 1 Private Equity Fund, Gyeonggi Green Energy Co., Ltd., Noeul Green Energy Co., Ltd., Samcheok Blue Power Co., Ltd., ECO ENERGY SOLUTION CO., LTD., POSCO International CVC No. 1
Other related parties	POSCO, PT. KRAKATAU POSCO, POSCO-THAINOX, POSCO ASSAN TST STEEL INDUSTRY, POSCO STEELEON Co., Ltd., POSCO-CSPC, POSCO VST CO., LTD., POSCO FLOW CO., LTD., ESTEEL4U, POSCO YAMATO VINA STEEL JOINT STOCK COMPANY, POSCO-MKPC, POSCO ASIA CO., LTD., POSCO-TNPC, POSCO-FOSHAN STEEL PROCESSING CENTER CO., LTD., POSCO VIETNAM HOLDINGS, POSCO-CTPC, POSCO Eco & Challenge Co., Ltd., ZHANGJIAGANG POHANG STAINLESS STEEL CO., LTD., POSCO-VIETNAM CO., LTD., COMPANHIA SIDERURGICA DO PECÉM, POSCO MAHARASHTRA STEEL PVT. LTD., POSCO INDIA PC, POSCO-ICPC, etc.

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

32.2 Details of significant transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions and U.S. dollar in thousands)

	2025					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ -	₩ -	₩ -	₩ 225	₩ 6,534	₩ 6,759
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 581,573	₩ -	₩ 581,573	₩ 11,509	₩ 17	₩ 11,526
Gyeonggi Green Energy Co., Ltd.	7,103	-	7,103	-	3,438	3,438
POSCO-MALAYSIA SDN.BHD.	94,866	-	94,866	12,247	-	12,247
POSCO-ITPC S.P.A.	93,838	-	93,838	403	-	403
Noeul Green Energy Co., Ltd.	-	128	128	-	2,273	2,273
YULCHON MEXICO S. A. DE C. V.	725	-	725	-	-	-
POSCO IJPC	230,230	-	230,230	82	-	82
Samcheok Blue Power Co., Ltd.	220,909	2,443	223,352	-	24	24
KOREA LNG LTD.	-	5,040	5,040	-	-	-
AES Mong Duong Power CO., LTD. (*2)	786	-	786	-	-	-
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	37,273	37,273	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	27	27	28,826	-	28,826
Others:						
POSCO (*3)	₩ 2,324,521	₩ 31,710	₩ 2,356,231	₩ 10,692,421	₩ 386,403	₩ 11,078,824
PT. KRAKATAU POSCO	1,399,535	-	1,399,535	422,849	3,886	426,735
POSCO VST CO. LTD.	243,989	-	243,989	65,704	-	65,704
POSCO STEELEON Co., Ltd.	40,026	-	40,026	231,873	39	231,912
POSCO-THAINOX	190,971	-	190,971	85,744	-	85,744
POSCO FLOW CO., LTD. (*4)	-	2,133	2,133	7,814	289,208	297,022
PT NICOLE METAL INDUSTRY	-	-	-	306,682	-	306,682
POSCO INDIA PC (*5)	49,577	-	49,577	60	183,636	183,696
POSCO-CSPC	297,610	-	297,610	2,217	-	2,217
POSCO ASSAN TST STEEL INDUSTRY	64,743	54	64,797	119,279	-	119,279
Others (*6)	2,311,071	398,526	2,709,597	1,319,652	146,476	1,466,128
	₩ 8,152,073	₩ 477,334	₩ 8,629,407	₩ 13,307,587	₩ 1,021,934	₩ 14,329,521
	\$ 5,681,283	\$ 332,660	\$ 6,013,943	\$ 9,274,226	\$ 712,199	\$ 9,986,425

32.2 Details of significant transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows: (Korean won in millions and U.S. dollar in thousands) (cont'd)

	2024					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ 111	₩ 6	₩ 117	₩ 150	₩ 7,299	₩ 7,449
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 739,259	₩ -	₩ 739,259	₩ 12,295	₩ 505	₩ 12,800
Gyeonggi Green Energy Co., Ltd.	31,036	-	31,036	-	5,259	5,259
POSCO-MALAYSIA SDN.BHD.	107,399	-	107,399	9,993	-	9,993
POSCO-ITPC S.P.A.	114,707	-	114,707	243	-	243
Noeul Green Energy Co., Ltd.	-	82	82	-	2,658	2,658
YULCHON MEXICO S. A. DE C. V.	1,279	-	1,279	-	-	-
POSCO-ESDC LTD.	2	89	91	8,461	6,274	14,735
POSCO IJPC	287,607	-	287,607	16	-	16
Samcheok Blue Power Co., Ltd.	179,072	10,047	189,119	-	-	-
GENERAL MEDICINES CO., LTD.	329	-	329	-	-	-
KOREA LNG LTD.	-	17,829	17,829	-	-	-
AES Mong Duong Power CO., LTD.	2,152	34,821	36,973	-	969	969
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	64,208	64,208	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	26	26	32,814	-	32,814
Others:						
POSCO	₩ 3,039,389	₩ 674	₩ 3,040,063	₩ 11,649,807	₩ 491,666	₩ 12,141,473
PT. KRAKATAU POSCO	1,311,869	-	1,311,869	251,645	4,083	255,728
POSCO STEELEON Co., Ltd.	57,324	-	57,324	256,278	674	256,952
POSCO-THAINOX	180,334	-	180,334	70,868	-	70,868
POSCO VST CO., LTD.	190,621	-	190,621	46,908	1,182	48,090
POSCO FLOW CO., LTD.	-	-	-	554	239,376	239,930
POSCO-CSPC	325,771	-	325,771	5,289	353	5,642
POSCO INDIA PC	202,787	-	202,787	70	-	70
POSCO VIETNAM PC	186,384	-	186,384	6,386	-	6,386
POSCO-MKPC	175,191	-	175,191	-	-	-
Others	2,465,276	1,028	2,466,304	1,525,047	306,945	1,831,992
	₩ 9,597,899	₩ 128,810	₩ 9,726,709	₩ 13,876,824	₩ 1,067,243	₩ 14,944,067
	\$ 6,688,897	\$ 89,769	\$ 6,778,666	\$ 9,670,935	\$ 743,775	\$ 10,414,710

(*1) In addition to the above transactions, dividends paid to POSCO Holdings Inc. for each of the two years in the period ended December 31, 2025 amount to ₩298,351 million (\$207,925 thousand) and ₩124,396 million (\$86,693 thousand), respectively.

(*2) This represents the amount recognized up until the date of exclusion from associates.

(*3) Other revenue includes ₩7,753 million (\$5,403 thousand) from the disposal of POHANG SRDC Co., Ltd. and ₩4,330 million (\$3,018 thousand) from the disposal of eSTEEL4U Co., Ltd.

(*4) Other revenue includes ₩2,133 million (\$1,487 thousand) from the disposal of POSCO-ESDC LTD.

(*5) Other purchases include ₩60,413 million (\$42,103 thousand) from the acquisition of Samcheok Blue Power Co., Ltd.

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

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

	December 31, 2025					
	Receivables (*1)			Payables		
	Trade receivables	Others	Total	Trade payables	Others	Total
Parent company:						
POSCO Holdings Inc.	₩ -	₩ 613	₩ 613	₩ -	₩ 6,889	₩ 6,889
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 146,949	₩ -	₩ 146,949	₩ 279	₩ 90	₩ 369
DMSA/AMSA	-	114,640	114,640	-	-	-
Gyeonggi Green Energy Co., Ltd.	-	14,832	14,832	-	-	-
POSCO-MALAYSIA SDN.BHD.	18,479	-	18,479	44	-	44
POSCO-ITPC S.P.A.	31,279	-	31,279	290	-	290
Noeul Green Energy Co., Ltd.	-	4,601	4,601	-	-	-
POSCO IJPC	30,240	-	30,240	6	-	6
Samcheok Blue Power Co., Ltd.	85,186	190	85,376	-	-	-
Shanghai Lansheng DAEWOO Corp	2,606	-	2,606	-	427	427
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	-	-	-	-	704	704
GENERAL MEDICINES CO., LTD.	592	474	1,066	-	-	-
KOREA LNG LTD.	-	123	123	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	2,086	2,086	-	67	67
Others:						
POSCO	₩ 220,436	₩ 5,213	₩ 225,649	₩ 1,134,776	₩ 42,522	₩ 1,177,298
PT. KRAKATAU POSCO	184,822	229,717	414,539	15,925	58	15,983
POSCO Eco & Challenge Co., Ltd.	23,912	4,741	28,653	-	24,663	24,663
POSCO-TNPC	52,466	-	52,466	-	113	113
PT NICOLE METAL INDUSTRY	-	-	-	43,053	-	43,053
POSCO-ICPC	44,178	-	44,178	-	-	-
POSCO-MKPC	30,057	-	30,057	-	-	-
POSCO-CSPC	43,963	-	43,963	145	-	145
POSCO ASSAN TST STEEL INDUSTRY	32,626	109	32,735	3,490	47	3,537
Others (*2)	198,792	891	199,683	81,779	82,258	164,037
	₩ 1,146,583	₩ 378,230	₩ 1,524,813	₩ 1,279,787	₩ 157,838	₩ 1,437,625
	\$ 799,068	\$ 263,593	\$ 1,062,661	\$ 891,900	\$ 109,999	\$ 1,001,899

32.3 Details of significant outstanding balances of receivables from and payables to the related parties as of December 31, 2025 and 2024 are as follows: (Korean won in millions and U.S. dollar in thousands) (cont'd)

	December 31, 2024					
	Receivables (*1)			Payables		
	Trade receivables	Others	Total	Trade payables	Others	Total
Parent company:						
POSCO Holdings Inc.	₩ -	₩ 454	₩ 454	₩ -	₩ 7,466	₩ 7,466
Associates:						
POSCO MEXICO PROCESSING CENTER HOLDING, LLC.	₩ 127,053	₩ -	₩ 127,053	₩ 1,122	₩ 222	₩ 1,344
Gyeonggi Green Energy Co., Ltd.	5,846	10,706	16,552	-	567	567
POSCO-MALAYSIA SDN.BHD.	19,635	-	19,635	-	-	-
POSCO-ITPC S.P.A.	15,690	-	15,690	87	-	87
Noeul Green Energy Co., Ltd.	-	3,039	3,039	-	-	-
YULCHON MEXICO S. A. DE C. V.	402	-	402	-	-	-
POSCO-ESDC LTD.	3	-	3	957	896	1,853
POSCO IJPC	76,914	-	76,914	-	-	-
Samcheok Blue Power Co., Ltd.	-	144	144	-	-	-
Shanghai Lansheng DAEWOO Corp	2,627	-	2,627	-	437	437
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	-	-	-	-	721	721
GENERAL MEDICINES CO., LTD.	577	485	1,062	-	-	-
DMSA/AMSA	-	117,444	117,444	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	1,719	1,719	100	12	112
Others:						
POSCO	₩ 239,068	₩ 4,281	₩ 243,349	₩ 1,108,696	₩ 38,829	₩ 1,147,525
PT. KRAKATAU POSCO	545,241	243,140	788,381	19,501	13	19,514
POSCO-CSPC	75,431	1	75,432	-	-	-
POSCO-ICPC	65,368	-	65,368	-	-	-
POSCO Eco & Challenge Co., Ltd.	44,637	-	44,637	186	-	186
POSCO-TNPC	37,309	-	37,309	-	-	-
POSCO-CTPC	34,960	-	34,960	352	-	352
POSCO-FOSHAN STEEL PROCESSING CENTER CO., LTD.	56,074	375	56,449	-	-	-
POSCO VIETNAM HOLDINGS	24,716	181	24,897	3,824	100	3,924
POSCO ASSAN TST STEEL INDUSTRY	26,137	-	26,137	-	5	5
Others	310,869	27,527	338,396	130,764	268,558	399,322
	₩ 1,708,557	₩ 409,496	₩ 2,118,053	₩ 1,265,589	₩ 317,826	₩ 1,583,415
	\$ 1,190,715	\$ 285,383	\$ 1,476,098	\$ 882,005	\$ 221,497	\$ 1,103,502

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

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

32.4 Details of fund transactions with the related parties

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

	Korean won in millions				U. S. dollar in thousands	
	2025		2024		2025	
	Investment	Recovery	Investment	Recovery	Investment	Recovery
Investments in associates and joint venture:						
SOUTH-EAST ASIA GAS PIPELINE CO., LTD. ₩	-	₩ 29,440	-	₩ 28,667	\$ -	\$ 20,517
POSCO International CVC No. 1	800	-	-	-	558	-

32.5 Key management personnel compensation

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

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

32.6 Guarantees provided to the related parties

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

33. Statement of cash flows

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Reconciliation of profit for the year to net cash flows			
Depreciation	₩ 294,998	₩ 275,550	\$ 205,588
Amortization	257,394	232,203	179,381
Depreciation of investment properties	3,138	3,558	2,187
Retirement benefits	25,288	26,042	17,624
Reversal of allowance for doubtful accounts	(2,438)	(17,562)	(1,699)
Interest expenses	267,007	292,053	186,081
Loss on valuation of financial assets at FVPL	20	259	14
Loss on disposal of financial assets at FVPL	19	-	13
Gain on disposal of investment of associates	(17,955)	-	(12,513)
Loss on disposal of investment of associates	3,674	28,765	2,560
Impairment loss on investment in associates	-	117,217	-
Impairment loss on other non-current assets	-	1,994	-
Loss on foreign currency translation	149,077	374,940	103,894
Loss on settlement of derivatives	20,802	-	14,497
Loss on valuation of derivatives	81,241	126,995	56,618
Reversal of other allowance for doubtful accounts	(7,018)	(289)	(4,891)
Other bad debt expenses	12,783	19,891	8,909
Loss on disposal of property, plant and equipment	10,377	4,859	7,232
Impairment loss on property, plant and equipment	46,144	62,994	32,158
Loss on disposal of intangible assets	27	85	19
Impairment loss on intangible assets	45,078	9,722	31,415
Income tax expense	131,670	202,055	91,762
Loss on valuation of inventories	2,460	1,861	1,714
Loss on disposal of assets held for sale	12,749	-	8,885
Impairment loss on assets held for sale	780	-	544
Financial guarantee expense	116	8	81
Loss on investment in associates	3,619	18,570	2,522
Other expenses	205,259	133,299	143,048
Gain on valuation of financial assets at FVPL	(1,055)	(3,175)	(735)
Interest income	(46,936)	(58,789)	(32,710)
Dividends income	(332)	(302)	(231)

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Reconciliation of profit for the year to net cash flows			
Gain on foreign currency translation	(172,662)	(266,534)	(120,330)
Gain on disposal of financial assets at FVPL	(357)	(9,059)	(249)
Gain on settlement of derivatives	(22,249)	(1,936)	(15,506)
Gain on valuation of derivatives	(54,854)	(160,035)	(38,228)
Gain on disposal of property, plant and equipment	(5,218)	(7,995)	(3,636)
Gain on disposal of intangible assets	(12)	(3,408)	(8)
Reversal of impairment loss on intangible assets	(22)	(764)	(15)
Reversal of loss on valuation of inventories	(4,326)	(1,322)	(3,015)
Financial guarantee income	(472)	(104)	(329)
Stock compensation cost	-	-	-
Gain on investment in associates	(71,316)	(146,320)	(49,701)
Gain on disposal of assets held for sale	(41,115)	-	(28,654)
Gain on fair value valuation of biological assets	(7,865)	(3,809)	(5,481)
Other income	(789)	(15,610)	(550)
Adjustments for non-cash income and expenses from discontinued operations	37,186	24,554	25,915
	<u>₩ 1,153,915</u>	<u>₩ 1,260,461</u>	<u>\$ 804,180</u>
Changes in operating assets and liabilities:			
Trade receivables	246,313	94,279	171,659
Other current receivables	(103,501)	(20,963)	(72,131)
Other current assets	(44,625)	(79,779)	(31,100)
Inventories	314,235	(65,280)	218,994
Other non-current receivables	(25,879)	(13,946)	(18,035)
Other non-current assets	7,875	(14,565)	5,488
Trade payables	191,938	(483,472)	133,764
Other current payables	12,440	86,127	8,670
Other current liabilities	9,303	52,838	6,483
Other non-current payables	(477)	(3,126)	(332)
Other non-current liabilities	(6,813)	5,241	(4,748)
Provisions	(44,455)	(62,083)	(30,981)
Retirement benefits paid	8,287	(10,264)	5,775
Increase in plan assets	(59,057)	(43,183)	(41,158)
	<u>₩ 505,584</u>	<u>₩ (558,176)</u>	<u>\$ 352,348</u>

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

	2025						Ending balance
	Beginning balance	Increase due to merger	arising from financing	Non-cash flows	Reclassifi-cation	Exchange rate	Others
Current portion of lease liabilities	₩ 75,489	₩ 625	₩ (36,438)	₩ 44,573	₩ 4,439	₩ (194)	₩ 88,494
Short-term borrowings	1,599,593	-	244,439	-	(51,228)	-	1,792,806
Current portion of long-term borrowings	468,661	18,912	(479,613)	489,489	47,728	(12,050)	533,127
Current portion of bonds	1,117,735	16,953	(1,118,284)	579,383	-	844	596,831
Long-term lease liabilities	334,273	2,378	(34,662)	(44,573)	31,485	493,841	782,742
Bonds	1,567,097	74,831	724,073	(579,383)	(7,154)	1,575	1,781,039
Long-term borrowings	1,140,646	123,672	581,595	(489,489)	24,054	(9,309)	1,371,169
	₩ 6,303,494	₩ 237,371	₩ (118,890)	₩ -	₩ 49,326	₩ 474,707	₩ 6,946,008
U.S. dollar in thousand	\$ 4,392,985	\$ 165,427	\$ (82,856)	\$ -	\$ 34,376	\$ 330,829	\$ 4,840,761

	2024						Ending balance
	Beginning balance	Increase due to merger	arising from financing	Non-cash flows	Reclassifi-cation	Exchange rate	Others
Current portion of lease liabilities	₩ 74,361	₩ -	₩ (42,216)	₩ 28,594	₩ 5,090	₩ 9,860	₩ 75,489
Short-term borrowings	1,591,538	-	(56,902)	-	64,957	-	1,599,593
Current portion of long-term borrowings	238,964	-	(179,350)	374,331	35,804	(1,088)	468,661
Current portion of bonds	876,709	-	(877,380)	1,027,215	89,980	1,211	1,117,735
Long-term lease liabilities	347,466	-	(32,412)	(28,594)	20,905	26,908	334,273
Bonds	1,864,114	-	701,936	(1,027,215)	26,939	1,323	1,567,097
Long-term borrowings	1,214,915	-	235,408	(374,331)	42,289	22,365	1,140,646
	₩ 6,208,067	₩ -	₩ (250,916)	₩ -	₩ 285,964	₩ 60,379	₩ 6,303,494
U.S. dollar in thousand	\$ 4,326,481	\$ -	\$ (174,867)	\$ -	\$ 199,292	\$ 42,079	\$ 4,392,985

