

POSCO

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

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Independent auditor's report

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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors POSCO

Opinion

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

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

Basis for opinion

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

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

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

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

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

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

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

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



March 11, 2026

This audit report is effective as of March 11, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

POSCO

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

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

Hee-Geun Lee
Chief Executive Officer
POSCO

POSCO

Separate statements of financial position as of December 31, 2025 and 2024

(in millions of Won)

	<u>Notes</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets			
Cash and cash equivalents	4,5,21	₩ 2,089,684	1,943,148
Trade accounts and notes receivable, net	6,21,25	4,349,954	4,715,232
Other receivables, net	7,21	465,754	560,117
Other short-term financial assets	8,21	3,374,182	3,948,910
Inventories	9	6,427,928	6,463,547
Assets held for sale		28	-
Other assets	14	114,089	116,966
Total current assets		16,821,619	17,747,920
Trade accounts and notes receivable, net	6,21,25	3,227	134
Other receivables, net	7,21	86,460	122,065
Other long-term financial assets	8,21	1,064,156	926,505
Investments in subsidiaries, associates and joint ventures	10	3,311,877	2,980,179
Investment property, net	11	32,017	58,067
Property, plant and equipment, net	12	21,108,022	21,236,357
Intangible assets, net	13	521,773	455,184
Defined benefit assets, net	19	116,355	222,540
Deferred tax assets	31	1,964,602	1,901,452
Other assets	14	8,505	30,998
Total non-current assets		28,216,994	27,933,481
Total assets		₩ 45,038,613	45,681,401

(continued)

POSCO

Separate statements of financial position, continued as of December 31, 2025 and 2024

(in millions of Won)

	<u>Notes</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Liabilities			
Trade accounts and notes payable	21	₩ 1,957,666	2,210,454
Borrowings	4,15,21	2,413,594	2,429,405
Other payables	16,21	1,553,501	1,715,354
Other short-term financial liabilities	17,21	408	1,840
Current income tax liabilities	31	80,548	190,051
Provisions	18	101,984	34,385
Other liabilities	20,25	93,225	141,461
Total current liabilities		6,200,926	6,722,950
Borrowings	4,15,21	4,642,367	5,452,879
Other payables	16,21	232,621	312,832
Long-term provisions	18	96,019	83,406
Other liabilities	20,25	2,374	2,806
Total non-current liabilities		4,973,381	5,851,923
Total liabilities		11,174,307	12,574,873
Equity			
Share capital	22	482,403	482,403
Capital surplus	22	24,220,805	24,227,088
Accumulated other comprehensive income	23	229,912	38,441
Retained earnings	24	8,931,186	8,358,596
Total equity		33,864,306	33,106,528
Total liabilities and equity		₩ 45,038,613	45,681,401

The accompanying notes are an integral part of the separate financial statement.

POSCO

Separate statements of comprehensive income for each of the two years in the period ended December 31, 2025

(in millions of Won, except per share informations)			2025	2024
	Notes			
Revenue	25	₩	35,010,837	37,556,523
Cost of sales	27,30		(32,051,579)	(34,899,064)
Gross profit			2,959,258	2,657,459
Selling and administrative expenses				
Other administrative expenses	26,27,30		(877,971)	(898,632)
Selling expenses	26,30		(300,841)	(285,691)
Operating profit			1,780,446	1,473,136
Finance income and costs				
Finance income	21,28		862,915	2,181,794
Finance costs	21,28		(901,155)	(2,090,585)
Other non-operating income and expenses				
Other non-operating income	29		35,411	187,737
Other non-operating expenses	29,30		(346,367)	(606,950)
Profit before income tax			1,431,250	1,145,132
Income tax expense	31		(288,070)	(243,590)
Profit			1,143,180	901,542
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	19,31		(43,124)	(62,722)
Net changes in fair value of equity investments at fair value through other comprehensive income	23,31		191,368	32,164
Total comprehensive income		₩	1,291,424	870,984
Earnings per share (in Won)	32			
Basic earnings per share (in Won)			11,849	9,344
Diluted earnings per share (in Won)		₩	11,849	9,344

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

POSCO

Separate statements of changes in equity for each of the two years in the period ended December 31, 2025

(in millions of Won)					
	Share capital	Capital surplus	Accumulated other comprehensive income	Retained earnings	Total
Balance as of January 1, 2024	₩ 482,403	24,212,464	2,666	8,411,395	33,108,928
Comprehensive income:					
Profit	-	-	-	901,542	901,542
Other comprehensive income					
Remeasurements of defined benefit plans, net of tax	-	-	-	(62,722)	(62,722)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	35,775	(3,611)	32,164
Transactions with owners of the Company, recognized directly in equity:					
Year-end dividends	-	-	-	(589,786)	(589,786)
Interim dividends	-	-	-	(298,222)	(298,222)
Shared based payments	-	14,624	-	-	14,624
Balance as of December 31, 2024	₩ 482,403	24,227,088	38,441	8,358,596	33,106,528
Balance as of January 1, 2025	₩ 482,403	24,227,088	38,441	8,358,596	33,106,528
Comprehensive income:					
Profit	-	-	-	1,143,180	1,143,180
Other comprehensive income					
Remeasurements of defined benefit plans, net of tax	-	-	-	(43,124)	(43,124)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	191,471	(103)	191,368
Transactions with owners of the Company, recognized directly in equity:					
Year-end dividends	-	-	-	(332,858)	(332,858)
Interim dividends	-	-	-	(194,505)	(194,505)
Business combination	-	(6,283)	-	-	(6,283)
Balance as of December 31, 2025	₩ 482,403	24,220,805	229,912	8,931,186	33,864,306

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

POSCO

Separate statements of cash flows

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

(in millions of Won)

	Notes	2025	2024
Cash flows from operating activities			
Profit	₩	1,143,180	901,542
Adjustments for :			
Expenses related to post-employment benefit		92,249	82,397
Depreciation		2,386,598	2,364,737
Amortization		62,569	93,640
Impairment loss on trade and other receivables		17,550	2,306
Finance income		(450,463)	(1,698,666)
Finance costs		455,312	1,593,508
Loss on valuation of inventories		32,395	26,331
Gain on disposal of property, plant and equipment		(1,681)	(9,203)
Loss on disposal of property, plant and equipment		93,485	138,162
Impairment loss on property, plant and equipment		69,988	227,239
Impairment loss on intangible assets		-	597
Impairment loss on investments in subsidiaries		16,492	47,800
Gain on disposal of assets held for sale		(4)	(865)
Loss on disposal of assets held for sale		499	-
Increase to provisions		81,486	49,699
Gain on insurance claim		(18,835)	(157,278)
Income tax expense		288,070	243,591
Others		126	(2,145)
Changes in operating assets and liabilities	35	136,836	903,639
Interest received		128,641	129,076
Interest paid		(357,057)	(317,383)
Dividends received		48,082	35,358
Income taxes paid		(513,848)	(114,563)
Net cash provided by operating activities	₩	3,711,670	4,539,519

(continued)

POSCO

Separate statements of cash flows, continued for each of the two years in the period ended December 31, 2025

(in millions of Won)

	Notes	2025	2024
Cash flows from investing activities			
Decrease in deposit instruments	₩	3,678,700	2,434,955
Proceeds from disposal of short-term financial instruments		7,086,526	6,305,427
Proceeds from disposal of debt securities		410,000	899,510
Proceeds from disposal of equity securities		568	602
Proceeds from disposal of other securities		545	1,263
Collection of loans		10,966	11,781
Proceeds from disposal of investments in subsidiaries, associates and joint ventures		2,661	-
Proceeds from disposal of assets held for sale		709	900
Collection of lease receivables		12,270	11,632
Acquisition of deposits		403	116
Cash inflow from insurance claim		18,835	157,278
Increase in deposit instruments		(3,025,366)	(4,168,700)
Acquisition of short-term financial instruments		(6,958,566)	(2,994,102)
Acquisition of debt securities		(704,000)	(1,010,073)
Acquisition of other securities		(100)	-
Increase in long-term loans		(3,867)	(5,598)
Acquisition of investments in subsidiaries, associates and joint ventures		(356,281)	(667,991)
Acquisition of property, plant and equipment		(2,363,918)	(3,325,105)
Payment for disposal of property, plant and equipment		(74,474)	(104,399)
Acquisition of intangible assets		(116,217)	(90,186)
Payment for deposits		(3,335)	(9,677)
Payment for business combination		(25,915)	-
Net cash used in investing activities	₩	(2,409,856)	(2,552,367)
Cash flows from financing activities	35		
Proceeds from borrowings		2,111,540	695,279
Increase in security deposits		4,209	3,510
Proceeds from disposals of derivatives		194,273	177,380
Repayment of borrowings		(2,853,344)	(1,992,355)
Decrease in security deposits		(3,018)	(162)
Repayment of lease liabilities		(81,520)	(77,002)
Payment of cash dividends		(527,363)	(888,008)
Net cash used in financing activities	₩	(1,155,223)	(2,081,358)
Effect of exchange rate fluctuation on cash held		(55)	4,402
Net increase (decrease) in cash and cash equivalents		146,536	(89,804)
Cash and cash equivalents at beginning of the period	5	1,943,148	2,032,952
Cash and cash equivalents at end of the period	5 ₩	2,089,684	1,943,148

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

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Notes to the separate financial statements December 31, 2025 and 2024

1. General Information

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

2. Basis of Preparation

Statement of compliance

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

These financial statements are separate financial statements prepared in accordance with KIFRS 1027 Separate Financial Statements presented by a parent, an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost.

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

Basis of measurement

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

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

Functional and presentation currency

The separate financial statements are presented in Korean Won, which is the Company's functional currency which is the currency of the primary economic environment in which the Company operates.