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

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Actuarial gains and losses remeasurement component	₩ (7,266)	₩ (15,211)	\$ (5,064)
Other accounts payable related to the acquisition of property, plant and equipment and intangible assets	114,373	13,292	79,708
Reclassification of current portion of long-term borrowings	489,489	374,331	341,131
Reclassification of current portion of long-term bonds	579,383	1,027,215	403,779
Reclassification of current portion of lease receivables	11,273	15,909	7,856
Reclassification of current portion of lease liabilities	44,573	28,594	31,063
Recognition of right-of-use assets and lease liabilities through acquisition	507,915	49,696	353,972

34. Uncertainty of the impact of the Myanmar coup

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

35. Business combination

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

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

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

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

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

35. Business combination (cont'd)

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

36. Assets held for sale

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

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
<Assets>			
Cash and cash equivalents	₩ 1,840	₩ -	\$ 1,282
Trade and other receivables	300	-	209
Inventory	(221)	-	(154)
Investments in associates	-	135,138	-
Property, plant and equipment	7,335	-	5,112
Intangible assets	273	-	190
Others	2,607	-	1,817
	<u>₩ 12,134</u>	<u>₩ 135,138</u>	<u>\$ 8,456</u>
<liabilities>			
Trade and other payables	₩ 1,157	₩ -	\$ 806
Others	503	-	351
	<u>₩ 1,660</u>	<u>₩ -</u>	<u>\$ 1,157</u>

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

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

37. Discontinued operations

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

37.1 Details of loss from discontinued operations for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Revenue	₩ 50,202	₩ 79,803	\$ 34,986
Cost of sales	(83,059)	(106,630)	(57,885)
Selling and administrative expenses	(21,927)	(14,087)	(15,281)
Finance income	3,632	4,461	2,531
Finance costs	(1,911)	(2,735)	(1,332)
Other income	3,763	1,157	2,622
Other expenses	(18,769)	(17,070)	(13,080)
Income tax expense (benefit)	1,396	(1,151)	973
Loss from discontinued operations	₩ (66,673)	₩ (56,252)	\$ (46,466)

37.2 Net cash flows from discontinued operations for each of the two years in the period ended December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2025	2024	2025
Net cash flows from operating activities of discontinued operations	₩ (41,992)	₩ 6,538	\$ (29,265)
Net cash flows from investing activities of discontinued operations	59,633	48,999	41,559
Net cash flows from financing activities of discontinued operations	(9)	(60,206)	(6)
Effect of exchange rate changes on cash and cash equivalents	(266)	1,511	(185)
Net increase (decrease) in cash and cash equivalents	₩ 17,366	₩ (3,158)	\$ 12,103



KPMG SAMJONG Accounting Corp.

152, Teheran-ro, Gangnam-gu, Seoul 06236
(Yeoksam-dong, Gangnam Finance Center 27th Floor)
Republic of Korea

Tel +82 (2) 2112 0100

Fax +82 (2) 2112 0101
www.kr.kpmg.com

Independent Auditors' Review Report

The Board of Directors and Shareholders
POSCO International Corporation

Reviewed Consolidated financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of POSCO International Corporation and its subsidiaries (the "Group"), expressed in Korean won, which comprise the condensed consolidated statement of financial position as of March 31, 2026, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2026, and notes, including material accounting policies.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034, 'Interim Financial Reporting', and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above do not present fairly, in all material respects, in accordance with K-IFRS No.1034, 'Interim Financial Reporting'.

Other matters

The condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2025, presented for comparative purposes, were reviewed by another auditor, whose review report dated May 15, 2025, stated that nothing had come to their attention that caused them to believe that those condensed consolidated interim financial statements were not prepared, in all material respects, in accordance with K-IFRS No.1034, 'Interim Financial Reporting'.

In addition, the consolidated statement of financial position of the Group as of December 31, 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying in this review report, were audited by another auditor in accordance with Korean Standards on Auditing, whose report thereon dated March 10, 2026, expressed an unqualified opinion. The consolidated statement of financial position as of December 31, 2025, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.



The accompanying condensed consolidated interim financial statements as of March 31, 2026 and December 31, 2025, and for the three-month periods ended March 31, 2026 and 2025, have been translated into United States dollars solely for the convenience of the reader, and such translation does not comply with K-IFRS. We have reviewed the translation, and nothing came to our attention that caused us to believe that the condensed consolidated interim financial statements expressed in Korean won have not been translated into dollars on the basis set forth in note 2 to the condensed consolidated interim financial statements.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea
May 14, 2026

This report is effective as of May 14, 2026, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

POSCO International Corporation and its subsidiaries
Condensed consolidated interim statements of financial position
As of March 31, 2026 and 2025

	Notes	Korean won in millions		U.S. dollar in thousands (Note 2)	
		Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026	
Assets					
Current assets					
Cash and cash equivalents	18,28	₩ 1,111,582	₩ 1,171,466	\$ 734,493	
Trade and other receivables, net	4,10,28	4,770,069	4,323,861	3,151,889	
Other current financial assets	5,28	32,904	32,400	21,742	
Derivative financial assets	18,28	78,326	28,997	51,755	
Other current assets	6	289,581	250,952	191,345	
Inventories, net	7	1,802,427	1,736,165	1,190,979	
Assets held for sale	32	375	12,134	248	
		₩ 8,085,264	₩ 7,555,975	\$ 5,342,451	
Non-current assets					
Trade and other receivables, net	4,10,28	₩ 397,761	₩ 363,093	\$ 262,826	
Other non-current financial assets	5,28	112,077	109,652	74,056	
Long-term derivative financial assets	18,28	32,470	7,783	21,455	
Investments in associates and joint ventures	8,18	785,551	763,645	519,064	
Property, plant and equipment, net	9,14,18	5,222,324	5,070,075	3,450,723	
Right-of-use assets, net	10	866,139	824,085	572,313	
Intangible assets, net	11	3,435,353	3,235,436	2,269,957	
Investment properties, net	12	133,556	134,326	88,249	
Net defined benefit assets	16	83,166	90,040	54,953	
Other non-current assets	6	38,290	35,914	25,301	
Deferred tax assets		552,967	562,987	365,380	
		₩ 11,659,654	₩ 11,197,036	\$ 7,704,277	
Total assets		₩ 19,744,918	₩ 18,753,011	\$ 13,046,728	
Liabilities and equity					
Current liabilities					
Trade and other payables	10,13,28	₩ 3,194,198	₩ 3,061,259	\$ 2,110,611	
Borrowings	4,14,28	2,877,714	2,325,933	1,901,489	
Current portion of bonds	14,28	600,334	596,631	396,679	
Derivative financial liabilities	18,28	33,764	39,292	22,310	
Current provisions	17	212,612	228,296	140,486	
Other current liabilities	15	319,067	284,554	210,828	
Current tax liabilities		75,131	74,551	49,644	
Liabilities directly associated with disposal groups held for sale	32	-	1,660	-	
		₩ 7,312,820	₩ 6,612,176	\$ 4,832,047	
Non-current liabilities					
Trade and other payables	10,13,28	₩ 854,157	₩ 795,483	\$ 564,396	
Borrowings	14,28	1,711,538	1,371,169	1,130,922	
Bonds	14,28	1,731,084	1,781,039	1,143,838	
Long-term derivative financial liabilities	18,28	3,511	5,083	2,320	
Other non-current liabilities	15	68,713	69,683	45,403	
Net defined benefit liabilities	16	24,427	21,510	16,140	
Provisions	17,18	194,534	177,778	128,541	
Deferred tax liabilities		112,046	106,435	74,036	
		₩ 4,700,010	₩ 4,328,180	\$ 3,105,596	
Total liabilities		₩ 12,012,830	₩ 10,940,356	\$ 7,937,643	
Equity					
Issued capital	1,19	₩ 879,614	₩ 879,614	\$ 581,217	
Capital surplus	19	1,637,807	1,851,039	1,082,204	
Other components of equity	19	(35,721)	(35,721)	(23,603)	
Accumulated other comprehensive income	20	334,844	177,838	221,253	
Retained earnings	21	3,926,724	3,835,664	2,594,637	
Equity attributable to equity holders of the parent		₩ 6,743,268	₩ 6,708,434	\$ 4,455,708	
Non-controlling interests		988,820	1,104,221	653,377	
Total equity		₩ 7,732,088	₩ 7,812,655	\$ 5,109,085	
Total liabilities and equity		₩ 19,744,918	₩ 18,753,011	\$ 13,046,728	

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

POSCO International Corporation and its subsidiaries
Condensed consolidated interim statements of comprehensive income
for the three months ended March 31, 2026 and 2025

		Korean won in millions		U.S. dollar in thousands (Note 2)
	Notes	Q1 2026	Q1 2025	Q1 2026
Continuing operations				
Sales	3	₩ 8,410,421	₩ 8,137,402	\$ 5,557,302
Cost of sales	22	(7,839,701)	(7,676,157)	(5,180,191)
Gross profit		₩ 570,720	₩ 461,245	\$ 377,111
Selling and administrative expenses	22,23	(213,208)	(185,947)	(140,880)
Operating profit	3	₩ 357,512	₩ 275,298	\$ 236,231
Share of profit of associates and joint venture	8	16,691	28,304	11,029
Share of loss of associates and joint venture	8	(497)	(2,589)	(328)
Finance income	24	568,997	336,599	375,973
Finance costs	24	(602,146)	(416,928)	(397,876)
Other income	25	19,931	55,895	13,170
Other expenses	25	(23,591)	(4,667)	(15,588)
Profit for the period before tax		₩ 336,897	₩ 271,912	\$ 222,611
Income tax expenses	26	(58,594)	(62,710)	(38,717)
Profit from continuing operations		₩ 278,303	₩ 209,202	\$ 183,894
Loss from discontinued operations	33	(999)	(5,426)	(660)
Profit for the period		₩ 277,304	₩ 203,776	\$ 183,234
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>				
Equity adjustments in equity method	20	₩ 16,430	₩ (37,338)	\$ 10,856
Gain on equity adjustments in equity method	20	32	562	21
Exchange difference on translation of foreign operations	20	138,063	8,308	91,227
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on valuation of financial assets at fair value through other comprehensive income ("FVOCI")	20	₩ 490	₩ 835	\$ 324
Equity adjustments in equity method	8,20,26	2,201	(9,966)	1,454
Re-measurement loss on defined benefit liabilities	20	(1,681)	204	(1,111)
Exchange differences on translation of foreign operations	20	65,713	1,501	43,421
Other comprehensive income(loss) for the period, net of tax		₩ 221,248	₩ (35,894)	\$ 146,192
Total comprehensive income for the period, net of tax		₩ 498,552	₩ 167,882	\$ 329,426
Profit for the period attributable to:				
Owners of the parent		₩ 265,432	₩ 199,746	\$ 175,388
Non-controlling interests		11,872	4,031	7,845
Total comprehensive income attributable to:				
Owners of the parent		₩ 421,011	₩ 162,406	\$ 278,189
Non-controlling interests		77,541	5,476	51,236
Earnings per share (Korean won and U.S. dollar):				
Basic and diluted earnings per share	27	₩ 1,557	₩ 1,172	\$ 1.03
Basic and diluted earnings per share from continuing operations	27	₩ 1,563	₩ 1,204	\$ 1.03

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

POSCO International corporation and its subsidiaries
Condensed consolidated interim statements of changes in equity
for the three months ended March 31, 2026 and 2025

	Korean won in millions							U.S. dollar in thousands (Note 2)	
	Equity attributable to owners of the parent								
	Issued capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Sub-total	Non-controlling interest		
								Total	Total
As of January 1, 2025	₩ 879,614	₩ 1,836,731	₩ (35,721)	₩ 228,778	₩ 3,635,149	₩ 6,544,551	₩ 804,912	₩ 7,349,463	₩ 4,856,259
Profit for the period	-	-	-	-	199,746	199,746	4,031	203,777	134,648
Net gain on valuation of financial assets at FVOCI	-	-	-	834	-	-	-	834	551
Equity adjustments in equity method	-	-	-	(46,742)	-	(46,742)	-	(46,742)	(30,885)
Exchange differences on translation of foreign operations	-	-	-	8,308	-	8,308	1,501	9,809	6,481
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	260	260	(56)	204	135
Total comprehensive income	₩ -	₩ -	₩ -	₩ (37,600)	₩ 200,006	₩ 162,406	₩ 5,476	₩ 167,882	₩ 110,930
Annual dividend (dividends per share: ₩1,550)	-	-	-	-	(290,608)	(290,608)	-	(290,608)	(192,023)
Dividends from subsidiaries, etc.	-	-	-	-	26,423	26,423	(167)	26,256	17,349
Capital increase of subsidiaries	-	-	-	-	-	-	74,144	74,144	48,992
Other capital adjustments	-	-	-	-	(250)	(250)	-	(250)	(165)
As of March 31, 2025	₩ 879,614	₩ 1,836,731	₩ (35,721)	₩ 191,178	₩ 3,570,720	₩ 6,442,522	₩ 884,365	₩ 7,326,887	₩ 4,841,342
As of January 1, 2026	₩ 879,614	₩ 1,851,039	₩ (35,721)	₩ 177,838	₩ 3,835,664	₩ 6,708,434	₩ 1,104,221	₩ 7,812,655	₩ 5,162,320
Profit for the period	-	-	-	-	265,432	265,432	11,872	277,304	183,232
Net gain on valuation of financial assets at FVOCI	-	-	-	489	-	489	-	489	323
Equity adjustments in equity method	-	-	-	18,664	-	18,664	-	18,664	12,332
Exchange differences on translation of foreign operations	-	-	-	138,063	-	138,063	65,714	203,777	134,648
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	(1,637)	(1,637)	(45)	(1,682)	(1,111)
Total comprehensive income	₩ -	₩ -	₩ -	₩ 157,216	₩ 263,795	₩ 421,011	₩ 77,541	₩ 498,552	₩ 329,424
Annual dividend (dividends per share: ₩1,000)	-	-	-	-	(170,444)	(170,444)	-	(170,444)	(112,623)
Dividends from subsidiaries, etc.	-	-	-	-	(2,500)	(2,500)	-	(2,500)	(1,652)
Acquisition of ownership interests in subsidiaries (changes in equity interest ratio)	-	(213,232)	-	-	-	(213,232)	(192,942)	(406,174)	(268,385)
Reclassification due to disposal of financial assets at FVOCI	-	-	-	(210)	210	-	-	-	-
As of March 31, 2026	₩ 879,614	₩ 1,637,807	₩ (35,721)	₩ 334,844	₩ 3,926,725	₩ 6,743,269	₩ 988,820	₩ 7,732,089	₩ 5,109,084

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

POSCO International corporation and its subsidiaries
Condensed Consolidated Interim statements of cash flows
for the three months ended March 31, 2026 and 2025

	Notes	Korean won in millions		U.S. dollar in thousands (Note 2)
		Q1 2026	Q1 2025	Q1 2026
Operating activities				
Profit for the period		₩ 277,304	₩ 203,776	\$ 183,232
Reconciliation of profit for the period to net cash flows provided by operating activities	30	318,223	175,418	210,270
Changes in operating assets and liabilities	30	(506,238)	418,363	(334,504)
Interest received		23,543	18,502	15,556
Dividends received		9,717	3,941	6,421
Interest paid		(77,007)	(62,341)	(50,883)
Income tax paid		(64,943)	(87,377)	(42,912)
Net cash flows provided by (used in) operating activities		₩ (19,401)	₩ 670,282	\$ (12,820)
Investing activities				
Cash inflows from investing activities				
Proceeds from disposal of short-term financial instruments		₩ 9,211	₩ 68,996	\$ 6,086
Proceeds from disposal of financial assets at FVOCI		620	-	410
Proceeds from disposal of investments in associates		6,623	7,089	4,376
Proceeds from decrease in guarantee deposits		118	9	78
Refund of long-term guarantee deposits		388	283	256
Proceeds from disposal of property, plant and equipment		3,739	4,506	2,471
Proceeds from disposal of intangible assets		13	761	9
Proceeds from disposal of assets held for sale		-	113,209	-
Collection of short-term loans		1,630	3,448	1,077
Collection of long-term loans		24	11	16
Proceeds from settlement of derivative assets		-	42	-
Receipt of guarantee deposits received		34	49	22
Collection of finance lease receivables		5,560	6,421	3,674
Cash outflows from investing activities				
Acquisition of short-term financial instruments		(8,735)	(58,973)	(5,772)
Acquisition of investments in associates		(8,000)	-	(5,286)
Payment of guarantee deposits		(167)	(331)	(110)
Payment of long-term guarantee deposits		(656)	(316)	(433)
Payment for short-term loans		(2,247)	(815)	(1,485)
Payment for long-term loans		(56)	(22)	(37)
Acquisition of long-term financial instruments		-	(72)	-
Settlement of derivative liabilities		(48)	(100)	(32)
Acquisition of property, plant and equipment		(126,078)	(197,351)	(83,308)
Acquisition of intangible assets		(109,390)	(100,381)	(72,281)
Repayment of guarantee deposits received		-	(587)	-
Net cash flows used in investing activities		₩ (227,417)	₩ (154,124)	\$ (150,269)

(Continued)

POSCO International corporation and its subsidiaries
Condensed Consolidated Interim statements of cash flows
for the three months ended March 31, 2026 and 2025

	Korean won in millions		U.S. dollar in thousands (Note 2)
	Q1 2026	Q1 2025	Q1 2026
Financing activities			
Cash inflows from financing activities			
Net increase in short-term borrowings	₩ 375,929	₩ -	\$ 248,400
Proceeds from long-term borrowings	495,055	310,296	327,114
Paid-in capital increase of subsidiaries	-	71,329	-
Others	217	64	143
Cash outflows from financing activities			
Net decrease in short-term borrowings	-	(108,861)	-
Repayment of current portion of long-term borrowings	(168,200)	(64,218)	(111,140)
Repayment of long-term borrowings	(176)	(599)	(116)
Redemption of current portion of bonds	(80,000)	(527,500)	(52,861)
Payment of lease liabilities	(18,317)	(21,913)	(12,103)
Dividends paid	-	(167)	-
Acquisition of additional interests in non-controlling interests	(405,489)	-	(267,932)
Others	(6)	(415)	(4)
Net cash flows provided by (used in) financing activities	₩ 199,013	₩ (341,984)	\$ 131,501
Net increase (decrease) in cash and cash equivalents	₩ (47,805)	₩ 174,174	\$ (31,588)
Cash and cash equivalents as of January 1	1,171,466	1,057,204	774,062
Net foreign exchange difference	(12,079)	(14,090)	(7,981)
Cash and cash equivalents as of March 31	₩ 1,111,582	₩ 1,217,288	\$ 734,493
Cash and cash equivalents in the statement of financial position	₩ 1,111,582	₩ 1,209,822	\$ 734,493
Disposal groups held for sale	₩ -	₩ 7,466	\$ -

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

1. Corporate information

1.1 The parent company

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

The Company has listed its shares on the Korea Exchange since March 23, 2001. The Company’s issued capital as of March 31, 2026 amounts to ₩879,614 million (\$581,217 thousand). The Company merged with POSCO Energy Co., Ltd. as of January 1, 2023 as the base date for the merger.