Use of estimates and judgments

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

(a) Judgments

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

- *Note 10 - Investments in subsidiaries and associates*

(b) Assumptions and estimation uncertainties

- *Note 6 - Allowance for trade accounts and notes receivable;*
- *Note 9 – Inventory;*
- *Note 12 - Property, plant and equipment;*
- *Note 18 – Provisions;*
- *Note 19 - Employee benefits;*
- *Note 21 - Financial instruments;*
- *Note 31 - Income taxes; and*
- *Note 34 - Commitments and contingencies.*

(c) Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of KIFRS

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Notes to separate financial statements, continued December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

including the level in the fair value hierarchy in which such valuation techniques should be classified. Significant valuation issues are reported to the Company's Audit Committee.

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

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

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

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

- Note 21 – Financial instruments.*

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Notes to separate financial statements, continued December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

(d) Changes in accounting policies

Except for the application of newly issued and amended standards that are effective from January 1, 2025, the Company has applied the same accounting policies to the current and comparative prior period financial statements.

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

The amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require the disclosure of information that enables users of the financial statements to understand how the currency that is not exchangeable into another currency affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

2. Basis of Preparation (cont'd)

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

Amendments to KIFRS 1117 Insurance Contracts, effective for annual reporting periods ending on or after December 31, 2025, address circumstances in which an entity may have limited historical data or experience available for insurance products and are

required to apply principle-based estimation techniques under insurance-related laws and regulations. In such cases, the amendments require entities to disclose information about the estimation techniques used for inputs in measuring insurance contracts when the estimation techniques applied differ from the principle-based techniques required by applicable laws or regulations, and when such information is considered relevant and material to users of financial statements.

Specifically, the amendments require disclosure of the following:

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

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies

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

Investments in subsidiaries, associates and joint ventures

These separate financial statements are prepared and presented in accordance with KIFRS 1027

Separate Financial Statements. The Company applied the cost method to investments in subsidiaries, associates and joint ventures in accordance with KIFRS 1027.

Cash and cash equivalents

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

Inventories

Inventory costs are determined by using the moving-weighted average method (with goods in transit measured using the specific identification method). The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The allocation of fixed production overheads to the costs of finished goods or work in progress are based on the normal capacity of the production facilities. The carrying amount of those inventories is recognized as cost of goods sold in the period in which the related revenue is recognized.

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Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Non-derivative financial assets

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

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(a) Financial assets measured at amortized cost

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

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

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Interest income, gains and losses on foreign currency translation and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

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

- it is held within a business model whose objective is achieved by both collection contractual cash flows and selling financial assets and***
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding***

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity instruments measured at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and never reclassified to profit or loss.

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Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

All financial assets not classified as measured at amortized cost or fair value through other

comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(e) Interest rate benchmark reform

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

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(f) Derecognition of financial assets

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

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

(g) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Investment property

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Property, plant and equipment

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

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Other than land, the costs of an asset less its estimated residual value are depreciated. Depreciation of property, plant and equipment is recognized in profit or loss on a straight-line basis, which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset, over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The cost of replacing a part of an item is recognized in the carrying amount of the item of property, plant and equipment, if the following recognition criteria are met:

- (a) it is probable that future economic benefits associated with the item will flow to the Company, and*
- (b) the cost can be measured reliably.*

The carrying amount of the replaced part is derecognized at the time the replacement part is recognized. The costs of the day-to-day servicing of the item are recognized in profit or loss as incurred.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies Policies (cont'd)

The estimated useful lives of property, plant and equipment are as follows:

<i>Buildings</i>	<i>5-40 years</i>
<i>Structures</i>	<i>5-40 years</i>
<i>Machinery and equipment</i>	<i>15 years</i>
<i>Vehicles</i>	<i>4 years</i>
<i>Tools</i>	<i>4 years</i>
<i>Furniture and fixtures</i>	<i>4 years</i>

Intangible assets

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

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

<i>Intellectual property rights</i>	<i>5-7 years</i>
<i>Development expense</i>	<i>4 years</i>
<i>Port facilities usage rights</i>	<i>4-75 years</i>
<i>Other intangible assets</i>	<i>4 years</i>

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Borrowing costs

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

Government grants

(a) Grants related to assets

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

(b) Grants related to income

Government grants which are intended to compensate the Company for expenses incurred are deducted from the related expenses.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Business combinations under common control

Business combinations involving entities or businesses under common control are accounted for by recognizing the acquired assets and assumed liabilities at their carrying amounts as presented in the consolidated financial statements of the ultimate controlling entity. Any difference between the consideration transferred and the carrying amount of the net assets acquired is recognized as an adjustment to capital surplus.

Leases

(a) As a lessee

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

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

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(b) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. The Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company leases out its investment properties. The Company classifies these leases as operating leases. The Company recognizes lease payments received under lease agreements as revenue on a straight-line basis over the lease term. In cases where the Company is an intermediate lessor, subleases are classified based on the right-of-use asset arising from the head lease, instead of the underlying asset.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Impairment on financial assets

The Company recognizes loss allowances for expected credit losses on:

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

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(a) Judgments on credit risk

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

(b) Measurement of expected credit losses

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(c) Credit-impaired financial assets

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

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

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

(d) Write-off

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Impairment of non-financial assets

For all non-financial assets, except for contract assets and assets arising from costs incurred to obtain or fulfill contracts with customers, assets arising from employee benefits, inventories, deferred tax assets and non-current assets classified as held for sale, the Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their recoverable amounts with their carrying amounts, irrespective of whether any indication of impairment exists. The recoverable amount is estimated for each individual asset, or, if it is not possible to estimate the recoverable amount of an individual asset, for the cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset's or a

cash-generating unit's value in use and its fair value less costs of disposal. Value in use is determined by discounting the future cash flows expected to be derived from the asset or the cash-generating unit using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, to the extent that those risks have not been adjusted in the estimated future cash flows.

If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset (or the assets in the cash-generating unit) is reduced to its recoverable amount, and the resulting impairment loss is recognized immediately in profit or loss.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Non-derivative financial liabilities

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

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

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

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

(b) Financial liabilities measured at amortized cost

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

POSCO

Notes to separate financial statements, continued **December 31, 2025 and 2024**

3. Material Accounting Policies (cont'd)

(c) Derecognition of financial liabilities

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

Employee benefits

(a) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as profit or loss. If the Company has a legal or constructive obligation which can be reliably measured, the Company recognizes the amount of expected payment for profit-sharing and bonuses payable as liabilities.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(b) Other long-term employee benefits

Other long-term employee benefits include employee benefits that are settled beyond 12 months after the end of the period in which the employees render the related service, and are calculated at the present value of the amount of future benefit that employees have earned in

return for their service in the current and prior periods, less the fair value of any related assets. Any remeasurement gains and losses are recognized in profit or loss in the period in which they arise.

(c) Retirement benefits: Defined contribution plans

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(d) Retirement benefits: Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Company recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

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

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

3. Material Accounting Policy Information (cont'd)

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

Provisions

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

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

3. Material Accounting Policies (cont'd)

Emission rights

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

(a) Greenhouse gas emission right

Greenhouse gas emission rights consist of emission allowances which are allocated from the government free of charge and those purchased from the market. Emission rights are recognized at cost, which comprises the purchase price and any other costs that are directly attributable to their acquisition and incurred in the normal course of business.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Emission rights held for the purpose of performing the obligation are classified as intangible

asset and initially measured at cost and subsequently carried at cost less accumulated impairment losses. The portion to be submitted to the government within one year from the reporting date is classified as current assets.

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

(b)Emission liability

An emission liability is a present obligation to submit emission rights to the government as a result of greenhouse gas emissions. An emission liability is recognized when an outflow of resources is probable and the costs required to settle the obligation can be reliably estimated. The emission liability is derecognized when emission rights are submitted to the government.

Revenue from contracts with customers

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(a) Sale of goods

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

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

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

(b) Transportation service

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Finance income and finance costs

The Company's finance income and finance costs include:

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

Income taxes

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

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

(a) Current income tax

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

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

(b) Deferred income tax

The measurement of deferred income tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Company recognizes a deferred income tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Company recognizes a deferred income tax asset for deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized. However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

A deferred income tax asset is recognized for the carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future

taxable profit will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilized. The future taxable profit depends on reversing taxable temporary differences. When there are insufficient taxable temporary differences, the probability of future taxable profit (including the reversal of temporary differences) should be considered.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

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

Standards issued but not yet adopted

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

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

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

(b) KIFRS Annual Improvements, Volume 11

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

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

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

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

(d) KIFRS 1118 Presentation and Disclosure in Financial Statements

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

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

3. Material Accounting Policies (cont'd)

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

4. Risk Management (cont'd)

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

- *Credit risk;*
- *Liquidity risk;*
- *Market risk; and*
- *Capital risk.*

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

(a) Financial risk management

1) Risk management framework

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

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

4. Risk Management (cont'd)**2) Credit risk**

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

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

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

4. Risk Management (cont'd)

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

3) Liquidity risk

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

The Company's cash flow from business, borrowing or financing is sufficient to meet the cash requirements for the Company's strategic investments. Management believes that the Company is capable of raising funds by borrowing or financing if the Company is not able to generate cash flow requirements from its operations. Meanwhile, the Company has entered into credit line agreements with multiple banks.

4) Market risk

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

4. Risk Management (cont'd)**① Currency risk**

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, Korean Won. The Company monitors the related foreign currencies regularly in order to avoid exposure to currency risk. The Company's policy in respect of foreign currency risks is

a natural hedge whereby foreign currency income is offset with foreign currency expenditures. The remaining net exposures after the natural hedge have been hedged using derivative contracts such as forward exchange contracts. In addition, the Company's foreign exchange transactions are limited to physical transactions and speculative transactions are not permitted. The Company reduces the foreign currency exposure by repayment of foreign currency borrowings subjected to investment in overseas when its maturities come.

② Interest rate risk

The Company manages the exposure to interest rate risk by adjusting of borrowing structure ratio between borrowings at fixed interest rate and variable interest rate. As of December 31, 2025, the Company doesn't have any variable interest rate borrowing.