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

As of March 31, 2026, POSCO Holdings Inc. is the largest shareholder of the Company, and it has an effective stake of 72.98%.

1.2 Consolidated subsidiaries

Subsidiaries	Business	Number of shares	Country of domicile	Equity ownership (%)	
				Mar. 31, 2026	Dec. 31, 2025
POSCO INTERNATIONAL AMERICA CORP.	Trading	555,000	USA	100	100
POSCO INTERNATIONAL DEUTSCHLAND GmbH	Trading	-	Germany	100	100
POSCO INTERNATIONAL JAPAN CORP.	Trading	209,600	Japan	100	100
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	Trading	3,500,000	Singapore	100	100
POSCO INTERNATIONAL ITALIA S.R.L.	Trading	-	Italy	100	100
POSCO INTERNATIONAL (CHINA) CO., LTD.	Trading	-	China	100	100
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	Trading	493,240	Myanmar	100	100
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	Trading	53,078	Mexico	100	100
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	Trading	6,091,002	Malaysia	100	100
POSCO INTERNATIONAL SHANGHAI CO., LTD.	Trading	-	China	100	100
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO., LTD.	Trading	-	China	100	100
POSCO INTERNATIONAL INDIA PVT., LTD.	Trading	8,940,000	India	100	100
POSCO INTERNATIONAL VIETNAM CO., LTD.	Trading	-	Vietnam	100	100
POSCO INTERNATIONAL UKRAINE LLC.	Trading	-	Ukraine	100	100
POSCO INTERNATIONAL (THAILAND) CO., LTD.	Trading	1,510,000	Thailand	100	100
PT POSCO INTERNATIONAL INDONESIA	Trading	112,800	Indonesia	100	100
POS-SEA PTE LTD	Trading	1,020,000	Singapore	100	100
POSCO MOBILITY SOLUTION CO., LTD.	Steel manufacturing	1,000,000	Korea	100	100
POSCO INTERNATIONAL TEXTILE LLC.	Cotton	-	Uzbekistan	100	100
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD (*4)	Natural resource development	119,676,667	Australia	100	100
PI AAPC CORP.	Steel manufacturing	5,000	USA	100	100
PT. BIO INTI AGRINDO	Natural resource development	496,333	Indonesia	85	85
BRAZIL SAO PAULO STEEL PROCESSING CENTER	Steel manufacturing	-	Brazil	51	51
GOLDEN LACE POSCO INTERNATIONAL CO., LTD. (*5)	Grain crop/Wholesales	-	Myanmar	-	60
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	Hotel	254,117,647	Singapore	75	75
POSCO INTERNATIONAL AMARA CO., LTD.	Hotel	680,000	Myanmar	64	64

1.2 Consolidated subsidiaries (cont'd)

Subsidiaries	Business	Number of shares	Country of domicile	Equity ownership (%)	
				Mar. 31, 2026	Dec. 31, 2025
PT POSCO INTERNATIONAL E&P INDONESIA	Natural resource development	189,878	Indonesia	100	100
POSCO INTERNATIONAL INDIA E-MOBILITY	Steel manufacturing	876,041	India	74	74
GRAIN TERMINAL HOLDING PTE. LTD.	Grain	100	Singapore	100	100
MYKOLAIN MILLING WORKS PJSC	Grain	-	Ukraine	100	100
YUZHNAVYA STEVEDORING COMPANY LIMITED LLC.	Grain	-	Ukraine	100	100
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	Natural resource development	110,474,773	Malaysia	100	100
AGPA PTE. LTD.	Grain	931,915,659	Singapore	100	100
SENEX HOLDINGS PTY LTD (*1) (*2)	Natural resource development	771,291,504	Australia	50	50
POSCO INTERNATIONAL MEXICO E-MOBILITY	Steel manufacturing	3,159,923	Mexico	100	100
PT.KRAKATAU POSCO ENERGY	By-product combined power generation	45,705,000	Indonesia	55	55
TANCHEON E&E CO., LTD.	Heat supply	1,573,081	Korea	100	100
Korea Fuel Cell	Maintenance of fuel cell business facilities	10,000,000	Korea	100	100
Shinan green energy Co., Ltd.	Wind power generation	45,517,744	Korea	55	55
PT AGPA REFINERY COMPLEX	Oil and fat manufacturing	1,151,262	Indonesia	60	60
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.,	Steel manufacturing	1,506,407	Poland	100	100
POSCO INTERNATIONAL E&P USA INC. (*3)	Natural resource development	1,000	USA	100	100
POSCO INTERNATIONAL ALASKA ENERGY LLC.	Natural resource development	8,750,000	USA	100	100
PT PRIME AGRI RESOURCES (formerly, PT SAMPOERNA AGRO TBK) (*7) (*8)	Natural resource development	1,794,889,157	Indonesia	99	66
CENTRUX LNG PTE. LTD. (*6)	Natural resource development	9,500,000	Singapore	100	-

(*1) This entity has 21 subsidiaries, including SENEX ENERGY LIMITED.

(*2) As of March 31, 2026, although the ownership interest is 50.1%, the Group has classified this entity as a subsidiary as it is deemed to exercise de facto control in accordance with the shareholders' agreement.

(*3) Including POSCO INTERNATIONAL CCS USA LLC.

(*4) Including POSCO INTERNATIONAL NARRABRI INVESTMENT PTY LTD.

(*5) Disposed of during the three months ended March 31, 2026.

(*6) Newly established during the three months ended March 31, 2026.

(*7) This entity has 24 subsidiaries, including PT AEK TARUM.

(*8) The corporate name was changed through a general meeting of shareholders in January 2026.

1.3 Summarized financial information of the subsidiaries

The summarized financial information on the Group's subsidiaries as of and for the three months ended March 31, 2026 is as follows (Korean won in millions):

Subsidiaries	Assets	Liabilities	Equity	Sales	Net profit(loss)
POSCO INTERNATIONAL AMERICA CORP.	925,163	659,898	265,265	820,191	8,546
POSCO INTERNATIONAL DEUTSCHLAND GmbH	831,304	811,551	19,753	386,275	730
POSCO INTERNATIONAL JAPAN CORP.	289,507	101,064	188,443	382,673	3,002
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	290,443	261,960	28,483	955,046	1,492
POSCO INTERNATIONAL ITALIA S.R.L.	386,731	359,224	27,507	382,486	1,789
POSCO INTERNATIONAL (CHINA) CO., LTD.	40,151	4,125	36,026	89,437	190
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	22,395	22,157	238	104	113
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	212,874	118,277	94,597	143,102	4,694
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	16,403	9,340	7,063	16,568	(44)
POSCO INTERNATIONAL SHANGHAI CO., LTD.	47,999	39,022	8,977	76,821	131
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO., LTD.	6,131	2,194	3,937	2,402	(2)
POSCO INTERNATIONAL INDIA PVT., LTD.	11,146	19,006	(7,860)	1,232	150
POSCO INTERNATIONAL VIETNAM CO., LTD.	30,849	18,177	12,672	37,784	1,178
POSCO INTERNATIONAL UKRAINE, LLC.	3,143	5,351	(2,208)	60	(211)
POSCO INTERNATIONAL (THAILAND) CO., LTD.	51,446	31,651	19,795	58,093	945
PT. POSCO INTERNATIONAL INDONESIA	55,541	31,275	24,266	85,552	1,470
POSCO SOUTH EAST ASIA PTE. LTD.	8,862	19,054	(10,192)	-	(228)
POSCO MOBILITY SOLUTION CO., LTD.	919,974	365,902	554,072	291,337	(427)
POSCO INTERNATIONAL TEXTILE LLC.	27,843	2,761	25,082	366	222
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	31,775	6,066	25,709	9,477	981
PT. BIO INTI AGRINDO	339,339	149,229	190,110	61,395	19,253
BRASIL SAO PAULO STEEL PROCESSING CENTER	3,962	41,432	(37,470)	-	1,227
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	302,802	352,809	(50,007)	-	2,320
POSCO INTERNATIONAL AMARA CO., LTD.	323,690	519,228	(195,538)	10,874	(11,331)
PT POSCO INTERNATIONAL E&P INDONESIA	15,391	764	14,627	-	(290)
POSCO INTERNATIONAL INDIA E-MOBILITY	31,016	22,246	8,770	16,114	157
GRAIN TERMINAL HOLDING PTE. LTD.	46,026	75,334	(29,308)	-	153
MYKOLAIV MILLING WORKS PJSC.	43,322	95,883	(52,561)	-	(1,954)
YUZHNYAYA STEVEDORING COMPANY LIMITED LLC.	17,588	647	16,941	-	(606)
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	1,351	165	1,186	-	(345)
AGPA PTE. LTD.	1,554,353	31,931	1,522,422	-	(7,255)
SENEX HOLDINGS PTY LTD	2,944,139	1,237,788	1,706,351	123,317	15,161
POSCO INTERNATIONAL MEXICO E-MOBILITY	263,627	117,038	146,589	58,339	38,584
PT. KRAKATAU POSCO ENERGY	317,417	84,234	233,183	9,151	3,777
TANCHEON E&E CO., LTD.	17,195	5,682	11,513	1,930	1,077
Korea Fuel Cell	59,021	578	58,443	138	(1,284)
Shinan green energy Co., Ltd.	128,205	130,319	(2,114)	5,262	718
PT AGPA REFINERY COMPLEX	180,022	6,732	173,290	-	(789)
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.,	112,017	67,873	44,144	13,436	(2,542)
POSCO INTERNATIONAL E&P USA INC.	126	-	126	-	-
POSCO INTERNATIONAL ALASKA ENERGY LLC	13,259	-	13,259	-	-
PT PRIME AGRI RESOURCES (formerly, PT SAMPOERNA AGRO TBK)	757,331	298,557	458,774	108,173	(54,057)
CENTRUX LNG PTE. LTD.	14,169	-	14,169	-	(201)

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

2. Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034, '*Interim Financial Reporting*', enacted by the *Act on External Audit of Stock Companies*.

These interim consolidated financial statements do not include all the information and disclosures required for the annual financial statements. Therefore, they should be read in conjunction with the annual financial statements for the fiscal year ended December 31, 2025.

The accompanying consolidated financial statements for the three-month periods ended March 31, 2026 and 2025, have been translated into United States dollars solely for the convenience of the reader. The exchange rate used was the won/dollar exchange rate on March 31, 2026 which is 1,513.40 won/dollar.

2.2 New and amended standards adopted by the Group

Significant accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual financial statements for the fiscal year ended December 31, 2025, except for the adoption of new and amended standards that became effective on January 1, 2026. The Group has not early adopted any other standards, interpretations, or amendments that have been issued but are not yet effective.

2.2.1 Amendments to K-IFRS 1109 *Financial Instruments* and K-IFRS 1107 *Financial Instruments: Disclosures*

K-IFRS 1109 *Financial Instruments* and K-IFRS 1107 *Financial Instruments: Disclosures* have been amended to address issues raised in practice and to include new requirements.

- permit financial liabilities to be deemed settled (derecognized) before the settlement date if specific criteria are met, provided the settlement is made through an electronic payment system.
- clarify and provide additional guidance for assessing whether financial assets meet the Solely Payments of Principal and Interest (SPPI) criterion.
- disclose, by class of financial instrument, the impact of contractual terms that change the timing or amount of contractual cash flows and the extent of the entity's exposure to such risks.
- additional disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

2.2.2 Annual Improvements to KIFRS - Volume 11

Annual Improvements to KIFRS - Volume 11 are effective for annual periods beginning on or after January 1, 2026.

- 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*

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

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

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

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

There is no material impact on the interim consolidated financial statements arising from these amendments.

2.3 New and amended standards not yet adopted by the Group

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group did not early apply the following new or revised standards when preparing consolidated financial statements.

2.3.1 KIFRS 1118 *Presentation and Disclosure in Financial Statements*

K-IFRS 1118 *Presentation and Disclosures in Financial Statements* supersedes K-IFRS 1001 *Presentation of Financial Statements*. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. However, the Group has not early adopted the standard in the preparation of these condensed consolidated financial statements. K-IFRS 1118 requires a more structured statement of profit or loss and greater disaggregation of information. The Group is currently assessing the potential effects that the adoption of K-IFRS 1118 may have on its financial statements. The expected effects for the initial application period are described below; however, the actual effects of applying the standard from January 1, 2027 may differ for the following reasons:

- the Group has not completed the design and evaluation of changes to its procedures and controls; and
- the new accounting policies may be subject to change until the issuance of the first annual financial statements prepared in accordance with this standard.

2.3.1.1 Structure of the Statement of Profit or Loss

K-IFRS 1118 requires all income and expenses to be classified into one of five categories: operating, investing, financing, income taxes, and discontinued operations. The classification of income and expenses into these categories depends on the entity's main business activities. The Group has assessed that it does not have specified main business activities, such as investing in assets or providing financing to customers.

The application of K-IFRS 1118 will not change the Group's net income or net assets. However, the Group is required to present two newly defined subtotals: 'Operating profit' and 'Profit before financing and income taxes'. The 'Operating profit' subtotal will differ from the operating profit currently presented by the Group. Based on currently available information, the Group has performed an overall preliminary assessment of the impact of applying K-IFRS 1118, and the following potential impacts have been identified:

2.3.1.1 Structure of the Statement of Profit or Loss (cont'd)

- share of profit or loss of equity-accounted investees is currently presented below 'Operating profit' and above 'Finance income and costs' in the condensed statement of comprehensive income. In accordance with K-IFRS 1118, income and expenses from investments accounted for using the equity method are always classified into the investing category. Accordingly, the Group's share of profit or loss of equity-accounted investees will be classified and presented within the investing category.
- interest income and interest expenses are generally included in finance income and finance costs under the Group's current accounting policies and presented as a subtotal of 'Finance income and costs'. K-IFRS 1118 provides specific guidance for classifying income and expenses into the investing and financing categories. Under K-IFRS 1118:
 - 1) interest income arising from certain financial assets held by the Group (e.g., interest income from corporate bonds and cash and cash equivalents) will be classified and presented in the investing category.
 - 2) interest expenses arising from certain liabilities (e.g., interest expenses on financial liabilities not measured at fair value through profit or loss and interest expenses on provisions for restoration) will be classified and presented in the financing category.
- currently, net foreign exchange losses are included in finance costs and presented as 'Finance income and costs'. According to K-IFRS 1118, foreign exchange differences must be classified in the same category as the income and expenses arising from the items that generated those differences. The Group has determined that foreign exchange differences may be classified into the operating, investing, and financing categories. For example, foreign exchange differences on trade payables will be classified in the operating category.
- gains or losses on financial instruments designated as cash flow hedging instruments are currently included in finance costs and presented as 'Finance income and costs'. Under K-IFRS 1118, gains or losses on financial instruments designated as hedging instruments must be classified in the same category as the income and expenses affected by the risks that the financial instruments are used to manage.

Under K-IFRS 1118, operating expenses are classified and presented as line items using a nature-of-expense, function-of-expense, or mixed presentation method. The Group has determined that using a mixed presentation method will provide the most useful structured summary of its operating expenses.

2.3.1.2 Management-defined Performance Measures (MPM)

Management-defined Performance Measures (MPM) are subtotals of income and expenses used in public communications outside the financial statements. They communicate management's view on an aspect of the entity's overall financial performance to the users of the financial statements. The Group is required to disclose specific information regarding MPMs in a single note within the financial statements.

The Group has developed a process to determine which public communications are relevant when identifying MPMs. MPMs relate to the same reporting period as the financial statements. Accordingly, the MPMs to be disclosed upon the adoption of K-IFRS 1118 will be determined based on the public communications issued by the Group in relation to the interim reporting periods in 2027.

2.3.1.3 Principles of Aggregation and Disaggregation

K-IFRS 1118 provides enhanced principles on how to group and present information by type in the financial statements (i.e., the primary financial statements and the notes). It also introduces guidance on how to name and describe items presented in the primary financial statements or disclosed in the notes. The Group is currently evaluating the aggregation and disaggregation of items based on their similar or dissimilar characteristics. Based on this evaluation, the Group intends to present items that provide a useful structured summary in the primary financial statements and disclose additional material information in the notes.

Furthermore, the Group is reviewing items currently presented as 'Other' and intends to use more descriptive and useful names in the future.

2.3.2 Amendments to Other Standards

With the issuance of K-IFRS 1118, K-IFRS 1007 *Statement of Cash Flows* has been amended. When presenting operating cash flows using the indirect method, the newly defined 'Operating profit' subtotal must be used as the starting point. Currently, the Group uses 'Profit or loss' as the starting point for its operating cash flows.

Consequently, some adjustment items from the starting point of the indirect method will change. For example, the Group's share of the profit or loss of equity-accounted investees will no longer be an adjustment item, as it is not included in the starting point, 'Operating profit'. Cash dividends received from such investees will be included in investing cash flows.

In addition, the amendments to K-IFRS 1007 provide specific guidance on the classification of interest and dividend cash flows. In accordance with this guidance, the Group intends to classify cash flows from interest payments as financing activities rather than operating activities. Interest and dividends received, and dividends paid, will continue to be classified as investing and financing activities, respectively, as in previous periods.

3. Segment information

3.1 Operating segments

The Group divided the segments provided for management's decision-making into two segments (Material Industry and Energy). Accounting policies of each segment are the same as those of the Group mentioned in Note 2.

3.1.1 The financial performance of each segment for the three months ended March 31, 2026 and 2025 is as follows:

Korean won in millions						U.S. dollar in Thousands
Q1 2026						Q1 2026
	Material Industry	Energy	Consolidation adjustment	Total		Total
Sales	₩ 10,054,136	₩ 1,118,140	₩ -	₩ 11,172,276	\$	7,382,236
Inter-segment sales	(2,760,303)	(1,552)	-	(2,761,855)		(1,824,934)
External sales	7,293,833	1,116,588	-	8,410,421		5,557,302
Operating profit	175,557	171,975	9,980	357,512		236,231

Korean won in millions						U.S. dollar in Thousands
Q1 2025						Q1 2025
	Material Industry	Energy	Consolidation adjustment	Total		Total
Sales	₩ 9,598,451	₩ 986,315	₩ -	₩ 10,584,766	\$	6,994,031
Inter-segment sales	(2,446,558)	(806)	-	(2,447,364)		(1,617,130)
External sales	7,151,893	985,509	-	8,137,402		5,376,901
Operating profit	124,270	141,398	9,630	275,298		181,907

3.1.2 The financial positions of each segment as of March 31, 2026 and December 31, 2025 are as follows:

Korean won in millions						U.S. dollar in Thousands
March 31, 2026						Mar. 31, 2026
	Material Industry	Energy	Consolidation adjustment	Total		Total
Total assets	₩ 16,096,092	₩ 10,024,962	₩ (6,940,823)	₩ 19,180,231	\$	12,673,603
Total liabilities	9,763,790	3,197,392	(3,466,947)	9,494,235		6,273,447

Korean won in millions						U.S. dollar in Thousands
December 31, 2025						Dec. 31, 2025
	Material Industry	Energy	Consolidation adjustment	Total		Total
Total assets	₩ 13,932,204	₩ 9,449,859	₩ (5,203,758)	₩ 18,178,305	\$	12,011,567
Total liabilities	8,862,521	2,924,791	(3,405,613)	8,381,699		5,538,324

3.1.3 Reconciliation

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

3.1.3.1 The reconciliations of assets as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Segment operating assets	₩ 19,180,231	₩ 18,178,305	\$ 12,673,603
Deferred tax assets	552,967	562,987	365,381
Non-current current tax assets	11,719	11,719	7,743
Total assets	₩ 19,744,917	₩ 18,753,011	\$ 13,046,727

3.1.3.2 The reconciliations of liabilities as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Segment operating liabilities	₩ 9,494,235	₩ 8,381,699	\$ 6,273,447
Current tax liabilities	75,131	74,551	49,644
Deferred tax liabilities	112,046	106,435	74,036
Current portion of bonds	600,334	596,631	396,679
Non-current bonds	1,731,083	1,781,039	1,143,837
Total liabilities	₩ 12,012,829	₩ 10,940,355	\$ 7,937,643

3.2 Revenue from the contract with customers

Details of classification of sales except for rental revenue of ₩11,941 million (\$7,890 thousand) for the three months ended March 31, 2026 (2025: ₩3,158 million (\$2,087 thousand)) for the three months ended March 31, 2026 and 2025 are as follows:

3.2.1 Categorization of sales based on the geographical locations for the three months ended March 31, 2026 and 2025

	Korean won in millions			U.S. dollar in thousands
	Q1 2026			Q1 2026
	Total Sales	Inter-segment Sales	External Sales	External Sales
Domestic	₩ 1,555,912	₩ (229,626)	₩ 1,326,286	\$ 876,362
Asia (excluding China)	4,310,530	(931,418)	3,379,112	2,232,795
China	711,892	(51,201)	660,691	436,561
North America	2,221,666	(742,318)	1,479,348	977,500
Europe	1,545,590	(806,922)	738,668	488,085
Others	814,745	(370)	814,375	538,109
Total sales	₩ 11,160,335	₩ (2,761,855)	₩ 8,398,480	\$ 5,549,412
U.S. dollar in thousands	\$ 7,374,346	\$ (1,824,934)	\$ 5,549,412	

	Korean won in millions			U.S. dollar in thousands
	Q1 2025			Q1 2025
	Total Sales	Inter-segment Sales	External Sales	External Sales
Domestic	₩ 1,566,758	₩ (218,765)	₩ 1,347,993	\$ 890,705
Asia (excluding China)	4,561,010	(1,049,638)	3,511,372	2,320,188
China	857,668	(63,681)	793,987	524,638
North America	1,528,093	(607,843)	920,250	608,068
Europe	1,142,755	(486,726)	656,029	433,480
Others	925,324	(20,712)	904,612	597,735
Total sales	₩ 10,581,608	₩ (2,447,365)	₩ 8,134,243	\$ 5,374,814
U.S. dollar in thousands	\$ 6,991,944	\$ (1,617,130)	\$ 5,374,814	

3.2.2 Categorization of sales based on the major products and services for the three months ended March 31, 2026 and 2025

	Korean won in millions	U.S. dollar in thousands
	Q1 2026	Q1 2026
Steel	₩ 8,161,732	\$ 5,392,976
Energy	1,109,415	733,061
Food material	1,888,921	1,248,131
Others	267	176
Total sales	₩ 11,160,335	\$ 7,374,344
Inter-segment sales	(2,761,855)	(1,824,934)
External sales	₩ 8,398,480	\$ 5,549,410

	Korean won in millions	U.S. dollar in thousands
	Q1 2025	Q1 2025
Steel	₩ 7,883,431	\$ 5,209,086
Energy	986,199	651,645
Food material	1,710,954	1,130,537
Others	1,024	677
Total sales	₩ 10,581,608	\$ 6,991,945
Inter-segment sales	(2,447,365)	(1,617,130)
External sales	₩ 8,134,243	\$ 5,374,815

3.2.3 Categorization of sales based on the type of transactions for the three months ended March 31, 2026 and 2025

	Korean won in millions	U.S. dollar in thousands
	Q1 2026	Q1 2026
Export	₩ 2,981,145	\$ 1,969,833
Domestic	1,153,484	762,181
Third-country trade	7,025,706	4,642,332
Total sales	₩ 11,160,335	\$ 7,374,346
Inter-segment sales	(2,761,855)	(1,824,934)
External sales	₩ 8,398,480	\$ 5,549,412

	Korean won in millions	U.S. dollar in thousands
	Q1 2025	Q1 2025
Export	₩ 3,125,433	\$ 2,065,173
Domestic	1,337,409	883,711
Third-country trade	6,118,766	4,043,059
Total sales	₩ 10,581,608	\$ 6,991,943
Inter-segment sales	(2,447,365)	(1,617,130)
External sales	₩ 8,134,243	\$ 5,374,813

3.2.4 Categorization of sales based on the timing of revenue recognition for the three months ended March 31, 2026 and 2025

	Korean won in millions	U.S. dollar in thousands
	Q1 2026	Q1 2026
Sales at a point in time	₩ 10,386,790	\$ 6,863,215
Sales over period	773,545	511,131
Total sales	₩ 11,160,335	\$ 7,374,346
Inter-segment sales	(2,761,855)	(1,824,934)
External sales	₩ 8,398,480	\$ 5,549,412

	Korean won in millions	U.S. dollar in thousands
	Q1 2025	Q1 2025
Sales at a point in time	₩ 9,800,996	\$ 6,476,144
Sales over period	780,612	515,800
Total sales	₩ 10,581,608	\$ 6,991,944
Inter-segment sales	(2,447,365)	(1,617,130)
External sales	₩ 8,134,243	\$ 5,374,814

3.3 Information about key customers

There are no external customers accounting for more than 10% of the Group's sales for the three months ended March 31, 2026 and 2025.

4. Trade and other receivables

4.1 Details of trade and other receivables as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Current			
Trade receivables	₩ 4,375,980	₩ 3,987,485	\$ 2,891,489
Allowance for doubtful accounts	(30,126)	(25,449)	(19,906)
Other receivables	304,204	252,810	201,007
Allowance for doubtful accounts	(8,858)	(10,503)	(5,853)
Accrued income	94,889	88,059	62,699
Allowance for doubtful accounts	(80)	(80)	(53)
Guarantee deposits	6,329	6,158	4,182
Short-term loans	2,679	2,612	1,770
Current portion of finance lease receivables	25,048	22,269	16,551
Current portion of long-term loans	4	500	3
	<u>₩ 4,770,069</u>	<u>₩ 4,323,861</u>	<u>\$ 3,151,889</u>
Non-current			
Long-term trade receivables	₩ 14,252	₩ 9,766	\$ 9,417
Allowance for doubtful accounts	(8,046)	(7,756)	(5,317)
Long-term loans	29,968	3,505	19,802
Long-term other receivables	203,583	194,866	134,520
Allowance for doubtful accounts	(147,905)	(132,667)	(97,730)
Long-term finance lease receivables	289,930	278,726	191,575
Long-term guarantee deposits	16,001	16,673	10,573
Allowance for doubtful accounts	(22)	(20)	(15)
	<u>₩ 397,761</u>	<u>₩ 363,093</u>	<u>\$ 262,825</u>
	<u>₩ 5,167,830</u>	<u>₩ 4,686,954</u>	<u>\$ 3,414,714</u>

4.2 Financial assets transferred but not derecognized

As of March 31, 2026 and December 31, 2025, the Group continues to recognize the book value of discounted trade receivables amounting to ₩213,338 million (\$140,966 thousand) and ₩140,407 million (\$92,776 thousand), respectively, and cash received through discounts was recognized as collateral borrowing.

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

5. Other financial assets

5.1 Details of other current financial assets as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Deposits in financial institutions	₩ 32,904	₩ 32,399	\$ 21,742

5.2 Details of other non-current financial assets as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Financial assets at FVOCI (equity)	₩ 45,875	₩ 46,276	\$ 30,313
Financial assets at FVPL (long-term investment)	13,679	12,992	9,039
Financial assets at FVPL (other securities)	37,629	35,675	24,864
Deposits in financial institutions (*1)	14,894	14,709	9,841
Total	₩ 112,077	₩ 109,652	\$ 74,057

(*1) Among the deposits with financial institutions classified as non-current financial assets, ₩12,495 million (\$8,256 thousand) is classified as financial instruments at FVPL.

5.3 Restricted deposits

As of March 31, 2026 and December 31, 2025, the Group has deposits of ₩23,204 million (\$15,332 thousand) and ₩23,000 million (\$15,198 thousand), respectively, in financial institutions that were restricted in use due to financial arrangements, collateral provisions and others.

6. Other assets

Details of other assets as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Other current assets			
Advanced payments	₩ 147,682	₩ 119,307	\$ 97,583
Allowance for doubtful accounts	(1,144)	(1,081)	(756)
Prepaid expenses	83,302	79,328	55,043
Biological assets (*1)	37,917	34,520	25,054
Others	21,824	18,878	14,421
	₩ 289,581	₩ 250,952	\$ 191,345
Other current assets			
Long-term advanced payments	₩ 23,917	₩ 23,797	\$ 15,803
Allowance for doubtful accounts	(1,703)	(1,703)	(1,125)
Long-term prepaid expenses	1,726	1,860	1,140
Others	14,350	11,960	9,482
	₩ 38,290	₩ 35,914	\$ 25,300
	₩ 327,871	₩ 286,866	\$ 216,645

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

7. Inventories

Details of inventories as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Merchandise	₩ 704,144	₩ 863,759	\$ 465,273
Valuation allowance	(525)	(699)	(347)
Finished goods	81,658	83,648	53,957
Valuation allowance	(2,146)	(2,002)	(1,418)
Semi-finished goods and Work-in-process	92,774	97,168	61,302
Valuation allowance	(29,880)	(31,165)	(19,744)
Raw materials	314,732	297,989	207,964
Valuation allowance	(53,432)	(53,124)	(35,306)
Materials-in-transit	630,486	463,533	416,602
Others	68,398	21,063	45,195
Valuation allowance	(3,782)	(4,005)	(2,499)
	₩ 1,802,427	₩ 1,736,165	\$ 1,190,979

The Group recognized inventory valuation losses in cost of sales of ₩795 million (\$525 thousand) and ₩1,728 million (\$1,142 thousand) for the three months ended March 31, 2026 and 2025, respectively. Additionally, the Group recognized reversal of loss on valuation of inventories in cost of sales of ₩1,739 million (\$1,149 thousand) and ₩3,863 million (\$2,552 thousand) for the three months ended March 31, 2026 and 2025, respectively. Furthermore, inventory valuation losses recognized in discontinued operations were nil and ₩388 million (US\$256 thousand) for the three months ended March 31, 2026 and 2025, respectively.

8. Investments in associates and joint venture

8.1 Details of investments in associates and joint venture as of March 31, 2026 and December 31, 2025 are as follows:

				Korean won in millions				U.S. dollar in thousand
Nationality	Number of shares	Equity ownership (%)	Mar. 31, 2026		Dec. 31, 2025	Mar. 31, 2026		
			cost	value	Book value	Book value	Book value	
<Associates>								
Shanghai Lansheng Daewoo Corp	China	-	49.0	₩ 5,312	₩ 1,407	₩ -	₩ -	\$ -
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	China	-	49.0	181	2,087	1,968	1,834	1,299
KOREA LNG LTD.	Bermuda	2,400	20.0	-	23,735	23,735	19,524	15,883
GENERAL MEDICINES CO., LTD.	Sudan	9,702	33.0	738	3,082	3,268	3,268	2,158
POSCO IJPC	Indonesia	11,893,706	21.7	13,475	15,427	15,188	13,793	10,036
DYNATEC MADAGASCAR S.A./AMBATOVOY MINERALS S.A. (*1) (*4)	Madagascar	54,394,845	3.9	348,880	(35,281)	-	-	-
POSCO MEXICO PROCESSING CENTER HOLDING, LLC (*1)	Mexico	14,175,200	19.6	14,004	22,888	21,540	20,412	14,233
GLOBAL KOMSCO DAEWOO LLC	Uzbekistan	3,850,000	35.0	4,445	9,531	9,525	8,894	6,294
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	Hongkong	50,082	25.0	83,029	287,537	287,525	283,374	178,771
Blue Ocean Recovery PEF No.1 (*3)	Korea	-	-	-	-	-	-	-
YULCHON MEXICO S.A. DE C.V. (*1)	Mexico	18,287,000	6.2	1,349	1,758	2,124	2,141	1,403
HyunSon Engineering & Construction (*1)	Algerie	279,000,000	4.9	281	607	597	588	394
Inco tech Inc. (*1)	Korea	350,000	10.0	350	(2,412)	-	-	-
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD. (*1)	China	10,302,191	10.0	11,488	10,481	10,095	9,458	6,870
POSCO-MALAYSIA SDN. BHD. (*1)	Malaysia	24,128,000	13.6	7,905	477	6,301	6,418	4,183
POSCO-ITPC S.P.A. (*1)	Italy	30,000	10.0	781	2,073	2,010	1,878	1,328
Gyeonggi Green Energy Co., Ltd. (*1) (*4)	Korea	2,880,000	19.0	14,400	(14,272)	-	-	-
Noeul Green Energy Co., Ltd. (*1) (*4)	Korea	120,000	10.0	600	(848)	-	-	-
Samcheok Blue Power Co., Ltd.	Korea	4,507,138	34.0	451,480	282,054	403,858	402,455	288,723
POSCO International CVC No. 1 New Technology Investment Association (*2) (*5)	Korea	8,800	80.0	8,800	8,524	8,524	848	5,632
				₩ 965,456	₩ 598,815	₩ 776,054	₩ 754,675	\$ 512,787
<Joint venture>								
ECO ENERGY SOLUTION CO., LTD.	Korea	600,000	50.0	₩ 3,000	₩ 9,940	₩ 9,497	₩ 8,970	\$ 8,275
				₩ 968,456	₩ 608,755	₩ 785,551	₩ 763,645	\$ 519,062

(*1) Although the Group's ownership interest is below 20%, these securities are classified as investments in associates as the Group is considered to have the ability to exercise significant influence over the investee.

(*2) Additional acquisitions were made during the three months ended March 31, 2026.

(*3) The liquidation was completed during the three months ended March 31, 2026.

(*4) As of March 31, 2026, the Group provides its investments in associates with a carrying amount of ₩458,875 million (\$303,208 thousand) as collateral for the borrowings of the associates.

(*5) It was classified as an associate in accordance with the fund's management agreement.