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Notes to separate financial statements, continued December 31, 2025 and 2024

4. Risk Management (cont'd)

③ Market price risk

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

(b) Management of capital risk

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

Details of the net borrowing-to-equity ratio as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Won)</i>		2025	2024
Total borrowings	₩	7,055,961	7,882,284
Less: Cash and cash equivalents		2,089,684	1,943,148
Net borrowings		4,966,277	5,939,136
Total equity	₩	33,864,306	33,106,528
Net borrowings-to-equity ratio		14.67%	17.94%

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Notes to separate financial statements, continued December 31, 2025 and 2024

5. Cash and Cash Equivalents

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

<i>(in millions of Won)</i>		2025	2024
Demand deposits and checking accounts(*1)	₩	3,754	2,642
Time deposits		710,000	534,700
Other cash equivalents		1,375,930	1,405,806
	₩	2,089,684	1,943,148

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

6. Trade Accounts and Notes Receivable

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

(in millions of Won)		2025	2024
Current			
Trade accounts and notes receivable	₩	4,350,371	4,715,733
Less: Allowance for doubtful accounts		(417)	(501)
	₩	<u>4,349,954</u>	<u>4,715,232</u>
Non-current			
Trade accounts and notes receivable	₩	4,805	537
Less: Present value discount		(1,175)	-
Less: Allowance for doubtful accounts		(403)	(403)
	₩	<u>3,227</u>	<u>134</u>

The Company discounted its trade receivables in accordance with a factoring agreement entered into with financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of December 31, 2025 and 2024, the carrying amount of such trade accounts and notes receivable was ₩406,409 million and ₩56,079 million, respectively, and the amounts received on transfer are presented in the statements of financial position as short-term borrowings (see Note 15).

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Notes to separate financial statements, continued December 31, 2025 and 2024

7. Other Receivables

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

(in millions of Won)		2025	2024
Current			
Loans	₩	16,002	9,787
Other accounts receivable		372,021	494,139
Lease receivables		12,767	12,121
Accrued income		65,235	44,349
Others		7	1
Less: Allowance for doubtful accounts		(278)	(280)
	₩	<u>465,754</u>	<u>560,117</u>
Non-current			
Loans	₩	39,308	52,848
Other accounts receivable		6,735	7,203
Lease receivables		37,737	46,568
Deposits		44,056	39,720
Less: Allowance for doubtful accounts		(41,376)	(24,274)
	₩	<u>86,460</u>	<u>122,065</u>

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

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

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Notes to separate financial statements, continued **December 31, 2025 and 2024**

7. Other Receivables (cont'd)

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

8. Other Financial Assets

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

(in millions of Won)		2025	2024
Current			
Derivative assets	₩	181,720	301,234
Debt securities		694,000	400,000
Deposit instruments(*1)		2,180,365	2,833,700
Short-term financial instruments		318,097	413,976
	₩	3,374,182	3,948,910
Non-current			
Derivative assets	₩	329,877	453,652
Equity securities		726,340	465,320
Other securities		7,917	7,511
Deposit instruments(*2)		22	22
	₩	1,064,156	926,505

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

(*2) Non-current deposit instruments are restricted in use in relation to the Company's checking account.

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

(in millions of Won)			2025		2024		
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
Marketable equity securities							
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	₩ 14,878	13,680	(1,198)	13,680	13,367
YODOKO, Ltd.	3,000,000	1.72	13,842	37,467	23,625	37,467	31,522
DONGKUK INDUSTRIES CO., LTD.	2,611,989	4.82	12,852	7,131	(5,721)	7,131	11,571
PT.Krakatau Steel	236,625,000	1.22	6,876	6,927	51	6,927	2,177
AJUSTEEL Co., Ltd.	510,000	1.32	4,600	1,701	(2,899)	1,701	1,981
dhSteel	1,564,296	7.21	4,224	2,059	(2,165)	2,059	698
Woori Financial Group Inc.	20,280,000	2.76	261,638	567,840	306,202	567,840	311,704
Others (5 companies)			14,616	10,594	(4,022)	10,594	12,731
			333,526	647,399	313,873	647,399	385,751
Non-marketable equity securities							
TAECHANG STEEL	99,999	10.99	8,845	8,845	-	8,845	8,845
Pinetree PosMagnesium Co., Ltd.	11,144,000	19.90	8,794	8,794	-	8,794	8,794
WINSTEEL CO.	342,577	10.00	8,060	8,060	-	8,060	8,060
KOH-A JUNG GONG CO., LTD.	490,000	19.84	7,573	7,573	-	7,573	7,573
POONGSAN SPECIAL METAL CO., LTD.	315,790	5.00	7,556	7,556	-	7,556	7,556
DK Corporation	55,000	4.91	7,446	7,446	-	7,446	7,446
DaeSung SnM Co., Ltd.	50,567	8.21	7,237	7,237	-	7,237	7,237
Others (13 companies)			23,430	23,430	-	23,430	24,058
			78,941	78,941	-	78,941	79,569
₩			412,467	726,340	313,873	726,340	465,320

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Notes to separate financial statements, continued December 31, 2025 and 2024

9. Inventories

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

(in millions of Won)		2025	2024
Finished goods	₩	1,333,360	1,333,023
Semi-finished goods		1,883,315	1,796,543
By-products		11,098	16,383
Raw materials		1,261,776	1,352,488
Fuel and materials		554,936	485,424
Materials-in-transit		1,398,295	1,505,234
Others		17,543	783
		6,460,323	6,489,878
Less: Allowance for inventories valuation		(32,395)	(26,331)
	₩	6,427,928	6,463,547

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

(in millions of Won)		2025	2024
Finished goods	₩	22,435	26,331
Semi-finished goods		2,808	-
Raw materials		4,221	-
Others		2,931	-
	₩	32,395	26,331

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

(in millions of Won)		2025	2024
Beginning	₩	26,331	28,878
Loss on valuation of inventories		32,395	26,331
Utilization on sale		(26,331)	(28,878)
Ending	₩	32,395	26,331

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Notes to separate financial statements, continued December 31, 2025 and 2024

10. Investments in Subsidiaries and Associates

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

(in millions of Won)		2025	2024
Investment in subsidiaries	₩	3,190,441	2,928,501
Investment in associates		121,436	51,678
	₩	3,311,877	2,980,179

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

(b) Details of subsidiaries and carrying amounts as of December 31, 2025 and 2024 are as follows:

(in millions of Won)					2025		2024
	Country	Principal operations	Number of shares	Ownership (%)	Net asset value	Acquisition cost	Book value
[Domestic]							
POSCO STEELCON Co., Ltd. (*1)	Korea	Coated steel manufacturing	3,412,000	56.87	₩ 374,615	108,421	108,421
POSCO M-TECH (*2,3)	Korea	Packing materials manufacturing and sales	20,342,460	48.85	114,252	107,278	107,278
eNoB Corporation	Korea	Electronic commerce	2,218,190	69.32	72,783	46,358	46,358
PNR	Korea	Steel by product processing and sales	5,467,686	70.00	8,090	12,339	12,339
POSCO Humans Co., Ltd.	Korea	Business assistance service	2,676,101	100.00	17,451	11,685	11,685
POSCO GYS Tech	Korea	Maintenance service	3,000,000	100.00	17,191	15,000	15,000
POSCO GY Solution	Korea	Maintenance service	3,000,000	100.00	15,290	15,000	15,000
POSCO GYR Tech	Korea	Maintenance service	4,660,000	100.00	20,198	23,300	23,300
POSCO PH Solution	Korea	Maintenance service	1,880,000	100.00	7,622	9,400	9,400
POSCO PS Tech	Korea	Maintenance service	3,000,000	100.00	9,928	15,000	15,000
POSCO PR Tech	Korea	Maintenance service	2,460,000	100.00	12,236	12,300	12,300
Pohang Scrap Recycling Distribution Center Co., Ltd. (*4)	Korea	Steel processing and sales	909,979	51.00	10,083	4,612	4,612
CHEONGAS KOREA CO., LTD. (*5)	Korea	Industrial gas manufacturing and sales	60,000	100.00	28,121	69,343	69,343
POSCO Stainless Precision & Processing (*6)	Korea	Steel manufacturing and sales	40,000,000	100.00	199,934	200,000	200,000
eSteelHU (*7)	Korea	Steel wholesale and retail trade	588,200	61.12	9,842	4,331	4,331
					917,636	654,367	654,367
[Foreign]							
PT. KRAKATAU POSCO (*2)	Indonesia	Steel manufacturing and sales	739,900	50.00	576,291	928,168	928,168
POSCO Thainox Public Company Limited	Thailand	STS cold-rolled steel manufacturing and sales	5,812,634,019	74.56	410,098	299,936	141,019
POSCO MEXCO S.A. DE C.V.	Mexico	Automotive steel manufacturing and sales	2,686,745,772	83.28	248,261	190,802	190,802
POSCO (Thailand) Company Limited	Thailand	Steel processing and sales	18,699,481	100.00	129,553	140,614	140,614
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Vietnam	Steel manufacturing and sales	425,606,598	51.00	320,812	77,028	77,028
POSCO COATED STEEL (THAILAND) CO., LTD.	Thailand	Automotive steel manufacturing and sales	35,999,998	100.00	112,720	72,225	72,225
POSCO-India Private Limited	India	Steel manufacturing and sales	764,999,999	100.00	99,886	69,674	69,674
PT. POSCO INDONESIA JAKARTA PROCESSING CENTER	Indonesia	Steel processing and sales	38,004,548	70.51	65,977	56,976	56,976
POSCO-IRKPC SDN BHD	Malaysia	Steel processing and sales	39,585,138	70.00	103,395	56,789	56,789
POSCO (Chongqing) Automotive Processing Center Co., Ltd.	China	Steel processing and sales	-	50.00	27,980	38,849	6,479
POSCO-VIETNAM Co., Ltd.	Vietnam	Steel manufacturing and sales	-	100.00	9,584	36,972	36,972
POSCO-Poland Wroclaw Processing Center Sp. z o.o.	Poland	Steel processing and sales	60,000	60.00	35,148	22,929	22,929
POSCO-Mexico Villagran Wire-rod Processing Center	Mexico	Steel processing and sales	115,308,963	56.75	(1,163)	1,363	1,363
POSCO-India Pune Processing Center Private Limited	India	Steel processing and sales	74,787,132	65.00	62,266	37,873	37,873
POSCO Maharashtra Steel Private Limited	India	Steel manufacturing and sales	361,789,958	100.00	794,171	519,373	519,373
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	India	Steel processing and sales	200,804,570	93.34	120,316	102,587	102,587
POSCO ASSAN TST STEEL INDUSTRY Inc.	Turkiye	Steel processing and sales	144,579,160	60.00	(16,525)	2	2
Others (6 companies) (*8)					61,872	91,695	91,693
					3,160,642	2,743,856	2,536,074
					₩ 4,078,278	3,398,222	3,190,441
							2,928,501

10. Investments in Subsidiaries and Associates (cont'd)

(*1) Excluding the treasury shares held as of December 31, 2025, the ownership of the Company in terms of voting rights is 56.96%.