8.2 Changes in the carrying amounts of investments in associates for the three months ended March 31, 2026 and 2025 are as follows (Korean won in millions):

	1Q 2026						
	Beginning balance	Acquisition	Disposal	Share of profit (loss) of associates	Dividends	Others	Ending balance
Shanghai Liansheng Daewoo Corp. (*1)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Shanghai Waigaoqiao Free Trade Zone Liansheng Daewoo Int'l Trading Co., Ltd.	1,834	-	-	-	-	132	1,966
KOREA LNG LTD.	19,524	-	-	784	(749)	4,176	23,735
GENERAL MEDICINES CO., LTD.	3,266	-	-	-	-	-	3,266
POSCO IJPC	13,793	-	-	598	-	797	15,188
DYNATEC MADAGASCAR S.A./AMBATOVY MINERALS S.A. (*1)	-	-	-	-	-	-	-
POSCO MEXICO PROCESSING CENTER HOLDING, LLC	20,412	-	-	(101)	-	1,229	21,540
GLOBAL KOMSCO DAEWOO LLC	8,894	-	-	139	-	492	9,525
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	263,374	-	(4,932)	13,365	(16,776)	12,494	267,525
Blue Ocean Recovery PEF No. 1 (*1)	-	-	-	-	-	-	-
YULCHON MEXICO S.A. DE C.V.	2,141	-	-	(97)	-	80	2,124
HyunSan Engineering & Construction	588	-	-	-	-	11	597
Inco tech Inc. (*1)	-	-	-	-	-	-	-
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD	9,456	-	-	(30)	-	689	10,095
POSCO-MALAYSIA SDN.BHD.	6,416	-	-	(148)	-	33	6,301
POSCO-ITPC S.p.A	1,878	-	-	76	-	56	2,010
Gyeonggi Green Energy Co., Ltd. (*1)	-	-	-	-	-	-	-
Noeul Green Energy Co., Ltd. (*1)	-	-	-	-	-	-	-
Samcheok Blue Power Co., Ltd.	402,455	-	-	1,203	-	-	403,658
POSCO International CVC No. 1 New Technology Investment Association	646	8,000	-	(121)	-	(1)	8,524
ECO ENERGY SOLUTION CO., LTD.	8,970	-	-	527	-	-	9,497
	<u>₩ 763,645</u>	<u>₩ 8,000</u>	<u>₩ (4,932)</u>	<u>₩ 16,195</u>	<u>₩ (17,525)</u>	<u>₩ 20,168</u>	<u>₩ 785,551</u>
U.S. dollar in thousand	<u>\$ 504,589</u>	<u>\$ 5,286</u>	<u>\$ (3,259)</u>	<u>\$ 10,701</u>	<u>\$ (11,580)</u>	<u>\$ 13,326</u>	<u>\$ 519,064</u>

8.2 Changes in the carrying amounts of investments in associates for the three months ended March 31, 2026 and 2025 are as follows (Korean won in millions) (cont'd)

	1Q 2025						
	Beginning balance	Acquisition	Disposal	Share of profit (loss) of associates	Dividends	Others	Ending balance
Shanghai Lansheng Daewoo Corp. (*1)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	1,801	-	-	-	-	4	1,805
KOREA LNG LTD.	25,622	-	-	1,501	(1,498)	(5,859)	19,766
GENERAL MEDICINES CO., LTD.	3,330	-	-	-	-	-	3,330
POSCO LIPC	15,704	-	-	(1,329)	-	(54)	14,321
DYNATEC MADAGASCAR S.A./AMBATOVOY MINERALS S.A. (*1)	-	-	-	-	-	-	-
POSCO MEXICO PROCESSING CENTER HOLDING, LLC	22,744	-	-	(1,135)	-	(127)	21,482
POSCO-ESDC LTD.	2,337	-	(2,376)	39	-	-	-
GLOBAL KOMSCO DAEWOO LLC	8,867	-	-	(40)	-	(20)	8,807
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	279,344	-	(3,770)	17,136	(11,941)	5,133	285,902
Blue Ocean Recovery PEF No. 1 (*1)	-	-	-	-	-	-	-
YULCHON MEXICO S.A. DE C.V.	1,862	-	-	84	-	(170)	1,776
HyunSan Engineering & Construction	573	-	-	-	-	4	577
Inco tech Inc. (*1)	-	-	-	-	-	-	-
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD	9,628	-	-	(80)	-	19	9,567
POSCO-MALAYSIA SDN.BHD.	6,084	-	-	282	-	6	6,372
POSCO-ITPC S.p.A	1,680	-	-	413	-	81	2,174
SHINPOONG DAEWOO PHARMA CO.,LTD.	851	-	-	(3)	-	(6)	842
Gyeonggi Green Energy Co., Ltd. (*1)	-	-	-	-	-	-	-
Noeul Green Energy Co., Ltd. (*1)	-	-	-	-	-	-	-
Samcheek Blue Power Co., Ltd.	339,954	-	-	5,306	(2,443)	(1)	342,816
AES MONG DUONG POWER CO., LTD.	-	-	-	-	-	-	-
MONG DUONG FINANCE HOLDINGS B.V	-	-	-	-	-	-	-
ECO ENERGY SOLUTION CO., LTD.	5,488	-	-	3,542	-	-	9,008
	<u>₩ 725,847</u>	<u>₩ -</u>	<u>₩ (6,146)</u>	<u>₩ 25,716</u>	<u>₩ (15,882)</u>	<u>₩ (936)</u>	<u>₩ 728,545</u>
U.S. dollar in thousand	<u>\$ 479,613</u>	<u>\$ -</u>	<u>\$ (4,061)</u>	<u>\$ 16,992</u>	<u>\$ (10,494)</u>	<u>\$ (654)</u>	<u>\$ 481,396</u>

(*1) The cumulative losses unrecognized due to the discontinuation of the equity method of accounting amount to ₩58,672 million (\$38,768 thousand) and ₩4,890 million (\$3,231 thousand) as of March 31, 2026 and 2025, respectively.

8.3 Details of unrealized gains and losses reflected in gain or loss on investments in associates for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
GLOBAL KOMSCO DAEWOO LLC.	₩ 5	₩ -	\$ 3
POSCO IJPC	(62)	107	(41)
POSCO-ITPC S.P.A.	(11)	51	(7)
POSCO-MALAYSIA SDN. BHD.	(3)	(5)	(2)
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	(297)	492	(196)
ECO ENERGY SOLUTION CO., LTD.	5	-	3
Samcheok Blue Power Co., Ltd.	(122)	-	(81)
	<u>₩ (485)</u>	<u>₩ 645</u>	<u>\$ (321)</u>

8.4 The summarized financial information on associates as of and for the year ended March 31, 2026 is as follows: (Korean won in millions)

Subsidiaries	Assets	Liabilities	Sales	Net profit(loss)
Shanghai Lansheng Daewoo Corp	5,154	2,282	-	-
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	56,725	52,507	-	-
KOREA LNG LTD.	118,940	264	4,387	3,920
GENERAL MEDICINES CO., LTD.	15,532	6,254	-	-
POSCO IJPC	208,226	137,115	79,038	1,473
DYNATEC MADAGASCAR S.A./AMBATOVY MINERALS S.A.	986,993	1,893,628	215,383	(43,376)
POSCO MEXICO PROCESSING CENTER HOLDING, LLC	606,628	491,185	217,045	1,002
GLOBAL KOMSCO DAEWOO LLC	48,328	21,096	5,593	383
SOUTH-EAST ASIA GAS PIPELINE COMPANY LTD	1,550,245	481,825	120,939	53,371
YULCHON MEXICO S.A. DE C.V.	45,442	17,283	7,812	(1,549)
HyunSon Engineering & Construction	384,271	371,858	-	-
Inco tech Inc.	60,002	84,123	-	-
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD.	107,677	2,864	78	(300)
POSCO-MALAYSIA SDN.BHD.	63,453	59,956	30,919	(1,064)
POSCO-ITPC S.P.A.	134,617	113,889	44,255	866
Gyeonggi Green Energy Co., Ltd.	253,555	328,683	25,759	(4,718)
Noeul Green Energy Co., Ltd.	83,640	90,103	11,019	1,815
Samcheok Blue Power Co., Ltd.	5,167,269	4,337,697	134,185	3,897
POSCO International CVC No. 1 New Technology Investment Association	10,655	-	-	(152)
ECO ENERGY SOLUTION CO., LTD.	31,616	11,735	23,693	1,044

9. Property, plant and equipment

9.1 Details of property, plant and equipment as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Acquisition cost	₩ 8,441,538	₩ 8,202,033	\$ 5,577,863
Accumulated depreciation	(2,934,869)	(2,857,712)	(1,939,255)
Accumulated impairment loss	(284,076)	(273,970)	(187,707)
Government grants	(269)	(276)	(178)
	<u>₩ 5,222,324</u>	<u>₩ 5,070,075</u>	<u>\$ 3,450,723</u>

9.2 Changes in the carrying amount of property, plant and equipment for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Beginning balance	₩ 5,070,075	₩ 4,240,600	\$ 3,350,122
Acquisition	108,124	178,305	71,444
Disposal, etc.	(2,981)	(1,388)	(1,970)
Impairment	(72)	-	(48)
Depreciation	(67,763)	(56,020)	(44,775)
Others (*1)	114,941	(29,998)	75,949
As of March 31, 2026	<u>₩ 5,222,324</u>	<u>₩ 4,331,499</u>	<u>\$ 3,450,722</u>

(*1) For the three months ended March 31, 2026, others include foreign currency translation effects of overseas subsidiaries

9.3 Joint Arrangement

Since the machinery within the aforementioned property, plant, and equipment includes the Group's share of jointly held assets through participation in joint arrangements, the details of the Group's major joint arrangements as of March 31, 2026 are as follows:

	Main business activities	Ownership interest (%)	Location
OFFSHORE MIDSTREAM	Gas transportation facilities	51	Myanmar

10. Leases

10.1 The carrying amounts and changes in right-of-use assets and lease liabilities for the three months ended March 31, 2026 and 2025 are as follows: (Korean won in millions)

	1Q 2026							
	Right-of-use assets						Lease receivables	Lease liabilities
	Land	Building and structure	Aircraft	Facility	Others	Total		
Beginning balance	₩ 35,156	₩ 73,833	₩ 12,152	₩ 240,573	₩ 462,370	₩ 824,084	₩ 300,995	₩ 875,274
Acquisition	-	6,342	-	-	265	6,607	2,601	8,803
Termination or cancellation of contracts	(112)	(314)	-	-	(5)	(431)	-	(560)
Depreciation	(221)	(5,210)	(1,176)	(5,325)	(8,932)	(20,864)	-	-
Interest income	-	-	-	-	-	-	1,354	-
Related profit	-	-	-	-	-	-	6,643	-
Interest expense	-	-	-	-	-	-	-	14,191
Foreign exchange	-	-	-	-	-	-	4,021	57,707
Impairment	(32)	-	-	-	-	(32)	-	-
Lease payment	-	-	-	-	-	-	-	(32,508)
Lease receipt	-	-	-	-	-	-	(3,477)	-
Others	2,155	3,848	-	24,437	26,335	56,775	2,841	18,988
Ending balance	₩ 36,946	₩ 78,499	₩ 10,976	₩ 259,685	₩ 480,033	₩ 866,139	₩ 314,978	₩ 941,895
U.S. dollar in thousands	\$ 24,413	\$ 51,869	\$ 7,253	\$ 171,590	\$ 317,188	\$ 572,313	\$ 208,126	\$ 622,370

	1Q 2025							
	Right-of-use assets						Lease receivables	Lease liabilities
	Land	Building and structure	Aircraft	Facility	Others	Total		
Beginning balance	₩ 48,664	₩ 32,984	₩ 16,856	₩ 242,457	₩ 41,844	₩ 382,805	₩ 328,453	₩ 413,800
Acquisition	-	11,387	-	-	233	11,620	-	10,183
Termination or cancellation of contracts	-	(700)	-	-	(25)	(725)	(407)	(1,275)
Depreciation	(286)	(4,344)	(1,176)	(4,659)	(2,722)	(13,187)	-	-
Interest income	-	-	-	-	-	-	1,474	-
Related profit	-	-	-	-	-	-	6,792	-
Interest expense	-	-	-	-	-	-	-	5,467
Foreign exchange	-	-	-	-	-	-	153	2,583
Lease payment	-	-	-	-	-	-	-	(27,380)
Lease receipt	-	-	-	-	-	-	(7,895)	-
Others	(4,702)	136	-	7,736	(1,892)	1,278	(7,409)	10,494
Ending balance	₩ 43,676	₩ 39,463	₩ 15,680	₩ 245,534	₩ 37,438	₩ 381,791	₩ 321,161	₩ 413,872
U.S. dollar in thousands	\$ 28,860	\$ 26,076	\$ 10,361	\$ 162,240	\$ 24,738	\$ 252,274	\$ 212,212	\$ 273,472

10.2 Group as a lesser

10.2.1 Details of finance lease receivables as of March 31, 2026 and December 31, 2025 are as follows: (Korean won in millions)

	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Finance lease receivables	₩ 25,048	₩ 289,930	₩ 22,269	₩ 278,726
U.S. dollar in thousands	\$ 16,551	\$ 191,575	\$ 14,715	\$ 184,172

10.2.2 Details of the maturity profile on finance lease as of March 31, 2026 and December 31, 2025 are as follows. The maturity amount is an undiscounted contractual cash flow that includes interest received.

	March 31, 2026	
	Korean won in millions	U.S. dollar in thousands
Within 1 year	₩ 25,605	\$ 16,919
More than 1 year and within 5 years	130,201	86,032
More than 5 years	183,221	121,066
	₩ 339,027	\$ 224,017

	December 31, 2025	
	Korean won in millions	U.S. dollar in thousands
Within 1 year	₩ 22,749	\$ 15,032
More than 1 year and within 5 years	125,193	82,723
More than 5 years	177,069	117,001
	₩ 325,011	\$ 214,756

10.2.3 The Group recognized rental income of ₩11,941 million (\$7,890 thousand) and ₩3,158 million (\$2,087 thousand) in relation to operating lease arrangements for the three months ended March 31, 2026 and 2025, respectively.

11. Intangible assets

11.1 Changes in the net book value of intangible assets liabilities for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Beginning balance	₩ 3,235,436	₩ 2,553,041	\$ 2,137,859
Acquisition	126,778	112,908	83,770
Disposal, etc.	(18)	(4)	(12)
Amortization	(75,665)	(65,431)	(49,997)
Others (*1)	148,822	19,676	98,336
As of March 31, 2026	₩ 3,435,353	₩ 2,620,190	\$ 2,269,956

(*1) For the three months ended March 31, 2026, others include foreign currency translation effects of overseas subsidiaries

11.2 Joint Arrangement

Since the mining rights within the aforementioned intangible assets includes the Group's share of jointly held assets through participation in joint arrangements, the details of the Group's major joint arrangements as of March 31, 2026 are as follows:

	Main business activities	Ownership interest (%)	Location
Myanmar A-1/A-3 blocks	Block development and gas production	51	Myanmar

12. Investment properties

12.1 Details of investment properties as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Acquisition cost	₩ 174,754	₩ 174,754	\$ 115,471
Accumulated depreciation	(38,496)	(37,726)	(25,437)
Accumulated impairment loss	(2,702)	(2,702)	(1,785)
	<u>₩ 133,556</u>	<u>₩ 134,326</u>	<u>\$ 88,249</u>

12.2 Changes in the book values of investment properties for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Beginning balance	₩ 134,326	₩ 137,912	\$ 88,758
Depreciation	(770)	(788)	(509)
Transfer	-	(356)	-
As of March 31, 2026	<u>₩ 133,556</u>	<u>₩ 136,768</u>	<u>\$ 88,249</u>

12.3 Details of income and expense arising from investment properties for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Rental income	₩ 3,192	₩ 3,232	\$ 2,109
Operating Expense	(1,634)	(1,686)	(1,080)
	<u>₩ 1,558</u>	<u>₩ 1,546</u>	<u>\$ 1,029</u>

12.4 Joint arrangement

The Group owns POSCO Tower Songdo, a real estate property, located in Yeonsu-gu, Incheon, under a joint arrangement. As of March 31, 2026, the Group owns 60% of the real estate property and has classified the asset as property, plant and equipment and investment properties. Such joint arrangements are accounted for as joint operations, and rental income generated and expenses incurred as a result of the joint operation are recognized as income and expenses in proportion to the Group's shares.

13. Trade and other payables

Details of trade and other payables as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Trade payables	₩ 2,124,945	₩ -	₩ 2,199,681	₩ -
Other payables	733,103	934	704,330	1,021
Accrued expenses	63,500	1,382	63,026	1,376
Dividends payable	170,444	-	-	-
Guarantee deposits received	1,726	9,821	1,690	9,669
Lease liabilities	100,480	841,414	92,532	782,742
Financial guarantee liabilities	-	606	-	675
	₩ 3,194,198	₩ 854,157	₩ 3,061,259	₩ 795,483
U.S. dollar in thousands	\$ 2,110,611	\$ 564,396	\$ 2,022,769	\$ 525,626

14. Borrowings and bonds

14.1 Details of borrowings as of March 31, 2026 and December 31, 2025 are as follows:

		Annual interest rates	The longest maturity	Korean won in millions				U.S. dollar in thousands	
Creditor				Mar. 31, 2026		Dec. 31, 2025		Mar. 31, 2026	
<Current borrowings>									
Short-term borrowings:									
NEGO borrowings	Woori Bank and others	3M TERM SOFR+0.48 % and others	2026.05.31	₩	816,400	₩	704,293	\$	539,448
General borrowings (Limit)	Woori Bank and others	3M TERM SOFR+0.63 % and others	2027.01.25		1,320,602		942,752		872,606
Korean won-denominated borrowings	HANA Bank and others	3.73% and others	2027.03.30		85,000		82,000		56,165
Other borrowings	HANA Bank and others	5.57% and others	2027.01.29		15,076		63,761		9,962
				₩	2,237,078	₩	1,792,806	\$	1,478,181
Current-portion of long-term borrowings:									
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2027.03.31		925		1,064		611
Forgivable borrowings	Korea Energy Agency	3year government bond yield	2027.03.15		5,419		7,045		3,581
General borrowings (Facility)	Shinhan Bank and others	3.85% and others	2026.04.29		509,271		405,794		336,508
Other borrowings (*1)	Korea EXIM Bank and others	2.12% and others	2027.03.23		125,460		119,224		82,899
Less: present value discount					(439)		-		(290)
				₩	640,636	₩	533,127	\$	423,309
				₩	2,877,714	₩	2,325,933	\$	1,901,490

14.1 Details of borrowings as of March 31, 2026 and December 31, 2025 are as follows: (cont'd)

		Annual interest rates	The longest maturity	Korean won in millions		U.S. dollar in thousands
Creditor				Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
<Non-current borrowings>						
Long-term borrowings denominated in Korean won:						
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2027.12.31	₩ 100	₩ 133	\$ 66
Facility borrowings	Community Credit Cooperatives and others	5.03% and others	2040.03.15	117,777	120,719	77,823
Other borrowings (*1)	Korea Rural Community Cooperation and others	2.00% and others	2035.09.15	510,675	466,317	337,436
				₩ 628,552	₩ 587,169	\$ 415,325
Long-term borrowings denominated in foreign currency:						
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	2029.03.13	183	231	121
Forgivable borrowings (*2)	Korea Energy Agency	3year government bond yield-1.25%	Undecided	92,637	90,367	61,211
Facility borrowings	Shinhan Bank and others	7.20% and others	2033.06.25	236,345	373,528	156,168
Other borrowings (*1)	Korea Development Bank and others	3M TERM SOFR+1.15 % and others	2035.09.15	756,700	322,852	500,000
				₩ 1,085,865	₩ 786,978	\$ 717,500
				₩ 1,714,417	₩ 1,374,147	\$ 1,132,825
Less: present value discount				(2,879)	(2,978)	(1,902)
				₩ 1,711,538	₩ 1,371,169	\$ 1,130,923
Total borrowings				₩ 4,589,252	₩ 3,697,102	\$ 3,032,413

(*1) The Group's property, plant and equipment are provided as collateral for the borrowings as of March 31, 2026 (see Note 18).

(*2) Due to the nature of the exploration project, the maturity date of the contingent loan cannot be specified.

14.2 Details of bonds as of March 31, 2026 and December 31, 2025 are as follows:

	Annual interest	Maturity	Korean won in millions		U.S. dollar in			
	rates			Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026		
Current Portion of bonds:								
22-3rd unsecured bond	1.96%	2026.07.04	₩	50,000	₩	50,000	\$	33,038
22-6th unsecured bond	2.25%	2026.08.08		50,000		50,000		33,038
25-2nd unsecured bond	2.18%	2026.03.19		-		80,000		-
30-2nd unsecured bond	3.02%	2027.01.27		40,000		-		26,431
31th unsecured bond	4.18%	2026.05.25		200,000		200,000		132,153
32-2nd unsecured bond	4.39%	2026.08.28		120,000		120,000		79,292
33-1st unsecured bond	3.28%	2026.09.11		80,000		80,000		52,861
Shelf Registration Sukuk								
1.2 Series B	10.35%	2026.03.17		-		13,546		-
Shelf Registration Bonds								
1.2 Series B	10.35%	2026.03.17		-		4,013		-
Shelf Registration Bonds								
1.3 Series B	8.40%	2027.03.02		40,041		-		26,458
Shelf Registration Sukuk								
1.3 Series B	8.40%	2027.03.02		20,489		-		13,538
			₩	600,530	₩	597,559	\$	396,809
Less: present value discount on bonds				(196)		(928)		(130)
			₩	600,334	₩	596,631	\$	396,679
Non-current bonds:								
24-4th unsecured bond	2.47%	2027.04.28	₩	50,000	₩	50,000	\$	33,038
24-7th unsecured bond	1.86%	2027.08.06		40,000		40,000		26,431
25-3rd unsecured bond	2.47%	2028.03.17		50,000		50,000		33,038
30-2nd unsecured bond	3.02%	2027.01.27		-		40,000		-
30-3rd unsecured bond	4.00%	2032.05.02		100,000		100,000		66,076
32-3rd unsecured bond	4.56%	2028.08.29		50,000		50,000		33,038
33-2nd unsecured bond	3.25%	2027.09.10		190,000		190,000		125,545
33-3rd unsecured bond	3.34%	2029.09.12		30,000		30,000		19,823
35-1st unsecured bond	2.66%	2027.09.10		100,000		100,000		66,076
35-2nd unsecured bond	2.69%	2028.09.12		100,000		100,000		66,076
35-3rd unsecured bond	2.90%	2030.09.10		100,000		100,000		66,076
34th privately placed bonds	3M SOFR+1% p.a.	2027.10.08		454,020		430,470		300,000
36th privately placed bonds	3M SOFR+0.98% p.a.	2028.10.20		454,020		430,470		300,000
Shelf Registration Bonds								
1.3 Series B	8.40%	2027.03.02		-		38,455		-
Shelf Registration Sukuk								
1.3 Series B	8.40%	2027.03.02		-		19,672		-
Shelf Registration Sukuk								
2.1 Series A	7.60%	2028.07.04		10,381		9,960		6,859
Shelf Registration Bonds								
2.1 Series A	7.60%	2028.07.04		1,262		1,210		834
Shelf Registration Sukuk								
2.1 Series B	8.25%	2030.07.04		539		517		356
Shelf Registration Bonds								
2.1 Series B	8.25%	2030.07.04		5,259		5,047		3,475
			₩	1,735,481	₩	1,785,801	\$	1,146,741
Less: present value discount on bonds				(4,397)		(4,762)		(2,905)
			₩	1,731,084	₩	1,781,039	\$	1,143,836
			₩	2,331,418	₩	2,377,670	\$	1,540,515

15. Other liabilities

Details of other liabilities as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Current:			
Advances received	₩ 172,766	₩ 166,527	\$ 114,158
Unearned revenue	64,309	61,867	42,493
Withholdings	69,382	43,744	45,845
Others	12,610	12,416	8,332
	₩ 319,067	₩ 284,554	\$ 210,828
Non-current:			
Long-term withholdings	₩ 37,401	₩ 38,311	\$ 24,713
Others	31,312	31,372	20,690
	₩ 68,713	₩ 69,683	\$ 45,403
Total	₩ 387,780	₩ 354,237	\$ 256,231

16. Retirement benefits

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

16.1 The amounts recognized as expenses under the defined contribution pension plan for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Defined contribution retirement benefit expense	₩ 1,545	₩ 1,631	\$ 1,021

16.2 Details of net defined benefit liabilities (assets) as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Present value of defined benefit obligation	₩ 294,237	₩ 296,259	\$ 194,421
Fair value of plan assets	(352,976)	(364,789)	(233,234)
Net defined benefit liabilities	24,427	21,510	16,140
Net defined benefit assets	(83,166)	(90,040)	(54,953)

16.3 Changes in the Net defined benefit liability(asset) for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Beginning balance	₩ (68,530)	₩ (64,914)	\$ (45,282)
Contribution by the employer	-	(1)	-
Benefits paid	1,401	10,293	926
Total expenses recognized in profit or loss	5,738	6,016	3,791
Re-measurement of defined benefit liability(asset)	2,717	(741)	1,795
Translation differences	(440)	41	(291)
Others	375	5,877	248
Ending balance	₩ (58,739)	₩ (43,429)	\$ (38,813)

17. Provisions

17.1 Details of provisions as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Provision for bonus	₩ 10,746	₩ -	₩ 38,880	₩ -
Provision for REC (*1)	51,943	-	45,150	-
Provision for emission rights (*3)	5,750	3,510	5,750	3,510
Provision for sales guarantee	-	408	-	274
Provision for contingency (see note 18)	-	24,163	-	22,945
Provision for restoration (*2) (see note 18)	-	158,875	-	144,421
Other provisions (*4)	144,173	7,578	138,516	6,628
	₩ 212,612	₩ 194,534	₩ 228,296	₩ 177,778
U.S. dollar in thousands	\$ 140,486	\$ 128,541	\$ 150,850	\$ 117,469

(*1) In accordance with Article 12-5 of the *Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy*, The Group is required to supply a certain minimum portion of its electricity generation using new and renewable energy. In accordance with the relevant laws and regulations, the Group has recognized a provision for the estimated amount required to fulfill this obligation, including any shortfall in the required supply using new and renewable energy for the current period and other costs directly attributable to the fulfillment of the obligation.

(*2) The Group recorded provisions for restoration subject to the obligations to restore mining areas and office leases.

(*3) The Group recognizes provisions for emissions for its obligation to submit emission allowances that exceed the amount held by the Group.

(*4) The Group has recognized a provision for the estimated costs expected to be incurred in the future, in accordance with relevant laws and regulations, such as the Indonesian Anti-Deforestation Law.

17.2 Changes in provisions for the three months ended March 31, 2026 and 2025 are as follows:

1Q 2026								
Korean won in millions								
	Provision for bonus, etc.	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Provision for sales guarantee	Other provisions	Total
Beginning balance	₩ 38,880	₩ 45,150	₩ 9,260	₩ 22,945	₩ 144,421	₩ 274	₩ 145,144	₩ 406,074
Increase	9,214	34,333	-	305	4,899	134	6,633	55,518
Reversal	(486)	-	-	(17)	(111)	-	-	(614)
Used	(36,644)	(27,540)	-	-	-	-	(43)	(64,227)
Foreign currency translation, etc.	45	-	-	930	9,667	-	17	10,659
Others	(263)	-	-	-	(1)	-	-	(264)
Ending balance	₩ 10,746	₩ 51,943	₩ 9,260	₩ 24,163	₩ 158,875	₩ 408	₩ 151,751	₩ 407,146
U.S. dollar in thousands	\$ 7,101	\$ 34,322	\$ 6,119	\$ 15,966	\$ 104,979	\$ 270	\$ 100,271	\$ 269,028
Current	₩ 10,746	₩ 51,943	₩ 5,750	₩ -	₩ -	₩ -	₩ 144,173	₩ 212,612
U.S. dollar in thousands	\$ 7,101	\$ 34,322	\$ 3,799	\$ -	\$ -	\$ -	\$ 95,264	\$ 140,486
Non-current	₩ -	₩ -	₩ 3,510	₩ 24,163	₩ 158,875	₩ 408	₩ 7,578	₩ 194,534
U.S. dollar in thousands	\$ -	\$ -	\$ 2,320	\$ 15,966	\$ 104,979	\$ 270	\$ 5,007	\$ 128,542

1Q 2025								
Korean won in millions								
	Provision for bonus, etc.	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Provision for sales guarantee	Provision for LTSA	Other provisions
Beginning balance	₩ 34,162	₩ 64,249	₩ 5,750	₩ 22,056	₩ 125,435	₩ 192	₩ 7,100	₩ 871
Increase	9,294	33,455	-	87	5,176	30	-	68
Reversal	(613)	-	-	-	-	-	-	-
Used	(31,970)	-	-	-	-	-	-	(30)
Foreign currency translation	(16)	-	-	(55)	408	-	-	5
Others	(74)	-	-	-	714	-	-	16
Ending balance	₩ 10,783	₩ 97,704	₩ 5,750	₩ 22,088	₩ 131,733	₩ 222	₩ 7,100	₩ 930
U.S. dollar in thousands	\$ 7,125	\$ 64,558	\$ 3,799	\$ 14,595	\$ 87,044	\$ 147	\$ 4,691	\$ 615
Current	₩ 10,783	₩ 97,704	₩ -	₩ -	₩ -	₩ -	₩ 7,100	₩ 930
U.S. dollar in thousands	\$ 7,125	\$ 64,558	\$ -	\$ -	\$ -	\$ -	\$ 4,691	\$ 615
Non-current	₩ -	₩ -	₩ 5,750	₩ 22,088	₩ 131,733	₩ 222	₩ -	₩ -
U.S. dollar in thousands	\$ -	\$ -	\$ 3,799	\$ 14,595	\$ 87,044	\$ 147	\$ -	\$ -

18. Commitments and contingencies

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

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

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

As of March 31, 2026, the Group has recorded ₩6,391 million (\$4,223 thousand) as provision for contingent losses by reasonably estimating the enforceability and amount of the lawsuit.

18.2 Pending litigations

As of March 31, 2026, there are 19 pending lawsuits (5 domestic and 14 overseas) in which the Group is the defendant. The total amount of these claims is ₩639 million (\$422 thousand), USD 22,662 thousand, INR 4,469 million, IDR 52,520 million, BRL 6,370 thousand, PKR 124,775 thousand, and ARS 1,800 thousand. The Group has recognized ₩6,391 million (\$4,223 thousand) as provisions for those cases where an outflow of resources is considered probable and can be reliably estimated. For the remaining cases, the final outcomes cannot be reasonably predicted; therefore, no further impact has been reflected in the financial statements. Separately, as of March 31, 2026, there are 22 pending lawsuits in which the Group is the plaintiff.

18.3 Credit facilities

As of March 31, 2026, the Group has entered into an agreement with Woori Bank and others for the opening of L/C as follows: (Korean won in millions, USD in thousands)

Description	Description	Currency	Credit line amount
Local L/C	Woori Bank and others	USD	211,956
Import L/C	Woori Bank and others	USD	1,178,451
Purchased foreign exchanges (Sale of receivables)	Woori Bank and others	USD	1,462,500
Credit line in foreign currency	Woori Bank and others	USD	3,618,571
P bond and others	Woori Bank and others	USD	621,670
Overdraft and others	Standard Chartered Bank Korea	KRW	5,000
Credit line in Korean won	Woori Bank and others	KRW	691,459
Supply Chain Finance	Korea EXIM Bank	USD	120,000

18.4 Collateral

The Group has pledged 19 blank promissory notes and 12 blank checks as collateral to Korea Energy Agency for the contract performance guarantees and other purposes as of March 31, 2026.

18.5 Derivatives

As of March 31, 2026, the Group has entered into currency forward contracts and commodity futures contracts with financial institutions for the purpose of hedging foreign exchange risks related to foreign currency debt obligations and the fair value risks associated with the purchase and sale of inventories.

Changes in the book values of derivative financial assets (liabilities) for the three months ended March 31, 2026 are as follows:

	Korean won in millions			
	Beginning balance	Settlement	Valuation gain (loss)	Ending balance
Currency forwards	₩ (17,537)	₩ 16,559	₩ 49,180	₩ 48,202
Commodity futures	(10,052)	5,098	(53)	(5,007)
Firm commitment contracts	7,406	(12,741)	3,192	(2,143)
Currency swap	12,587	(1)	19,884	32,470
	<u>₩ (7,596)</u>	<u>₩ 8,915</u>	<u>₩ 72,203</u>	<u>₩ 73,522</u>
U.S. dollar in thousands	<u>\$ (5,019)</u>	<u>\$ 5,891</u>	<u>\$ 47,709</u>	<u>\$ 48,581</u>

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

18.6 Guarantee obligations

Details of guarantees provided by the Group to certain creditors on behalf of associates/debtors as of March 31, 2026 are as follows: (Korean won in millions, U.S. dollar in thousands and Indonesian rupiah in millions)

Debtor	Creditor	Limit amount		outstanding balance		Year of expiration
		Foreign currency amounts	Korean won equivalent	Foreign currency amounts	Korean won equivalent	
GLOBAL KOMSOO Daewoo LLC	Hana Bank (Bahrain)	USD 6,650	10,064	USD 4,200	6,356	2028
POSCO ASSAN TST STEEL INDUSTRY	Woori Bank (Hongkong) and others	USD 13,650	20,658	USD 13,650	20,658	2028
KSU Mandob Sejatera	Bank Muamalat	IDR 80,000	7,200	IDR 80,000	7,200	2028
Koperasi Bina Usaha Bersama (BUB)	PT Bank Syariah Indonesia Tbk	IDR 30,519	2,747	IDR 30,519	2,747	(*)
Koperasi Sempurna Mandiri (Koperasi SM)	PT Bank Syariah Indonesia Tbk	IDR 5,023	452	IDR 5,023	452	(*)
Koperasi Jambi Mekar Jaya Sempurna (Koperasi JMJS)	PT Bank Syariah Indonesia Tbk	IDR 26,520	2,387	IDR 26,520	2,387	(*)
Koperasi Bina Bersama (BB)	PT Bank Syariah Indonesia Tbk	IDR 70,500	6,345	IDR 70,500	6,345	(*)
Koperasi Mitra Peruye (KMP)	PT Bank Syariah Indonesia Tbk	IDR 28,630	2,577	IDR 28,630	2,577	(*)
Koperasi Dara Kaba (KDK)	PT Bank Syariah Indonesia Tbk	IDR 23,463	2,112	IDR 23,463	2,112	(*)
Koperasi Sawit Ene Mampui Sejahtera (KSEMS)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 24,696	2,223	IDR 24,696	2,223	(*)
Koperasi Binua AE Ayaak (KBAA)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 16,574	1,492	IDR 16,574	1,492	(*)
Koperasi Saripant Ayungk APU (KSAA)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 16,675	1,501	IDR 16,675	1,501	(*)
Koperasi Bakomo Diri Maju (KBDM)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 39,116	3,520	IDR 39,116	3,520	(*)
Koperasi Panamukng Sagauh Raya (KPSR)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 21,345	1,921	IDR 21,345	1,921	(*)
Koperasi Usaha Tandan Hidup (KUTH)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 26,167	2,355	IDR 26,167	2,355	(*)
Koperasi Usaha Ene Laki (KUEL)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 18,520	1,667	IDR 18,520	1,667	(*)
Koperasi Mutiara Permata Indah (KMPI)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 24,800	2,232	IDR 24,800	2,232	(*)
Koperasi Jerujit Bakti Mandiri (KJBM)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 8,700	783	IDR 8,700	783	(*)
Koperasi Supas Maju Bersama (KSMB)	Koperasi Simpan Pinjam Sahabat Mitra Sejati	IDR 26,305	2,367	IDR 26,305	2,367	(*)
Koperasi Pasir Subur Sampoerna (PSS)	PT Bank Mandiri (Persero) Tbk	IDR 3,345	301	IDR 3,345	301	(*)
Koperasi Sawit Mukti Jaya (SMJ)	PT Bank Mandiri (Persero) Tbk	IDR 19,485	1,754	IDR 19,485	1,754	(*)
		USD 20,300	30,722	USD 17,850	27,014	
		IDR 510,383	45,936	IDR 510,383	45,936	

(*) At the time of repayment

Among the Group's cash and cash equivalents, ₩42,734 million (\$28,237 thousand) and ₩35,408 million (\$23,396 thousand) as of March 31, 2026 and December 31, 2025, respectively, are restricted in use due to financial agreements and the provision of collateral.

18.7 Other commitments

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

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

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

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

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

Perupetro, a Peruvian government agency responsible for managing hydrocarbon rights, opposed the termination of the license agreement and filed for international arbitration with the International Chamber of Commerce (ICC) against the participating interest holders. In February 2023, the ICC tribunal issued a partial award acknowledging the liquidation of the operator and the subsequent termination of the Block 8 license. In December 2023, a further partial award was issued, ordering the return of Block 8 to Perupetro. As a result, it was confirmed that Perupetro currently does not have the authority to enforce environmental restoration obligations on the block participants. In March 2026, the final arbitral award was rendered in favor of all participating companies. As a result, it was confirmed that Perupetro currently has no authority to impose environmental remediation obligations on the participating companies. Furthermore, in February 2023, the Korean participants initiated a separate international arbitration with the International Chamber of Commerce (ICC) to hold the operator's parent company jointly liable for these environmental restoration obligations; however, the case was lost in October 2025. Joint efforts are currently underway to develop alternatives following the operator's liquidation and the arbitration ruling.

The Group recognized a loss provision and a restoration provision, respectively, in connection with environmental fines and restoration costs for Peru Block 8.

18.7.3 Long-term power supply and demand contract

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

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

18.7.4 Capital investment agreement

In connection with the construction of the Samcheok Thermal Power Plant, the Group provides funding obligations under the shareholders' agreement entered into with its associate, Samcheok Blue Power Co., Ltd. These include obligations to contribute basic equity capital, unrecognized investment costs, and excess project costs, as well as the obligation to provide funding in the event of an acceleration of maturity (forfeiture of the benefit of time) under the relevant financial documents.

18.7.5 Long-term purchase contract

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

18.7.6 Agreements related to the Narrabri bituminous coal project

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

18.7.7 Supplier finance arrangement

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

	March 31, 2026			
	BNP Paribas		Export-Import Bank of Korea	
ECOPRO BM	₩	13,699	₩	9,123
HANMEA ADM		-		4,148
Total (*1)	₩	13,699	₩	13,271
U.S. dollar in thousands	\$	9,052	\$	8,769

(*1) As of March 31, 2026, the entire committed amount of ₩26,970 million (\$17,821 thousand) has been utilized by suppliers and subsequently settled by financial institutions. The repayment dates to the financial institutions are similar to or slightly extended from the original transaction dates, with most transactions being settled within approximately 60 days from the end of the reporting period.