(*2) As of December 31, 2025, the Company classified the entities as investments in a subsidiary, considering additional facts and circumstances, such as the relative size of the voting rights held by the Company, structure of its Board of Directors

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Notes to separate financial statements, continued December 31, 2025 and 2024

and the degree of diversification of other voting rights holders, although the Company holds less than half of the voting rights of the entities.

*(*3) Excluding the treasury shares held as of December 31, 2025, the ownership of the Company in terms of voting rights is 48.85%.*

*(*4) The Company acquired the domestic steel scrap business division previously operated by POSCO INTERNATIONAL Corporation for the year ended December 31, 2025. As a result of this acquisition, a subsidiary formerly owned by the division has been newly consolidated.*

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

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

*(*7) Acquired from POSCO INTERNATIONAL Corporation for the year ended December 31, 2025.*

*(*8) The Company recognized an impairment loss of ₩16,492 million as the carrying amount of Port Hedland Iron Pty Ltd exceeded its recoverable amount for the year ended December 31, 2025.*

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Notes to separate financial statements, continued December 31, 2025 and 2024

10. Investments in Subsidiaries and Associates (cont'd)

(c) Details of associates and carrying amounts as of December 31, 2025 and 2024 are as follows:

(in millions of Won)

	Country	Principal operations	Number of shares	Ownership (%)	2025 Net asset value	Acquisition cost	Book value	2024 Book value
[Domestic]								
DAEHO GLOBAL MANAGEMENT CO., LTD.	Korea	Investment advisory service	71,647	35.82	W 20,888	4,108	4,108	4,108
Pohang Special Welding Co., Ltd.	Korea	Welding material and tools manufacturing and sales	400,000	50.00	7,538	3,111	3,111	3,111
FEWM CO., LTD. (*1)	Korea	Industrial gas manufacturing and sales	1,015,385	40.00	7,990	12,800	12,800	-
POSCO CVC 1st Fund (*2,6)	Korea	New technology business investment association	800	80.00	658	800	800	-
					<u>37,074.00</u>	<u>20,819.00</u>	<u>20,819.00</u>	<u>7,219.00</u>
[Foreign]								
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD. (*3)	China	Steel processing and sales	-	-	-	-	-	9,932
LLP POSUK Titanium	Kazakhstan	Titanium raw material manufacturing and sales	-	33.90	16,490	10,068	10,124	10,132
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO., LTD. (*4)	China	Steel processing and sales	-	17.50	13,980	2,885	2,885	2,885
POSCO (SUZHOU) STEEL PROCESSING CENTER CO., LTD. (*5)	China	Steel processing and sales	-	-	-	-	-	2,763
POSKI (Pinghu) Steel Processing Center Co., Ltd.	China	Steel processing and sales	-	20.00	5,453	2,313	441	441
POSCO Vietnam Processing Center Co., Ltd. (*6)	Vietnam	Steel processing and sales	6,544,366	9.17	138,603	12,101	12,101	12,101
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	Slovakia	Steel processing and sales	30	30.00	14,555	6,205	6,205	6,205
MRES NSW HCC II Pty Ltd (*6,7)	Australia	Mining investment	48,000,000	61.54	109,136	68,861	68,861	-
					<u>298,217</u>	<u>102,433</u>	<u>100,617</u>	<u>44,459</u>
					<u>W 335,291</u>	<u>123,252</u>	<u>121,436</u>	<u>51,678</u>

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

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

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

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

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

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

11. Investment Property

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

(in millions of Won)		2025				2024			
		Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	₩	2	-	-	2	2	-	-	2
Buildings		7,054	(3,503)	(23)	3,528	7,053	(3,159)	(23)	3,871
Structures		1,749	(858)	-	891	1,749	(771)	-	978
Right of use assets		83,556	(55,960)	-	27,596	80,234	(27,018)	-	53,216
	₩	92,361	(60,321)	(23)	32,017	89,038	(30,948)	(23)	58,067

As of December 31, 2025, the fair value of investment properties approximates their carrying amounts.

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

1) For the year ended December 31, 2025

(in millions of Won)		Beginning	Depreciation(*1)	Others(*2)	Ending
Land	₩	2	-	-	2
Buildings		3,871	(343)	-	3,528
Structures		978	(87)	-	891
Right-of-use assets		53,216	(28,942)	3,322	27,596
	₩	58,067	(29,372)	3,322	32,017

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

(*2) Others include reclassification resulting from changes in rental ratio of the subleased asset.

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Notes to separate financial statements, continued December 31, 2025 and 2024

11. Investment Property (cont'd)

2) For the year ended December 31, 2024

(in millions of Won)		Beginning	Depreciation(*1)	Others(*2)	Ending
Land	₩	2	-	-	2
Buildings		4,215	(344)	-	3,871
Structures		1,065	(87)	-	978
Right-of-use assets		78,107	(27,019)	2,128	53,216
	₩	83,389	(27,450)	2,128	58,067

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

(*2) Others include reclassification resulting from changes in rental ratio of the subleased asset.

12. Property, Plant and Equipment, Net

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

(in millions of Won)		2025					2024				
		Acquisition cost	Accumulated depreciation	Accumulated impairment	Government grants	Book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Government grants	Book value
Land	₩	1,334,762	-	-	-	1,334,762	1,298,175	-	-	-	1,298,175
Buildings		7,283,133	(4,967,933)	(31,084)	(3,182)	2,280,934	6,716,141	(4,774,714)	(30,894)	(3,275)	1,907,258
Structures		6,043,070	(3,617,553)	(37,543)	-	2,387,974	5,810,395	(3,411,664)	(36,085)	-	2,362,646
Machinery and equipment		46,407,067	(33,333,898)	(439,304)	-	12,633,865	44,998,703	(31,904,035)	(443,763)	-	12,650,905
Vehicles		275,002	(243,736)	(123)	(1,440)	29,703	254,728	(225,806)	(123)	(2,101)	26,698
Tools		228,619	(202,012)	(1,880)	-	24,727	225,806	(193,890)	(1,881)	-	30,035
Furniture and fixtures		395,327	(308,579)	(1,495)	-	85,253	343,462	(273,238)	(1,559)	(1)	68,664
Right-of-use assets		572,490	(312,602)	-	-	259,888	570,093	(258,221)	-	-	311,872
Construction-in-progress		2,102,636	-	(27,628)	(4,092)	2,070,916	2,621,418	-	(41,314)	-	2,580,104
	₩	64,642,106	(42,986,313)	(539,057)	(8,714)	21,108,022	62,838,921	(41,041,568)	(555,619)	(5,377)	21,236,357

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Notes to separate financial statements, continued December 31, 2025 and 2024

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

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

1) For the year ended December 31, 2025

(in millions of Won)		Beginning	Acquisitions	Disposals	Impairment(*1)	Depreciation	Business Combination	Others(*2)	Ending
Land	₩	1,298,175	-	-	-	-	-	36,587	1,334,762
Buildings		1,907,258	603	(2,322)	(404)	(204,048)	-	579,847	2,280,934
Structures		2,362,646	1,567	(1,398)	(6,065)	(219,862)	-	251,086	2,387,974
Machinery and equipment		12,650,905	43,222	(14,870)	(55,435)	(1,803,636)	4,403	1,809,276	12,633,865
Vehicles		26,698	1,258	(4)	-	(19,818)	-	21,569	29,703
Tools		30,035	3,110	-	-	(14,455)	-	6,037	24,727
Furniture and fixtures		68,664	3,848	(39)	(3)	(39,641)	-	52,424	85,253
Right-of-use assets		311,872	4,955	-	-	(55,764)	-	(1,175)	259,888
Construction-in-progress		2,580,104	2,267,258	-	(8,081)	-	-	(2,768,365)	2,070,916
	₩	21,236,357	2,325,821	(18,633)	(69,988)	(2,357,224)	4,403	(12,714)	21,108,022

(*1) For the year ended December 31, 2025, the Company recognized an impairment loss of ₩69,998 million on individual assets, including the 3FINEX factory in Pohang, which had been shut down, based on the estimated recoverable amount at net fair value.

(*2) Others represent assets transferred from construction-in-progress to other property, plant and equipment, assets transferred from right of use assets to investment property, and others.