18.8 Assets provided as collateral

18.8.1 Assets pledged as collateral for borrowings and guarantees

Details of assets provided as collateral in relation to borrowings as of March 31, 2026 are as follows: (Korean won in millions)

Collateral provided by	Assets provided as collateral	Collateral amount	Creditor	Reason for providing collateral
POSCO International Corporation	Property, plant and equipment (Land, Buildings, etc.)	₩ 1,065,864	Korea Development Bank, Korea EXIM Bank, Nord LB and KfW-IPEX Bank	Raising facility funds and operating funds
POSCO MOBILITY SOLUTION	Land and Buildings	₩ 288,000	Woori Bank, KB Bank, Hana Bank, Shinhan Bank and Nonghyup Bank	Raising facility funds and operating funds
Shinan Green Energy Co., Ltd.	Property, plant and equipment (Land, Buildings, etc.)	204,000	Community Credit Cooperatives, TONGYANG LIFE INSURANCE CO., LTD. and Industrial Bank of Korea	Raising facility funds and operating funds
PT PRIME AGRI RESOURCES	Property, plant and equipment (Land, Buildings, etc.)	373,329	PT Bank Mandiri (Persero) Tbk, PT Bank Syariah Indonesia (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk, and PT Bank OCBC NISP Tbk	Raising facility funds and operating funds
PT. KRAKATAU POSCO ENERGY	Property, plant and equipment (Land, Buildings, etc.)	269,289	POSCO Asia and Shinhan bank Indonesia	Raising facility funds and operating funds
POSCO INTERNATIONAL MEXICO E-MOBILITY	Buildings	21,444	SHINHAN MEXICO	Raising facility funds and operating funds
		₩ 2,221,926		
U.S. dollar in thousands		\$ 1,468,168		

18.8.2 Details of the assets pledged as collateral by the Group for the benefit of related parties as of March 31, 2026 are as follows: (Korean won in millions)

Collateral provided by	Assets provided as collateral	Collateral amount	Creditor	Reason for providing collateral
POSCO International Corporation	Investments in subsidiaries, associates, and joint ventures	₩ 458,875	PF Lenders, including KEB Hana Bank, Korea Development Bank, and other financial institutions	Financial arrangements and collateral for borrowings
U.S. dollar in thousands		\$ 303,208		

19. Issued capital, capital surplus and other capital components

19.1 Details of issued capital as of March 31, 2026 are as follows (Korean won in millions, Korean won for Par Value amount):

	Number of shares authorized (in shares)	Number of shares issued (in shares)	Par value	Issued capital	Paid-in capital in excess of par value (capital surplus)
Ordinary shares	500,000,000	175,922,788	₩ 5,000	₩ 879,614	₩ 523,521
U.S. dollar in thousands				\$ 581,217	\$ 345,924

19.2 Details of capital surplus as of as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Paid-in capital in excess of par value	₩ 523,521	₩ 523,521	\$ 345,924
Loss on disposal of hybrid bonds	(429)	(429)	(283)
Other capital surplus	1,114,715	1,327,947	736,563
	₩ 1,637,807	₩ 1,851,039	\$ 1,082,204

19.3 Other capital components as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Treasury stock	₩ (27,695)	₩ (27,695)	\$ (18,300)
Other capital adjustments	(8,026)	(8,026)	(5,303)
	<u>₩ (35,721)</u>	<u>₩ (35,721)</u>	<u>\$ (23,603)</u>

20. Accumulated other comprehensive income

Details of accumulated other comprehensive income as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Loss on valuation of financial assets at FVOCI	₩ (16,089)	₩ (16,367)	\$ (10,631)
Change in equity adjustment in equity method	89,152	70,520	58,908
Negative change in equity adjustment in equity method	(24,601)	(24,634)	(16,255)
Cumulative exchange differences on translations of foreign operations	286,333	148,270	189,198
Gain on valuation of derivatives	49	49	32
	<u>₩ 334,844</u>	<u>₩ 177,838</u>	<u>\$ 221,252</u>

21. Retained earnings

Details of retained earnings as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2026
Legal reserve (*1)	₩ 168,597	₩ 151,303	\$ 111,403
Voluntary reserve	2,412,503	2,412,408	1,594,095
Unappropriated retained earnings	1,345,625	1,271,954	889,140
	<u>₩ 3,926,725</u>	<u>₩ 3,835,665</u>	<u>\$ 2,594,638</u>

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

22. Expenses by nature

The classifications of expenses by nature for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Raw materials used and changes in inventory assets, etc.	₩ 7,293,975	₩ 7,276,066	\$ 4,819,595
Employee benefits	168,670	131,338	111,451
Depreciation (*1)	89,399	69,995	59,072
Amortization	75,665	65,431	49,997
Water cost for electricity	18,156	17,651	11,997
Commissions	32,136	30,252	21,234
Transportation and storage costs	110,372	100,061	72,930
Others	264,536	171,310	174,796
	₩ 8,052,909	₩ 7,862,104	\$ 5,321,072

(*1) Including the depreciation of investment property.

23. Selling and administrative expenses

Details of selling and administrative expenses for each of for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Salaries	₩ 93,474	₩ 83,471	\$ 61,764
Retirement benefits	6,176	5,325	4,081
Employee welfare	21,345	21,267	14,104
Travel	4,884	4,536	3,227
Communication	2,769	2,499	1,830
Utilities	1,909	2,448	1,261
Taxes and dues	2,800	2,946	1,850
Rents	5,606	4,842	3,704
Depreciation	5,334	5,661	3,525
Amortization	3,255	3,099	2,151
Depreciation of right-of-use assets	4,838	4,386	3,197
Repairs	577	883	381
Insurance	9,724	7,907	6,425
Entertainment	908	806	600
Advertising	948	702	626
Shipping	10,937	7,840	7,227
Commissions	28,249	23,569	18,666
Bad debt expenses (reversal)	689	(672)	455
Supplies expenses	1,741	1,142	1,150
Vehicles maintenance	582	544	385
Publication expenses	100	93	66
Training expenses	1,973	2,040	1,304
Development expenses	651	540	430
Sales promotional expenses	755	667	499
Miscellaneous expenses	82	83	54
Others	2,902	(677)	1,918
	₩ 213,208	₩ 185,947	\$ 140,880

24 Finance income and costs

Details of finance income for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
<Finance income>			
Interest income	₩ 16,717	₩ 11,704	\$ 11,046
Financial guarantee income	-	20	-
Dividends income	2,620	91	1,731
Gains on foreign currency transactions	181,807	137,272	120,131
Gains on foreign currency translation	186,952	87,983	123,531
Gains on valuation of derivatives	99,662	35,484	65,853
Gains on settlement of derivatives	79,125	60,518	52,283
Gains on valuation of trade payables	-	2,786	-
Gains on valuation of trade receivables	2,114	-	1,397
Gains on valuation of financial assets at FVPL	-	644	-
Gains on disposal of financial assets at FVPL	-	97	-
	₩ 568,997	₩ 336,599	\$ 375,972
<Finance cost>			
Losses on disposal of trade receivables	₩ 16,263	₩ 19,160	10,746
Interest expenses	76,348	63,959	50,448
Financial guarantee expenses	64	105	42
Losses on foreign currency transactions	186,012	128,447	122,910
Losses on foreign currency translation	259,619	64,038	171,547
Losses on valuation of derivatives	27,459	25,310	18,144
Losses on settlement of derivatives	33,869	113,881	22,379
Losses on valuation on trade receivables	2,512	2,005	1,660
Losses on valuation on financial assets at FVPL	-	4	-
Losses on disposal of financial assets at FVPL	-	19	-
	₩ 602,146	₩ 416,928	\$ 397,876

25. Other income and expenses

Details of other income and expenses for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands	
	Q1 2026	Q1 2025	Q1 2026	
<Other income>				
Gain on disposal of property, plant and equipment	₩ 352	₩ 864	\$ 233	
Gain from disposal of assets held for sale	8,884	41,115	5,870	
Reversal of provisions for contingencies	128	-	85	
Reversal of other allowance for doubtful accounts	2,120	-	1,401	
Gain on disposal of investments in associates	1,690	8,958	1,117	
Miscellaneous income	6,744	4,938	4,456	
Others	13	20	9	
	₩ 19,931	₩ 55,895	\$ 13,171	
<Other expenses>				
Contribution to provisions for restoration	₩ 1,267	₩ 1,040	\$ 837	
Other bad debt expenses (reversal)	(1,367)	157	(903)	
Loss on disposal of property, plant and equipment	3,037	1,254	2,007	
Loss on impairment of property, plant and equipment	104	-	69	
Loss on disposal of intangible assets	3	-	2	
Donations	338	339	223	
Contingencies	305	87	202	
Loss on disposal of investments in associates	-	1,190	-	
Miscellaneous losses	19,709	600	13,023	
Others	195	-	129	
	₩ 23,591	₩ 4,667	\$ 15,589	

26. Income taxes

26.1 Income tax expense was calculated by adjusting current income tax expense for adjustments recognized in the current period for current income tax of prior periods, deferred income tax expense (income) arising from the origination and reversal of temporary differences, and income tax expense (income) related to items recognized outside of profit or loss. The average effective tax rates for the current and prior periods are 17.39% and 23.55%, respectively.

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

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

27. Earnings per share

27.1 Basic earnings per share

Details of basic earnings per share for the three months ended March 31, 2026 and 2025 are as follows (Korean won in millions, except for per share amounts):

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Interim net profit from continuing operations attributable to owners of the parent	₩ 266,430	₩ 205,171	\$ 176,047
Interim net loss from discontinued operations attributable to owners of the parent	(999)	(5,426)	(660)
Weighted average number of ordinary shares outstanding (in shares) (*1)	170,444,487	170,444,487	170,411,487
Basic earnings per share from continuing operations attributable to owners of the parent (Korean won, U.S dollar)	1,563	1,204	1.03
Basic earnings per share from discontinued operations attributable to owners of the parent (Korean won, U.S dollar)	(6)	(32)	(0.00)

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

	Q1 2026	Q1 2025
Number of shares issued	175,922,788	175,922,788
Weighted average number of treasury stock	(5,478,301)	(5,478,301)
Weighted average number of ordinary shares outstanding	170,444,487	170,444,487

27.2 Diluted earnings per share

Diluted earnings per share are consistent with basic earnings per share because there is no potential common stock that can be converted into common stock for the three months ended March 31, 2026 and 2025.

28. Fair value measurement

28.1 Financial instruments by category

The carrying amounts and fair values of financial instruments of the Group as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026					U.S. dollar in thousands
	Korean won in millions					
	Book value	Level 1	Level 2	Level 3	Total	Total
<Financial assets>						
Financial assets at FVPL						
Trade and other receivables	₩ 511	₩ -	₩ 511	₩ -	₩ 511	\$ 338
Long-term investment (*1)	13,679	-	-	13,679	13,679	9,039
Other securities (*1)	37,630	-	-	37,630	37,630	24,865
Other financial assets	12,495	-	12,495	-	12,495	8,256
Derivative financial assets	110,796	-	110,796	-	110,796	73,210
Financial assets FVOCI						
Equity instruments (*1)	45,875	9,207	-	36,668	45,875	30,313
Financial assets amortized costs (*2)						
Cash and cash equivalents	1,111,582	-	-	-	-	-
Trade and other receivables (*3)	5,167,319	-	-	-	-	-
Other securities	35,302	-	-	-	-	-
<Financial liabilities>						
Financial liabilities at FVPL						
Derivative financial liabilities	₩ 37,275	₩ -	₩ 37,275	₩ -	₩ 37,275	\$ 24,630
Financial liabilities at amortized costs (*2)						
Trade and other liabilities (*4)	4,048,355	-	-	-	-	-
Borrowings	4,589,252	-	-	-	-	-
Bonds	2,331,418	-	-	-	-	-

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the current period and there was no clear evidence of value changes for the three months ended March 31, 2026 and 2025.

(*2) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value, so the fair value is not separately disclosed.

(*3) Trade and other receivables and long-term trade and other receivables include ₩25,048 million (\$16,551 thousand) of current portion of lease receivables and ₩289,930 million (\$191,575 thousand) of long-term lease receivables, respectively.

(*4) Trade and other payables and long-term trade and other payables include ₩100,480 million (\$66,393 thousand) of current portion of lease liabilities and ₩841,414 million (\$555,976 thousand) of long-term lease liabilities, respectively.

28.1 Financial instruments by category (cont'd)

	December 31, 2025						U.S. dollar in thousand
	Korean won in millions						
	Book value	Level 1	Level 2	Level 3	Total	Total	
<Financial assets>							
Financial assets at FVPL							
Trade and other receivables	₩ 62,103	₩ -	₩ 62,103	₩ -	₩ 62,103	\$ 41,035	
Long-term investment (*1)	12,992	-	-	12,992	12,992	8,585	
Other securities (*1)	35,675	-	-	35,675	35,675	23,573	
Other financial assets	12,435	-	12,435	-	12,435	8,217	
Derivative financial assets	36,780	-	36,780	-	36,780	24,303	
Financial assets at FVOCI							
Equity instruments (*1)	46,276	9,267	-	37,009	46,276	30,578	
Financial assets at amortized costs (*2)							
Cash and Cash equivalents	1,171,466	-	-	-	-	-	
Trade and other receivables (*3)	4,624,851	-	-	-	-	-	
Other securities	34,673	-	-	-	-	-	
<Financial liabilities>							
Financial liabilities at FVPL							
Derivative financial liabilities	₩ 44,376	₩ -	₩ 44,376	₩ -	₩ 44,376	\$ 29,322	
Financial liabilities at amortized costs (*2)							
Trade and other receivables (*4)	3,856,742	-	-	-	-	-	
Borrowings	3,697,102	-	-	-	-	-	
Bonds	2,377,670	-	-	-	-	-	

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the prior period and there was no clear evidence of value changes for each of the two years in the period ended December 31, 2025.

(*2) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value, so the fair value is not separately disclosed.

(*3) Trade and other receivables and long-term trade and other receivables include ₩22,269 million (\$14,715 thousand) of current portion of lease receivables and ₩278,726 million (\$184,172 thousand) of long-term lease receivables, respectively.

(*4) Trade and other payables and long-term trade and other payables include ₩92,532 million (\$61,142 thousand) of current portion of lease liabilities and ₩782,742 million (\$517,208 thousand) of long-term lease liabilities, respectively.

28.2 Risk management

In relation to financial instruments, the Group is exposed to credit risk, liquidity risk, and market risk. The Group's financial risk management objectives and policies remain consistent with those of the fiscal year ended December 31, 2025.

29. Related party transactions

29.1 Details of related parties as of March 31, 2026 are as follows:

	Company Name
Parent	POSCO Holdings Inc.
Associates and joint ventures	POSCO MPPC S.A. de C.V., POSCO-MALAYSIA SDN. BHD., POSCO-ITPC S.P.A, YULCHON MEXICO S.A. DE C.V., POSCO IJPC, Inco tech Inc., Shanghai Lansheng DAEWOO Corp, Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd., GENERAL MEDICINES CO., LTD., KOREA LNG LTD., DYNATEC MADAGASCAR S.A./AMBATOY MINERALS S.A., SOUTH-EAST ASIA GAS PIPELINE CO., LTD., GLOBAL KOMSCO DAEWOO LLC., Gyeonggi Green Energy Co., Ltd., Noeul Green Energy Co., Ltd., Samcheok Blue Power Co., Ltd., ECO ENERGY SOLUTION CO., LTD., POSCO International CVC No. 1 new technology investment association, etc.
Other related parties(*1)	POSCO, PT. KRAKATAU POSCO, POSCO-THAINOX, POSCO ASSAN TST STEEL INDUSTRY, POSCO STEELEON Co., Ltd., POSCO-CSPC, POSCO VST CO., LTD., POSCO FLOW CO., LTD., ESTEEL4U, POHANG SRDC CO., LTD., POSCO-MKPC, POSCO ASIA CO., LTD., POSCO-TNPC, POSCO-FOSHAN STEEL PROCESSING CENTER CO., LTD., POSCO VIETNAM HOLDINGS, POSCO-CTPC, POSCO Eco & Challenge Co., Ltd., POSCO-VIETNAM CO., LTD., PT NICOLE METAL INDUSTRY, POSCO MAHARASHTRA STEEL PVT. LTD., etc.

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

POSCO International corporation and its subsidiaries
Notes to the Condensed consolidated Interim financial statements
for the three months ended March 31, 2026 and 2025

29.2 Details of significant transactions with the related parties for the three months ended March 31, 2026 and 2025 are as follows: (Korean won in millions and U.S. dollar in thousands)

	Q1 2026					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ -	₩ -	₩ -	₩ -	₩ 1,722	₩ 1,722
Associates:						
POSCO MPPC S.A. de C.V.	₩ 168,768	₩ -	₩ 168,768	₩ 1,958	₩ 351	₩ 2,309
Gyeonggi Green Energy Co., Ltd.	-	-	-	-	2,009	2,009
POSCO-MALAYSIA SDN.BHD.	21,742	-	21,742	1,104	-	1,104
POSCO-ITPC S.P.A.	25,145	-	25,145	-	-	-
Noeul Green Energy Co., Ltd.	-	40	40	-	870	870
POSCO IJPC	71,649	-	71,649	13	-	13
Samcheok Blue Power Co., Ltd.	61,366	-	61,366	-	-	-
KOREA LNG LTD.	-	749	749	-	-	-
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	16,776	16,776	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	7	7	7,898	-	7,898
Others:						
POSCO	₩ 571,154	₩ 153	₩ 571,307	₩ 2,455,074	₩ 125,870	₩ 2,580,944
PT. KRAKATAU POSCO	390,332	-	390,332	126,865	356	127,221
POSCO VST CO. LTD.	68,494	-	68,494	20,738	-	20,738
POSCO STEELEON Co., Ltd.	8,340	-	8,340	56,857	-	56,857
POSCO-THAINOX	36,854	-	36,854	23,031	-	23,031
POSCO FLOW CO., LTD.	-	-	-	35	66,615	66,650
PT NICOLE METAL INDUSTRY	-	-	-	104,953	-	104,953
POSCO Eco & Challenge Co., Ltd.	17,038	-	17,038	23	40,448	40,471
POSCO-CSPC	68,516	-	68,516	653	-	653
POSCO ASSAN TST STEEL INDUSTRY	65,280	13	65,293	28,533	894	29,427
Others	502,260	-	502,260	302,384	21,948	324,332
	₩ 2,076,938	₩ 17,738	₩ 2,094,676	₩ 3,130,119	₩ 261,083	₩ 3,391,202
	\$ 1,372,366	\$ 11,721	\$ 1,384,087	\$ 2,068,269	\$ 172,514	\$ 2,240,783

29.2 Details of significant transactions with the related parties for the three months ended March 31, 2026 and 2025 are as follows: (Korean won in millions and U.S. dollar in thousands) (cont'd)

	Q1 2025					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1)	₩ -	₩ -	₩ -	₩ 162	₩ 1,866	₩ 2,028
Associates:						
POSCO MPPC S.A. de C.V.	₩ 142,307	₩ -	₩ 142,307	₩ 4,704	₩ 7	₩ 4,711
Gyeonggi Green Energy Co., Ltd.	5,724	-	5,724	-	1,477	1,477
POSCO-MALAYSIA SDN.BHD.	25,538	-	25,538	2,119	-	2,119
POSCO-ITPC S.P.A.	17,191	-	17,191	79	-	79
Noeul Green Energy Co., Ltd.	-	26	26	-	972	972
YULCHON MEXICO S. A. DE C. V.	160	-	160	-	-	-
POSCO-ESDC LTD. (*2)	-	-	-	2,282	1,598	3,880
POSCO IJPC	62,054	-	62,054	36	-	36
Samcheok Blue Power Co., Ltd.	84,724	2,443	87,167	-	672	672
KOREA LNG LTD.	-	1,498	1,498	-	-	-
AES Mong Duong Power CO., LTD. (*2)	786	-	786	-	-	-
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	11,941	11,941	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	6	6	8,451	-	8,451
Others:						
POSCO	₩ 760,808	₩ 216	₩ 761,024	₩ 2,883,759	₩ 164,359	₩ 3,048,118
PT. KRAKATAU POSCO STEELEON Co., Ltd.	400,003	-	400,003	64,058	562	64,620
POSCO VST CO. LTD.	15,346	-	15,346	53,056	3	53,059
POSCO FLOW CO., LTD.	46,254	-	46,254	17,504	-	17,504
POSCO-THAINOX	-	-	-	602	62,850	63,452
POSCO-CSPC	38,314	-	38,314	20,496	-	20,496
POSCO-FOSHAN STEEL PROCESSING CENTER CO. LTD.	69,589	-	69,589	1,182	-	1,182
POSCO INDIA PC	54,749	-	54,749	34	-	34
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	43,014	-	43,014	-	-	-
Others	14,449	-	14,449	45,997	-	45,997
	571,139	2,786	573,925	350,749	81,226	431,975
	₩ 2,352,149	₩ 18,916	₩ 2,371,065	₩ 3,455,270	₩ 315,592	₩ 3,770,862
	\$ 1,554,215	\$ 12,499	\$ 1,566,714	\$ 2,283,117	\$ 208,532	\$ 2,491,649

(*1) In addition to the above transactions, dividends paid to POSCO Holdings Inc. for the three months ended March 31, 2026 and 2025 amount to ₩124,396 million (\$82,179 thousand) and ₩192,814 million (\$127,405 thousand), respectively.