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Notes to separate financial statements, continued December 31, 2025 and 2024

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

2) For the year ended December 31, 2024

(in millions of Won)		Beginning	Acquisitions	Disposals	Impairment(*1)	Depreciation	Others(*2)	Ending
Land	₩	1,284,191	-	(51)	-	-	14,035	1,298,175
Buildings		1,902,913	358	(269)	(10,850)	(190,497)	205,603	1,907,258
Structures		1,972,389	3,185	(2,887)	(16,889)	(209,365)	616,213	2,362,646
Machinery and equipment		11,835,007	46,078	(16,803)	(181,537)	(1,819,224)	2,787,384	12,650,905
Vehicles		20,239	863	(31)	-	(19,796)	25,423	26,698
Tools		31,366	3,308	(8)	(24)	(13,993)	9,386	30,035
Furniture and fixtures		82,414	3,399	(396)	(221)	(32,655)	16,123	68,664
Right-of-use assets		348,499	16,773	-	-	(51,757)	(1,643)	311,872
Construction-in-progress		3,094,275	3,198,675	(1,222)	(17,718)	-	(3,693,906)	2,580,104
	₩	20,571,293	3,272,639	(21,667)	(227,239)	(2,337,287)	(21,382)	21,236,357

(*1)The Company estimated the recoverable amount after calculating the net fair value of individual assets whose operation was suspended due to operation plan changes, such as steelmaking plant no. 1 and blast furnace no. 4 in Pohang, and recognized an impairment loss of ₩227,239 million for property, plant and equipment for the year ended December 31, 2024.

(*2)Others represent assets transferred from construction-in-progress to other property, plant and equipment, assets transferred to intangible assets, assets transferred from right of use assets to investment properties, and others.

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Notes to separate financial statements, continued December 31, 2025 and 2024

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

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

(in millions of Won)		2025	2024
Weighted average expenditure	₩	1,150,427	1,916,515
Borrowing costs capitalized		54,485	90,251
Capitalization rate		4.74%	4.71%

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

1) For the year ended December 31, 2025

(in millions of Won)		Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩	7,068	-	(285)	-	6,783
Buildings		135,360	2,283	(56,088)	4,916	86,471
Structures		38,373	-	(4,418)	-	33,955
Machinery and equipment		788	-	(395)	-	393
Vehicles		9,431	2,456	(2,705)	(1,345)	7,837
Ships		160,003	-	(16,048)	-	143,955
Furniture and fixtures		14,065	216	(4,767)	(1,424)	8,090
	₩	365,088	4,955	(84,706)	2,147	287,484

2) For the year ended December 31, 2024

(in millions of Won)		Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩	7,353	-	(285)	-	7,068
Buildings		174,712	6,947	(48,669)	2,370	135,360
Structures		43,585	-	(5,212)	-	38,373
Machinery and equipment		1,183	-	(395)	-	788
Vehicles		10,499	1,563	(2,631)	-	9,431
Ships		176,688	-	(16,685)	-	160,003
Furniture and fixtures		12,586	8,263	(4,898)	(1,886)	14,065
	₩	426,606	16,773	(78,775)	484	365,088

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Notes to separate financial statements, continued December 31, 2025 and 2024

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

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

<i>(in millions of Won)</i>		2025	2024
<i>Interest on lease liabilities</i>	<i>₩</i>	<i>10,469</i>	<i>12,205</i>
<i>Expenses relating to short-term leases</i>		<i>5,289</i>	<i>3,870</i>
<i>Expenses relating to leases of low-value assets</i>		<i>6,495</i>	<i>6,130</i>
	<i>₩</i>	<i>22,253</i>	<i>22,205</i>

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Notes to separate financial statements, continued December 31, 2025 and 2024

13. Intangible Assets, Net

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

(in millions of Won)		2025				2024			
		Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Intellectual property rights	₩	68,979	(50,860)	-	18,119	64,258	(44,752)	-	19,506
Membership		80,990	-	(554)	80,436	79,888	-	(554)	79,334
Development expense		878,451	(672,752)	(658)	205,041	712,395	(633,966)	(658)	77,771
Port facilities usage rights(*1)		682,305	(528,929)	-	153,376	682,305	(514,072)	-	168,233
Construction-in-progress		62,099	-	-	62,099	105,825	-	-	105,825
Other intangible assets		225,709	(222,556)	(451)	2,702	226,693	(221,728)	(450)	4,515
	₩	1,998,533	(1,475,097)	(1,663)	521,773	1,871,364	(1,414,518)	(1,662)	455,184

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

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

1) For the year ended December 31, 2025

(in millions of Won)		Beginning	Acquisitions	Disposals	Amortization	Impairment	Others(*2)	Ending
Intellectual property rights	₩	19,506	-	-	(6,108)	-	4,721	18,119
Membership(*1)		79,334	1,102	-	-	-	-	80,436
Development expense		77,771	957	-	(39,440)	-	165,753	205,041
Port facilities usage rights		168,233	-	-	(14,857)	-	-	153,376
Construction-in-progress		105,825	124,626	-	-	-	(168,352)	62,099
Other intangible assets		4,515	70	-	(2,163)	-	280	2,702
	₩	455,184	126,755	-	(62,568)	-	2,402	521,773

13. Intangible Assets, Net (cont'd)

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

(*2) Others represent assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, and others.

2) For the year ended December 31, 2024

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Notes to separate financial statements, continued December 31, 2025 and 2024

(in millions of Won)		Beginning	Acquisitions	Disposals	Amortization	Impairment	Others(*2)	Ending
Intellectual property rights	₩	14,457	75	(198)	(8,191)	-	13,363	19,506
Membership(*1)		79,334	-	-	-	-	-	79,334
Development expense		121,194	3,363	(22)	(68,309)	(597)	22,142	77,771
Port facilities usage rights		183,092	-	-	(14,859)	-	-	168,233
Construction-in-progress		44,358	93,654	-	-	-	(32,187)	105,825
Other intangible assets		5,564	-	-	(2,281)	-	1,232	4,515
	₩	<u>447,999</u>	<u>97,092</u>	<u>(220)</u>	<u>(93,640)</u>	<u>(597)</u>	<u>4,550</u>	<u>455,184</u>

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

(*2) Others represent assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, and others.

14. Other Assets

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

(in millions of Won)		2025	2024
Current			
Advance payments	₩	31,981	3,299
Prepaid expenses		82,107	113,667
	₩	<u>114,088</u>	<u>116,966</u>
Non-current			
Long-term advance payments	₩	129	-
Long-term prepaid expenses		2,182	2,570
Others		6,194	28,428
	₩	<u>8,505</u>	<u>30,998</u>

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Notes to separate financial statements, continued December 31, 2025 and 2024

15. Borrowings

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

(in millions of Won)		2025	2024
Short-term borrowings			
Short-term borrowings	₩	589,527	56,079
Current portion of debentures		1,824,430	2,375,800
Less: Current portion of discount on debentures issued		(363)	(2,474)
	₩	2,413,594	2,429,405
Long-term borrowings			
Long-term borrowings	₩	100,000	-
Debentures		4,563,290	5,486,000
Less: Discount on debentures issued		(20,923)	(33,121)
	₩	4,642,367	5,452,879

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

(in millions of Won)		Lenders	Maturity date	Annual interest rate (%)	2025	2024
Transfers of account receivables that do not qualify for derecognition(*1)		Shinhan Card and others	-	-	₩ 406,409	56,079
Borrowings in foreign trade		Bank-of-China and others	2026.01.05~ 2026.03.16	1.64~1.81	183,118	-
					₩ 589,527	56,079

(*1) The account receivables have been discounted according to the factoring agreement and have been recognized as short-term borrowings (Note 6).

(c) Details of current portion of debentures as of December 31, 2025 and 2024 are as follows:

(in millions of Won)		Lenders	Maturity date	Annual interest rate (%)	2025	2024
Debentures		309-3rd Non-guaranteed bonds and 2 others	2026.01.12~ 2026.09.16	1.72~4.05	₩ 819,867	699,670
Foreign debentures		Global debentures 9-1st	2026.01.17	5.63	1,004,200	1,673,656
					₩ 1,824,067	2,373,326

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Notes to separate financial statements, continued December 31, 2025 and 2024

15. Borrowings (cont'd)

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

(in millions of Won)

	Lenders	Maturity date	Annual interest rate (%)		2025	2024
Borrowings	Korea Development Bank	2035.07.29	2.81	₩	100,000	-
Debentures	310-3rd Non-guaranteed bonds and 6 others	2027.01.14~2032.01.14	1.77~4.11		1,547,347	1,368,349
Foreign debentures	Global debentures 8-2nd and 3 others	2027.01.23~2033.01.17	4.5~5.88		2,995,020	4,084,530
				₩	4,642,367	5,452,879

16. Other Payables

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

(in millions of Won)

		2025	2024
Current			
Accounts payable	₩	796,042	887,260
Accrued expenses		657,581	730,866
Lease liabilities		80,993	79,500
Withholdings		18,885	17,728
	₩	1,553,501	1,715,354
Non-current			
Long-term accrued expenses	₩	17	15
Lease liabilities		232,400	312,647
Long-term withholdings		204	170
	₩	232,621	312,832

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Notes to separate financial statements, continued **December 31, 2025 and 2024**

17. Other Financial Liabilities

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

(in millions of Won)

		<u>2025</u>	<u>2024</u>
Current			
<i>Financial guarantee liabilities</i>	<i>₩</i>	<i>408</i>	<i>1,840</i>

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Notes to separate financial statements, continued December 31, 2025 and 2024

18. Provisions

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

(in millions of Won)	2025		2024	
	Current	Non-current	Current	Non-current
Provision for bonus payments(*1,2)	₩ 17,015	71,120	15,189	47,596
Provision for restoration	-	-	2,963	-
Provision for product warranties(*3)	15,796	3,547	16,233	3,599
Provision for legal contingencies and claim(*4)	-	21,352	-	32,211
Others(*5)	69,173	-	-	-
	₩ 101,984	96,019	34,385	83,406

(*1)Represents the provision for bonuses limited to 100% of annual salaries for executives.

(*2)The Company measured the present value of the estimated future payments for long-service benefits based on an actuarial valuation and recognized a provision of ₩76,254 million and ₩52,038 million as of December 31, 2025 and 2024, respectively.

(*3)As of December 31, 2025, the Company has recognized a provision for the claim cost expected to be charged to the Company.

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

18. Provisions (cont'd)

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

1) For the year ended December 31, 2025

(in millions of Won)		<u>Beginning</u>	<u>Increase</u>	<u>Reversal</u>	<u>Utilization</u>	<u>Ending</u>
Provision for bonus payments	₩	62,785	41,863	-	(16,513)	88,135
Provision for restoration		2,963	42	-	(3,004)	-
Provision for product warranties		19,832	15,934	-	(16,423)	19,343
Provision for legal contingencies and claim		32,211	-	(10,859)	-	21,352
Others		-	76,369	-	(7,196)	69,173
	₩	<u>117,791</u>	<u>134,208</u>	<u>(10,859)</u>	<u>(43,136)</u>	<u>198,003</u>

2) For the year ended December 31, 2024

(in millions of Won)		<u>Beginning</u>	<u>Increase</u>	<u>Reversal</u>	<u>Utilization</u>	<u>Ending</u>
Provision for bonus payments	₩	40,195	40,349	-	(17,759)	62,785
Provision for restoration		5,442	160	(1,640)	(1,000)	2,963
Provision for product warranties		21,851	9,726	-	(11,745)	19,832
Provision for legal contingencies and claim		-	32,211	-	-	32,211
Others		-	9,243	-	(9,243)	-
	₩	<u>67,488</u>	<u>91,689</u>	<u>(1,640)</u>	<u>(39,747)</u>	<u>117,791</u>

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Notes to separate financial statements, continued December 31, 2025 and 2024

19. Employee Benefits

(a) Defined contribution plans

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

<i>(in millions of Won)</i>		2025	2024
<i>Expense related to post-employment benefit plans under defined contribution plans</i>	<i>₩</i>	53,284	52,175

(b) Defined benefit plans

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

<i>(in millions of Won)</i>		2025	2024
<i>Present value of funded obligations</i>	<i>₩</i>	1,310,938	1,324,972
<i>Fair value of plan assets</i>		(1,427,293)	(1,547,512)
<i>Net defined benefit assets</i>	<i>₩</i>	<u>(116,355)</u>	<u>(222,540)</u>

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Notes to separate financial statements, continued December 31, 2025 and 2024

19. Employee Benefits (cont'd)

- 2) Changes in present value of defined benefit obligations for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Won)</i>		2025	2024
Defined benefit obligation at the beginning of period	₩	1,324,972	1,259,340
Current service cost		98,442	97,343
Interest cost		45,085	47,857
Past service cost		3,682	-
Remeasurements :		60,999	96,606
- Loss from change in financial assumptions		18,364	45,572
- Loss from change in demographic assumptions		-	2,134
- Loss from change in others		42,635	48,900
Amount transferred from associate		3,462	3,544
Amount transferred to associate		(7,095)	(3,368)
Benefits paid		(218,609)	(176,350)
Defined benefit obligation at the end of period	₩	<u>1,310,938</u>	<u>1,324,972</u>

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

<i>(in millions of Won)</i>		2025	2024
Fair value of plan assets at the beginning of period	₩	1,547,512	1,557,782
Interest on plan assets		54,960	62,803
Remeasurement of plan assets		1,984	11,386
Contributions to plan assets		30,000	70,000
Amount transferred from associate		3,462	3,544
Amount transferred to associate		(7,095)	(3,368)
Benefits paid		(203,530)	(154,635)
Fair value of plan assets at the end of period	₩	<u>1,427,293</u>	<u>1,547,512</u>

The Company expects to make an estimated contribution of ₩109,565 million to the defined benefit plan assets in 2026.

POSCO**Notes to separate financial statements, continued**
December 31, 2025 and 2024**19. Employee Benefits (cont'd)**

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

<i>(in millions of Won)</i>		2025	2024
Debt instruments	₩	214,866	190,656
Deposits		1,212,402	1,356,831
Others		25	25
	₩	<u>1,427,293</u>	<u>1,547,512</u>

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

<i>(in millions of Won)</i>		2025	2024
Current service cost	₩	98,442	97,343
Net interest cost(*1)		(9,875)	(14,946)
Past service cost		3,682	-
	₩	<u>92,249</u>	<u>82,397</u>

(*1) The actual return on plan assets amounts to ₩56,944 million and ₩74,189 million for each of the two years in the period ended December 31, 2025, respectively.

The above expenses by function are as follows:

<i>(in millions of Won)</i>		2025	2024
Cost of sales	₩	72,966	62,006
Selling and administrative expenses		18,937	20,136
Others		346	255
	₩	<u>92,249</u>	<u>82,397</u>

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Notes to separate financial statements, continued December 31, 2025 and 2024

19. Employee Benefits (cont'd)

- 6) Remeasurements of defined benefit plans, net of tax recognized in other comprehensive income (loss) for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Won)		<u>2025</u>	<u>2024</u>
Beginning	₩	2,796	65,518
Remeasurements of defined benefit plans		(59,015)	(85,220)
Tax effects		15,890	22,498
Ending	₩	<u>(40,329)</u>	<u>2,796</u>

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

	<u>2025</u>	<u>2024</u>
Discount rate	4.43%	4.01%
Expected future increases in salaries(*1)	4.50%	3.90%

- (*1) The expected wage growth rate was determined using a single uniform wage growth rate.

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

- 8) Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

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Notes to separate financial statements, continued December 31, 2025 and 2024

19. Employee Benefits (cont'd)

(in millions of Won)		1% Increase		1% Decrease	
		Amount	Percentage (%)	Amount	Percentage (%)
Discount rate	₩	(89,178)	(6.8)	103,922	7.9
Expected future increases in salaries		99,757	7.6	(87,422)	(6.7)

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

(in millions of Won)		Within 1 year	1 year - 5 years	5 years - 10 years	10 years - 20 years	After 20 years	Total
Benefits to be paid	₩	160,907	466,481	339,018	614,007	339,461	1,919,874

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

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

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Notes to separate financial statements, continued **December 31, 2025 and 2024**

20. Other Liabilities

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

<i>(in millions of Won)</i>		2025	2024
Current			
Advances received	₩	10,508	16,548
Withholdings		34,221	51,665
Unearned revenue		48,496	73,248
	₩	<u>93,225</u>	<u>141,461</u>
Non-current			
Unearned revenue	₩	2,374	2,806

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Notes to separate financial statements, continued December 31, 2025 and 2024

21. Financial Instruments

(a) Classification and fair value of financial instruments

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

① December 31, 2025

(in millions of Won)

(in millions of Won)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivate assets	₩ 511,597	-	511,597	-	511,597
Short term financial instruments	318,097	-	318,097	-	318,097
Other securities	7,917	-	-	7,917	7,917
Equity securities	35,469	-	-	35,469	35,469
Fair value through other comprehensive income					
Equity securities	690,871	647,399	-	43,472	690,871
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	2,089,684	-	-	-	-
Trade accounts and notes receivable	4,343,975	-	-	-	-
Debt securities	694,000	-	-	-	-
Other receivables	318,555	-	-	-	-
Deposit instruments	2,180,388	-	-	-	-
₩	11,190,553	647,399	829,694	86,858	1,563,951
Financial liabilities					
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	₩ 1,957,666	-	-	-	-
Borrowings	7,055,961	-	7,153,160	-	7,153,160
Financial guarantee liabilities	408	-	-	-	-
Others	1,443,070	-	-	-	-
₩	10,457,105	-	7,153,160	-	7,153,160

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

21. Financial Instruments (cont'd)

② December 31, 2024

(in millions of Won)

(in millions of Won)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Fair value through profit or loss</i>					
Derivate assets	₩ 754,886	-	754,886	-	754,886
Short term financial instruments	413,976	-	413,976	-	413,976
Other securities	7,511	-	-	7,511	7,511
Equity securities	35,541	-	-	35,541	35,541
<i>Fair value through other comprehensive income</i>					
Equity securities	429,780	385,751	-	44,029	429,780
<i>Financial assets measured at amortized cost(*1)</i>					
Cash and cash equivalents	1,943,148	-	-	-	-
Trade accounts and notes receivable	4,703,770	-	-	-	-
Debt securities	400,000	-	-	-	-
Other receivables	322,597	-	-	-	-
Deposit instruments	2,833,722	-	-	-	-
₩	11,844,931	385,751	1,168,862	87,081	1,641,694
Financial liabilities					
<i>Financial liabilities measured at amortized cost(*1)</i>					
Trade accounts and notes payable	₩ 2,210,454	-	-	-	-
Borrowings	7,882,284	-	8,080,375	-	8,080,375
Financial guarantee liabilities	1,840	-	-	-	-
Others	1,863,121	-	-	-	-
₩	11,957,699	-	8,080,375	-	8,080,375

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

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

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

21. Financial Instruments (cont'd)

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

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

(in millions of Won)

	Fair value	Valuation technique	Inputs	Range of inputs	Effect on fair value assessment with unobservable input
Financial assets at fair value	₩ 86,858	Asset value approach	-	-	-

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

(in millions of Won)

		2025	2024
Beginning	₩	87,082	95,491
Acquisition		100	1,285
Gain on valuation of financial assets		710	-
Disposal		(1,034)	(9,694)
Ending	₩	86,858	87,082

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

(in millions of Won, USD)		Guarantee limit			Guarantee amount	
Guarantee beneficiary	Financial institution	Foreign currency	Won equivalent	Foreign currency	Won equivalent	
[Subsidiaries]						
POSCO ASSANTST STEEL INDUSTRY Inc.	CITI	USD	42,145,620	60,475	42,145,620	60,475
	Shinhan Bank	USD	40,352,190	57,901	40,352,190	57,901
	Woori Bank	USD	40,352,190	57,901	40,352,190	57,901
[Associates]						
LLP POSUK Titanium	Shinhan Bank	USD	12,750,000	18,295	12,750,000	18,295
		USD	135,600,000	194,572	135,600,000	194,572

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Notes to separate financial statements, continued December 31, 2025 and 2024

21. Financial Instruments (cont'd)

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

① For the year ended December 31, 2025

(in millions of Won)	Finance income and costs(*1)							Other comprehensive income
	Interest income (expense)	Dividend income	Gain and loss on foreign currency	Gain and loss on disposal	Gain on valuation	Others	Total	
Financial assets at fair value through profit or loss	W -	-	-	(21,671)	54,298	(81)	32,546	-
Financial assets at fair value through other comprehensive income	-	29,348	-	-	-	-	29,348	191,368
Financial assets measured at amortized cost	151,828	-	(75,981)	-	-	-	75,847	-
Financial liabilities at fair value through profit or loss	-	-	-	534	-	-	534	-
Financial liabilities measured at amortized cost	(352,611)	-	156,127	-	-	1,234	(195,250)	-
W	(200,783)	29,348	80,146	(21,137)	54,298	1,153	(56,975)	191,368

- (*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩18,734 million for the year ended December 31, 2025.