(*2) This represents the amount recognized up until the date of exclusion from associates.

29.3 Details of significant outstanding balances of receivables from and payables to the related parties as of March 31, 2026 and December 31, 2025 are as follows: (Korean won in millions and U.S. dollar in thousands)

	March 31, 2026					
	Receivables (*1)			Payables		
	Trade receivables	Others	Total	Trade payables	Others	Total
Parent company:						
POSCO Holdings Inc.	₩ -	₩ 480	₩ 480	₩ -	₩ 133,007	₩ 133,007
Associates:						
POSCO MPPC S.A. de C.V.	₩ 240,168	₩ -	₩ 240,168	₩ 597	₩ 383	₩ 980
DYNATEC MADAGASCAR S.A./AMBATOVOY MINERALS S.A.	-	120,912	120,912	-	-	-
Gyeonggi Green Energy Co., Ltd.	-	14,832	14,832	-	594	594
POSCO-MALAYSIA SDN BHD.	21,955	-	21,955	348	-	348
POSCO-ITPC S.P.A.	27,046	-	27,046	-	-	-
Noeul Green Energy Co., Ltd.	-	2,861	2,861	-	-	-
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	14,334	14,334	-	-	-
POSCO IJPC	69,009	-	69,009	15	-	15
Samcheok Blue Power Co., Ltd.	61,366	113	61,479	-	-	-
Shanghai Lansheng DAEWOO Corp	2,606	-	2,606	-	450	450
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	-	-	-	-	742	742
GENERAL MEDICINES CO., LTD.	618	499	1,117	-	-	-
KOREA LNG LTD.	-	339	339	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	916	916	-	60	60
Others:						
POSCO	₩ 227,501	₩ 3,370	₩ 230,871	₩ 1,032,743	₩ 42,910	₩ 1,075,653
PT. KRAKATAU POSCO	118,555	240,194	358,749	25,867	5,380	31,247
POSCO INDIA PC	50,486	-	50,486	-	-	-
POSCO-TNPC	55,903	-	55,903	-	113	113
POSCO-IPPC	27,852	-	27,852	3,180	-	3,180
POSCO-MKPC	46,127	-	46,127	-	-	-
POSCO VIETNAM PC	33,679	-	33,679	231	-	231
POSCO-CSPC	40,801	-	40,801	271	-	271
POSCO ASSAN TST STEEL INDUSTRY	75,209	101	75,310	7,141	34	7,175
POSCO-Poland Wroclaw Processing Center Sp.z o.o.	109,027	-	109,027	3,511	28	3,539
Others	132,123	654	132,777	140,972	89,203	230,175
	₩ 1,340,031	₩ 399,605	₩ 1,739,636	₩ 1,214,876	₩ 272,904	₩ 1,487,780
	\$ 885,444	\$ 264,045	\$ 1,149,489	\$ 802,746	\$ 180,325	\$ 983,071

29.3 Details of significant outstanding balances of receivables from and payables to the related parties as of March 31, 2026 and December 31, 2025 are as follows: (Korean won in millions and U.S. dollar in thousands) (cont'd)

	December 31, 2025											
	Receivables (*1)						Payables					
	Trade receivables	Others	Total	Trade payables	Others	Total	Trade payables	Others	Total	Trade payables	Others	Total
Parent company:												
POSCO Holdings Inc.	₩	-	₩ 613	₩	613	₩	₩	6,889	₩	6,889		
Associates:												
POSCO MPPC S.A. de C.V.	₩	146,949	₩	-	₩	146,949	₩	279	₩	90	₩	369
DYNATEC MADAGASCAR S.A./AMBATOVOY MINERALS S.A.		-	114,640		-	114,640		-		-		-
Gyeonggi Green Energy Co., Ltd.		-	14,832		-	14,832		-		-		-
POSCO-MALAYSIA SDN BHD.		18,479	-		18,479	44		-		44		
POSCO-ITPC S.P.A.		31,279	-		31,279	290		-		290		
Noeul Green Energy Co., Ltd.		-	4,601		4,601	-		-		-		-
POSCO IJPC		30,240	-		30,240	6		-		6		
Samcheok Blue Power Co., Ltd.		85,186	190		85,376	-		-		-		-
Shanghai Lansheng DAEWOO Corp		2,606	-		2,606	-		427		427		
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.		-	-		-	-		704		704		
GENERAL MEDICINES CO., LTD.		592	474		1,066	-		-		-		-
KOREA LNG LTD.		-	123		123	-		-		-		-
GLOBAL KOMSCO DAEWOO LLC.		-	2,086		2,086	-		67		67		
Others:												
POSCO	₩	220,436	₩	5,213	₩	225,649	₩	1,134,776	₩	42,522	₩	1,177,298
PT. KRAKATAU POSCO		184,822	229,717		414,539	15,925		58		15,983		
POSCO Eco & Challenge Co., Ltd.		23,912	4,741		28,653	-		24,663		24,663		
POSCO-TNPC		52,466	-		52,466	-		113		113		
PT NICOLE METAL INDUSTRY		-	-		-	43,053		-		43,053		
POSCO-IPPC		44,178	-		44,178	-		-		-		-
POSCO-MKPC		30,057	-		30,057	-		-		-		-
POSCO-CSPC		43,963	-		43,963	145		-		145		
POSCO ASSAN TST STEEL INDUSTRY		32,626	109		32,735	3,490		47		3,537		
Others (*2)		198,792	891		199,683	81,779		82,258		164,037		
	₩	1,146,583	₩	378,230	₩	1,524,813	₩	1,279,787	₩	157,838	₩	1,437,625
	\$	757,621	\$	249,921	\$	1,007,542	\$	845,637	\$	104,294	\$	949,931

(*1) Allowance for doubtful accounts for the above receivables as of March 31, 2026 and December 31, 2025 amounts to ₩140,724 million (\$92,985 thousand) and ₩227,205 million (\$150,129 thousand), respectively.

(*2) In the prior period, POSCO-ESDC LTD. was reclassified from an associate to other related parties, and the "Others" category includes transactions with this entity.

29.4 Key management personnel compensation

Compensations for key management personnel for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Salaries	₩ 6,357	₩ 6,312	\$ 4,200
Long-term employee benefits	26	12	17
Retirement benefits	97	656	64
	<u>₩ 6,480</u>	<u>₩ 6,980</u>	<u>\$ 4,281</u>

29.5 Guarantees provided to the related parties

Payment guarantees and capital investment agreements provided by the Group for the benefit of related parties as of March 31, 2026 are disclosed in Note 18.

30. Statement of cash flows

Changes in assets and liabilities resulting from operating activities for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2025
Reconciliation of profit for the period to net cash flows			
Depreciation	₩ 88,627	₩ 69,207	\$ 58,562
Amortization	75,666	65,431	49,997
Depreciation of investment properties	770	788	509
Retirement benefits	5,738	6,016	3,791
Reversal of bad debt expenses	689	(672)	455
Interest expenses	76,348	63,959	50,448
Loss on valuation of financial assets at FVPL	-	4	-
Gain on disposal of investments in associates	(1,690)	(8,958)	(1,117)
Loss on disposal of investment of associates	-	1,190	-
Loss on foreign currency translation	259,619	64,038	171,547
Loss on settlement of derivatives	48	100	32
Loss on valuation of derivatives	29,971	27,315	19,804
Reversal of other allowance for doubtful accounts	(3,487)	157	(2,304)
Loss on disposal of property, plant and equipment	3,037	1,254	2,007
Impairment loss on property, plant and equipment	104	-	69
Loss on disposal of intangible assets	3	-	2
Income tax expense	58,594	62,710	38,717
Loss on valuation of inventories	795	1,728	525
Financial guarantee expense	64	85	42
Loss on investment in associates	497	2,589	328
Loss on valuation of biological assets	996	269	658
Other expenses	60,308	31,049	39,849
Gain on valuation of financial assets at FVPL	-	(644)	-
Interest income	(16,717)	(11,704)	(11,046)
Dividends income	(2,620)	(91)	(1,731)
Gain on foreign currency translation	(186,952)	(87,983)	(123,531)
Gain on disposal of financial assets at FVPL	-	(97)	-
Gain on settlement of derivatives	-	(42)	-
Gain on valuation of derivatives	(101,776)	(38,272)	(67,250)
Gain on disposal of property, plant and equipment	(352)	(864)	(233)
Reversal of loss on valuation of inventories	(1,739)	(3,863)	(1,149)
Gain on investment in associates	(16,691)	(28,304)	(11,029)
Gain on disposal of assets held for sale	(8,884)	(41,115)	(5,870)
Other income	(457)	(569)	(302)
Adjustments for non-cash income and expenses from discontinued operations	(2,286)	707	(1,511)
	₩ 318,223	₩ 175,418	\$ 210,269

30. Statement of cash flows (cont'd)

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2025
Changes in operating assets and liabilities:			
Trade receivables	₩ (209,016)	₩ 242,148	\$ (138,110)
Other current financial assets	(59,687)	(39,212)	(39,439)
Other current assets	(52,755)	(57,055)	(34,859)
Inventories	(22,073)	174,006	(14,585)
Other non-current financial assets	5,852	3,900	3,867
Other non-current assets	5,329	9,052	3,521
Trade payables	(197,824)	142,913	(130,715)
Other current financial liabilities	(5,954)	(41,443)	(3,934)
Other current liabilities	60,259	13,993	39,817
Other non-current financial liabilities	(116)	3	(77)
Other non-current liabilities	2,869	(8,269)	1,896
Provisions	(31,719)	(31,966)	(20,959)
Changes in defined benefit liabilities	(1,401)	10,293	(926)
	₩ (506,238)	₩ 418,363	\$ (334,503)

31. Business combination

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

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

	Korean won in millions		U.S. dollar in thousands	
Current assets:				
Cash and cash equivalents	₩	69,692	\$	46,050
Trade and other receivables		23,497		15,526
Inventory		58,942		38,947
Other current assets		41,399		27,355
Net assets held for sale		160,710		106,191
	₩	354,240	\$	234,069
Non-current assets:				
Property, plant and equipment	₩	608,053	\$	401,779
Right-of-use assets		2,968		1,961
Net defined benefit assets		83,247		55,007
Biological assets		28,373		18,748
Other non-current assets		76,144		50,313
	₩	798,785	\$	527,808
Current liabilities:				
Trade and other payables	₩	48,211	\$	31,856
Borrowings		36,447		24,083
Other current liabilities		216,791		143,248
	₩	301,449	\$	199,187
Non-current liabilities:				
Long-term borrowings	₩	198,416	\$	131,106
Other non-current liabilities		84,994		56,161
	₩	283,410	\$	187,267
Net assets	₩	568,166	\$	375,424
Percentage of ownership acquired		65.7%		65.7%
Net assets acquired	₩	373,404	\$	246,732
Consideration transferred		798,147		527,387
Goodwill	₩	424,743	\$	280,655

Had the business combination been effective on January 1, 2025, the consolidated revenue and profit for the year would have been ₩553,167 million (\$365,512 thousand) and ₩93,366 million (\$61,693 thousand), respectively. Since the acquisition date, PT PRIME AGRI RESOURCES has contributed ₩95,989 million (\$63,426 thousand) to revenue and ₩12,296 million (\$8,125 thousand) to profit of the Group.

Furthermore, as a result of the Purchase Price Allocation (PPA) during the current period, the Group recognized goodwill of ₩424,700 million (\$280,626 thousand), and property, plant, and equipment and intangible assets were stepped up by ₩302,300 million (\$199,749 thousand). Trade and other receivables of ₩23,497 million (\$15,526 thousand) are considered fully recoverable as of the acquisition date with low collection uncertainty.

32. Assets held for sale

Details of assets held for sale as of March 31, 2026 and December 31, 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Mar. 31, 2026 (*2)	Dec. 31, 2025 (*1)	Mar. 31, 2026
<Assets>			
Cash and cash equivalents	₩ -	₩ 1,840	\$ -
Trade and other receivables	-	300	-
Inventory	-	(221)	-
Property, plant and equipment	375	7,335	248
Intangible assets	-	273	-
Others	-	2,607	-
	<u>₩ 375</u>	<u>₩ 12,134</u>	<u>\$ 248</u>
<liabilities>			
Trade and other payables	₩ -	₩ 1,157	\$ -
Others	-	503	-
	<u>₩ -</u>	<u>₩ 1,660</u>	<u>\$ -</u>

(*1) During the year ended December 31, 2025, the Group decided to dispose of GOLDEN LACE POSCO INTERNATIONAL CO., LTD. and classified its assets and liabilities as assets held for sale and related liabilities. The disposal of the subsidiary was completed during the three months ended March 31, 2026.

(*2) During the three months ended March 31, 2026, the Group decided to dispose of the idle assets of POSCO MOBILITY SOLUTION Co., Ltd. and classified the relevant disposal group as assets held for sale.

33. Discontinued operations

The Group decided to discontinue the cotton spinning and fuel cell businesses to reorganize non-core business units, strengthen financial soundness, and secure investment resources.

33.1 Details of loss from discontinued operations for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Q1 2026	Q1 2025	Q1 2026
Revenue	₩ 504	₩ 19,328	\$ 333
Cost of sales	(369)	(20,441)	(244)
Selling and administrative expenses	(1,910)	(4,019)	(1,262)
Finance income	902	563	596
Finance costs	(400)	(219)	(264)
Other income	353	195	233
Other expenses	(131)	(774)	(87)
Income tax expense (benefit)	52	(59)	34
Loss from discontinued operations	<u>₩ (999)</u>	<u>₩ (5,426)</u>	<u>\$ (661)</u>

33.2 Net cash flows from discontinued operations for the three months ended March 31, 2026 and 2025 are as follows:

	Korean won in millions		U.S. dollar in thousands	
	Q1 2026	Q1 2025	Q1 2026	
Net cash flows from operating activities of discontinued operations	₩ 468	₩ (11,427)	\$ 309	
Net cash flows from investing activities of discontinued operations	55	62	36	
Net cash flows from financing activities of discontinued operations	-	(9)	-	
Effect of exchange rate changes on cash and cash equivalents	1,121	(116)	741	
Net increase (decrease) in cash and cash equivalents	₩ 1,644	₩ (11,490)	\$ 1,086	

34. Uncertainty of the impact of the Myanmar coup

The military government of Myanmar declared a state of emergency in February 2021, announcing the establishment of a transitional government, and has maintained its military rule by repeatedly extending the period of emergency. Meanwhile, in February 2022 and November 2023, economic and financial sanctions were announced by the European Union and the U.S. government against Myanmar State Oil and Gas Company (MOGE), which holds a 15% stake in Myanmar's A-1/A-3 gas field project. The business, in which the Group holds a 51% stake, is operating normally, and the Group is continuously monitoring situations that may have an impact, such as additional economic and financial sanctions from the international community. As of March 31, 2026, the impact on the business of the Group such as Myanmar gas field in the future could not be estimated reasonably, and the impact from this was not reflected in the consolidated financial statements.

35. Events after the reporting period

The Group's financing plan for 2026 was approved by the Board of Directors on December 18, 2025. In accordance with this plan, the Group issued its 37th series of corporate bonds (domestic public bonds) amounting to ₩290 billion on April 23, 2026, and its 38th series of corporate bonds (foreign currency private placement bonds) amounting to approximately ₩146.6 billion (HKD 780 million) on April 28, 2026.

OFFICES OF THE COMPANY

POSCO International
POSCO Center
440 Teheran-ro Gangnam-gu
Seoul 06194, Korea

LEGAL ADVISERS TO THE COMPANY

As to United States law

Cleary Gottlieb Steen & Hamilton LLP
19F, Ferrum Tower
19, Eulji-ro 5-gil, Jung-gu
Seoul 04539, Korea

As to Korean law

Lee & Ko
Hanjin Main Building
63 Namdaemun-ro, Jongno-gu
Seoul 04532, Korea

LEGAL ADVISER TO THE INITIAL PURCHASERS

As to United States law

Linklaters LLP
22F, East Tower, Mirae Asset Center 1
26, Eulji-ro 5-gil, Jung-gu
Seoul 04539, Korea

FISCAL AGENT

Citicorp International Limited
40/F Champion Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL PAYING AGENT, TRANSFER AGENT, CALCULATION AGENT AND REGISTRAR

Citibank, N.A., London Branch
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

INDEPENDENT AUDITORS OF THE COMPANY

KPMG Samjong Accounting Corp.
27F, Gangnam Finance Center
152 Teheran-ro
Gangnam-gu
Seoul 06239, Korea

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

SINGAPORE LISTING AGENT

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542