② For the year ended December 31, 2024

(in millions of Won)	Finance income and costs(*1)							Other comprehensive income
	Interest income (expense)	Dividend income	Gain and loss on foreign currency	Gain on disposal	Gain on valuation	Others	Total	
Financial assets at fair value through profit or loss	W -	-	-	180,634	711,854	5,560	898,048	-
Financial assets at fair value through other comprehensive income	-	26,885	-	-	-	-	26,885	32,164
Financial assets measured at amortized cost	143,608	-	319,387	-	-	-	462,995	-
Financial liabilities at fair value through profit or loss	-	-	-	373	54,955	-	55,328	-
Financial liabilities measured at amortized cost	(347,517)	-	(1,006,859)	-	-	(2,495)	(1,356,871)	-
W	(203,909)	26,885	(687,472)	181,007	766,809	3,065	86,385	32,164

- (*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩8,473 million for the year ended December 31, 2024.

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Notes to separate financial statements, continued December 31, 2025 and 2024

21. Financial Instruments (cont'd)

(b) Credit risk

1) Credit risk exposure

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

(in millions of Won)		2025	2024
Cash and cash equivalents	₩	2,089,684	1,943,148
Derivate assets		511,597	754,886
Short-term financial instruments		318,097	413,976
Debt securities		694,000	400,000
Equity securities		35,469	35,541
Other securities		7,917	7,511
Other receivables		318,555	322,597
Trade accounts and notes receivable		4,353,181	4,715,367
Deposit instruments		2,180,388	2,833,722
	₩	<u>10,508,888</u>	<u>11,426,748</u>

The Company provided financial guarantee for the repayment of loans of subsidiaries and associates. As of December 31, 2025 and 2024, the maximum exposure to credit risk caused by financial guarantee amounts to ₩194,572 million and ₩373,968 million, respectively.

2) Impairment losses on financial assets and contract assets

The Company assesses the expected credit loss on trade accounts and notes receivable, and other receivables by estimating the default rates based on the following three years of credit loss experience and overdue conditions. The Company assesses the credit loss individually for credit-impaired assets and some other receivables.

21. Financial Instruments (cont'd)

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

(in millions of Won)		2025	2024
Trade accounts and notes receivable	₩	819	904
Other accounts receivable		5,782	5,783
Loans		35,873	18,772
	₩	<u>42,474</u>	<u>25,459</u>

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Notes to separate financial statements, continued December 31, 2025 and 2024

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

(in millions of Won)		2025	2024
Other bad debt expenses(*1)	₩	17,550	2,306

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

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

(in millions of Won)	2025		2024	
	Trade accounts and notes receivable	Allowance for doubtful accounts	Trade accounts and notes receivable	Allowance for doubtful accounts
Not due	₩ 4,343,831	405	4,708,951	490
Over due less than 1 month	434	-	467	-
1 month - 3 months	-	-	-	-
3 months - 12 months	3,936	-	61	-
Over 12 months	7,166	414	5,756	414
	₩ 4,355,367	819	4,715,235	904

21. Financial Instruments (cont'd)

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

(in millions of Won)	2025		2024	
	Loans and other account receivable	Allowance for doubtful accounts	Loans and other account receivable	Allowance for doubtful accounts
Not due	₩ 293,419	-	193,637	24,274
Over due less than 1 month	1,137	-	869	-
1 month - 3 months	329	-	106	-
3 months - 12 months	15,446	-	6,989	-
Over 12 months	49,878	41,654	2,793	280
	₩ 360,209	41,654	204,394	24,554

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

(in millions of Won)		2025	2024
Beginning	₩	25,458	23,254
Impairment losses (reversal) on trade accounts and notes receivable		-	-
Write-off		-	(35)
Impairment loss on other receivables		17,550	2,306
Others		(534)	(67)
Ending	₩	42,474	25,458

(c) Liquidity risk

The contractual maturities for financial liabilities are as follows:

(in millions of Won)		Book value	Contractual cash flow	Within 3 months	3 months - 6 months	6 months - 1 year	1 year - 5 years	After 5 years
Trade accounts and notes payable	₩	1,957,666	1,957,666	1,957,666	-	-	-	-
Borrowings		7,055,961	7,756,253	2,172,422	14,570	478,501	4,408,352	682,408
Financial guarantee liabilities (*1)		408	194,572	194,572	-	-	-	-
Lease liabilities		313,393	359,608	22,209	22,269	43,973	121,961	149,196
Others		1,129,677	1,129,677	1,110,571	-	18,885	221	-
	₩	10,457,105	11,397,776	5,457,440	36,839	541,359	4,530,534	831,604

21. Financial Instruments (cont'd)

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

(d) Currency risk

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

(in millions of Won)		2025		2024	
		Assets	Liabilities	Assets	Liabilities
USD	₩	1,452,857	5,510,656	1,737,550	7,396,895
JPY		53,496	2,972	75,421	9,588
CNY		201,731	11,104	281,239	10,692
INR		344,796	-	559,290	-
EUR		32,956	2,364	13,674	2,953
Others		204,370	-	654,507	832
	₩	2,290,206	5,527,096	3,321,681	7,420,960

2) As of December 31, 2025 and 2024, provided that functional currency against foreign currencies other than functional currency hypothetically strengthens or weakens by 10%, the changes in gain or loss for each of the two years in the period

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Notes to separate financial statements, continued December 31, 2025 and 2024

ended December 31, 2025 are as follows:

(in millions of Won)		2025		2024	
		10% increase	10% decrease	10% increase	10% decrease
USD	₩	(405,780)	405,780	(565,935)	565,935
JPY		5,052	(5,052)	6,583	(6,583)
CNY		19,063	(19,063)	27,055	(27,055)
INR		34,480	(34,480)	55,929	(55,929)
EUR		3,059	(3,059)	1,072	(1,072)

21. Financial Instruments (cont'd)

(e) Interest rate risk

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

(in millions of Won)		2025	2024
Fixed rate			
Financial assets	₩	5,352,111	5,642,221
Financial liabilities		(7,999,318)	(8,659,593)
	₩	<u>(2,647,207)</u>	<u>(3,017,372)</u>

The Company does not have any interest-bearing financial instruments with variable interest rate.

22. Share Capital and Capital Surplus

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

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

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

(in millions of Won)		2025	2024
Share premium	₩	24,222,055	24,222,056
Other capital surplus		(1,250)	5,032
	₩	<u>24,220,805</u>	<u>24,227,088</u>

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Notes to separate financial statements, continued
December 31, 2025 and 2024

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Notes to separate financial statements, continued December 31, 2025 and 2024

23. Accumulated Other Comprehensive Income

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

(in millions of Won)		2025	2024
Changes in fair value of equity investments at fair value through other comprehensive income	₩	229,912	38,441

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

(in millions of Won)		2025	2024
Beginning balance	₩	38,441	2,666
Changes in fair value of equity investments		261,509	44,997
Tax effects		(70,141)	(12,833)
Reclassification		103	3,611
Ending balance	₩	229,912	38,441

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Notes to separate financial statements, continued December 31, 2025 and 2024

24. Retained earnings

(a) Retained earnings as of December 31, 2025 and 2024 are as follows:

(in millions of Won)	2025	2024
Legal reserve	₩ 154,700	91,600
Unappropriated retained earnings	8,776,486	8,266,996
	₩ 8,931,186	8,358,596

(b) Statements of appropriation of retained earnings as of December 31, 2025 and 2024 are as follows:

(in millions of Won)	2025	2024
Retained earnings before appropriation		
Unappropriated retained earnings		
carried over from prior year	₩ 7,871,038	7,730,009
Remeasurements of defined benefit plans	(43,125)	(62,722)
Loss on disposal of equity securities	(103)	(3,611)
Interim dividends	(194,505)	(298,222)
Profit for the period	1,143,180	901,542
	8,776,485	8,266,996
Appropriation of retained earnings		
Dividends	605,705	332,858
(Dividends (ratio) per share		
₩6,278 (126%) in 2025		
₩3,450 (69%) in 2024)		
Earned surplus reserve	80,030	63,100
	685,735	395,958
Unappropriated retained earnings carried forward to subsequent year	₩ 8,090,750	7,871,038

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Notes to separate financial statements, continued December 31, 2025 and 2024

25. Revenue

(a) Details of revenues disaggregated by types of revenue and timing of revenue recognition the years ended December 31, 2025 and 2024 are as follows:

(in millions of Won)

		2025	2024
Types of revenue			
Revenue from sales of goods	₩	33,553,976	36,050,410
Revenue from services		1,163,488	1,162,373
Others		293,373	343,740
	₩	35,010,837	37,556,523
Timing of revenue recognition			
Revenue recognized at a point in time	₩	33,754,693	36,306,924
Revenue recognized over time		1,256,144	1,249,599
	₩	35,010,837	37,556,523

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

(in millions of Won)

		2025	2024
Receivables			
Account receivables	₩	4,343,975	4,705,101
Contract assets			
Account receivables		9,206	10,265
Contract liabilities			
Advance received		7,048	16,548
Unearned income		48,778	76,054

(c) The contract liability balance as of December 31, 2024 was fully recognized as revenue during the year ended December 31, 2025.

26. Selling and Administrative Expenses

(a) Other administrative expenses

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

POSCO**Notes to separate financial statements, continued**
December 31, 2025 and 2024*(in millions of Won)*

		2025	2024
<i>Wages and salaries</i>	₩	256,059	247,684
<i>Expenses related to post-employment benefits</i>		24,212	26,903
<i>Other employee benefits</i>		57,032	65,419
<i>Travel</i>		10,616	9,252
<i>Depreciation</i>		41,140	35,616
<i>Amortization</i>		25,976	27,120
<i>Rental</i>		60,338	58,466
<i>Repairs</i>		6,579	8,324
<i>Advertising</i>		52,960	57,382
<i>Research & development</i>		22,445	26,193
<i>Service fees</i>		248,486	266,177
<i>Supplies</i>		1,341	499
<i>Vehicles maintenance</i>		4,724	4,807
<i>Industry association fee</i>		5,762	4,992
<i>Training</i>		30,384	27,792
<i>Conference</i>		4,714	4,461
<i>Others</i>		25,203	27,545
	₩	877,971	898,632

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Notes to separate financial statements, continued December 31, 2025 and 2024

26. Selling and Administrative Expenses (cont'd)

(b) Selling expenses

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

(in millions of Won)

	2025	2024
<i>Freight and custody expenses</i>	<i>₩ 173,153</i>	<i>168,747</i>
<i>Operating expenses for distribution center</i>	<i>4,847</i>	<i>5,917</i>
<i>Sales commissions</i>	<i>110,861</i>	<i>94,714</i>
<i>Sales advertising</i>	<i>1,317</i>	<i>4,091</i>
<i>Sales promotion</i>	<i>3,619</i>	<i>3,454</i>
<i>Sample</i>	<i>653</i>	<i>777</i>
<i>Sales insurance premium</i>	<i>6,391</i>	<i>7,991</i>
	<i>₩ 300,841</i>	<i>285,691</i>

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Notes to separate financial statements, continued December 31, 2025 and 2024

27. Research and Development Expenditures Recognized as Expenses

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

(in millions of Won)		2025	2024
Administrative expenses	₩	22,445	26,193
Cost of sales		327,422	345,673
	₩	349,867	371,866

28. Finance Income and Costs

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

(in millions of Won)		2025	2024
Finance income			
Interest income(*1)	₩	151,828	143,608
Dividend income		48,082	35,358
Gain on foreign currency transactions		412,452	468,779
Gain on foreign currency translations		152,795	579,188
Gain on valuation of derivatives		58,405	734,900
Gain on transactions of derivatives		534	79,988
Gain on valuation of financial assets at fair value through profit or loss		851	30,624
Gain on disposal of financial assets at fair value through profit or loss		36,657	103,991
Others		1,311	5,358
	₩	862,915	2,181,794
Finance costs			
Interest expenses	₩	352,611	347,517
Loss on foreign currency transactions		440,484	493,098
Loss on foreign currency translations		44,616	1,242,341
Loss on valuation of derivatives		460	-
Loss on transactions of derivatives		58,327	2,971
Loss on valuation of financial assets at fair value through profit or loss		4,498	3,650
Others		159	1,008
	₩	901,155	2,090,585

(*1) Interest income calculated using the effective interest method for each of the two years in the period ended December 31, 2025 is ₩ 151,828 million and ₩ 124,830 million, respectively.

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Notes to separate financial statements, continued December 31, 2025 and 2024

29. Other Non-Operating Income and Expenses

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

(in millions of Won)

		<u>2025</u>	<u>2024</u>
Other non-operating income			
Gain on disposals of property, plant and equipment	₩	1,681	9,203
Gain on insurance settlement		18,835	157,278
Others		14,895	21,256
	₩	<u>35,411</u>	<u>187,737</u>
Other non-operating expenses			
Loss on disposals of property, plant and equipment	₩	93,485	138,162
Impairment loss on property, plant and equipment		69,988	227,239
Other bad debt expense		17,550	2,306
Donations		55,748	45,006
Idle tangible asset expenses		5,508	2,971
Impairment loss on investments in subsidiaries		16,492	47,800
Others		87,596	143,466
	₩	<u>346,367</u>	<u>606,950</u>

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Notes to separate financial statements, continued December 31, 2025 and 2024

30. Expenses by Nature

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

(in millions of Won)		2025	2024
Changes in inventories(*1)	₩	(79,981)	382,909
Raw materials and consumables used		22,586,612	24,853,444
Employee benefits expenses(*3)		2,075,744	2,031,362
Outsourced processing cost		2,860,377	2,844,920
Depreciation(*2)		2,386,598	2,364,737
Amortization		62,569	93,640
Electricity and water expenses		680,791	599,374
Service fees		345,817	364,662
Rental		115,805	107,941
Advertising		52,960	57,382
Freight and custody expenses		1,193,652	1,306,419
Sales commissions		110,861	94,714
Loss on disposal of property, plant and equipment		93,485	138,162
Impairment loss on property, plant and equipment		69,988	227,239
Impairment loss on investments in subsidiaries		16,492	47,800
Other expenses		1,004,988	1,175,633
	₩	<u>33,576,758</u>	<u>36,690,338</u>

(*1) Changes in inventories are the changes in products, semi-finished products and by-products.

(*2) Including depreciation of investment property.

(*3) The details of employee benefits expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Won)		2025	2024
Wages and salaries	₩	1,929,026	1,897,531
Expenses related to post-employment benefits		146,718	133,831
	₩	<u>2,075,744</u>	<u>2,031,362</u>

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

31. Income Taxes

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

(in millions of Won)

	2025	2024
Current income taxes(*1)	₩ 404,345	253,923
Deferred income taxes	(63,151)	(19,998)
Items credited directly to equity	(53,124)	9,665
Income tax expense	₩ 288,070	243,590

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

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

(in millions of Won)

	2025	2024
Changes in fair value of equity investments		
at fair value through other comprehensive income(*1)	₩ (70,141)	(12,833)
Remeasurements of defined benefit plans(*1)	15,890	22,498
Gain on business combination	1,127	-
	₩ (53,124)	9,665

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

31. Income Taxes (cont'd)

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

(in millions of Won)		2025	2024
Profit before income tax expense	₩	1,431,250	1,145,132
Income tax expense computed at statutory rate		367,488	291,952
Adjustments:			
Tax credit		(10,305)	(61,562)
Effect of tax rate change		(26,497)	-
Tax effect of investment in subsidiaries		6,104	9,592
Tax effect due to permanent differences		(398)	1,824
Tax savings from consolidated taxation		(49,588)	-
Others		1,266	1,784
		<u>(79,418)</u>	<u>(48,362)</u>
Income tax expense	₩	<u>288,070</u>	<u>243,590</u>
Effective tax rate (%)		20.1%	21.3%

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

(in millions of Won)	2025			2024		
	Beginning	Increase (decrease)	Ending	Beginning	Increase (decrease)	Ending
Deferred income tax due to temporary differences						
PPE - Depreciation	274,664	(915,137)	(640,473)	204,818	69,846	274,664
Prepaid expenses	11,753	(25)	11,728	9,993	1,760	11,753
Gain or loss on foreign currency translation	215,140	(86,127)	129,013	92,249	122,891	215,140
Defined benefit liabilities	(57,588)	10,750	(46,838)	(21,393)	(36,195)	(57,588)
Accrued revenue	(11,707)	(5,743)	(17,450)	(7,601)	(4,106)	(11,707)
Effect of spin-off	1,535,619	1,080,541	2,616,160	1,536,176	(557)	1,535,619
Others	(56,736)	37,305	(19,431)	82,393	(139,129)	(56,736)
	<u>1,911,145</u>	<u>121,564</u>	<u>2,032,709</u>	<u>1,896,635</u>	<u>14,510</u>	<u>1,911,145</u>
Deferred tax from tax credit carried over						
Tax credit carried over	5,253	(5,253)	-	9,430	(4,177)	5,253
Deferred income taxes recognized directly to equity						
Net changes in fair value of equity investments						
at fair value through other comprehensive income	(13,784)	(70,178)	(83,962)	(951)	(12,833)	(13,784)
Remeasurements of defined benefit plans	(1,162)	15,890	14,728	(23,660)	22,498	(1,162)
Gain on business combination	-	1,127	1,127	-	-	-
	<u>(14,946)</u>	<u>(53,161)</u>	<u>(68,107)</u>	<u>(24,611)</u>	<u>9,665</u>	<u>(14,946)</u>
₩	<u>1,901,452</u>	<u>63,150</u>	<u>1,964,602</u>	<u>1,881,454</u>	<u>19,998</u>	<u>1,901,452</u>

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

31. Income Taxes (cont'd)

(e) Deferred tax assets and liabilities as of the years ended December 31, 2025 and 2024 are as follows:

(in millions of Won)

	2025			2024		
	Asset	Liabilities	Net	Asset	Liabilities	Net
Deferred income tax due to temporary differences						
PPE - Depreciation	₩ -	(640,473)	(640,473)	274,664	-	274,664
Prepaid expenses	11,728	-	11,728	11,753	-	11,753
Gain or loss on foreign currency translation	297,251	(168,238)	129,013	380,280	(165,140)	215,140
Defined benefit liabilities	334,956	(381,794)	(46,838)	350,949	(408,537)	(57,588)
Accrued revenue	-	(17,450)	(17,450)	-	(11,707)	(11,707)
Effect of spin-off	2,619,200	(3,040)	2,616,160	1,538,619	(3,000)	1,535,619
Others	199,458	(218,889)	(19,431)	224,409	(281,145)	(56,736)
	<u>3,462,593</u>	<u>(1,429,884)</u>	<u>2,032,709</u>	<u>2,780,674</u>	<u>(869,529)</u>	<u>1,911,145</u>
Deferred tax from tax credit carried over						
Tax credit carried over	-	-	-	5,253	-	5,253
Deferred income taxes recognized directly to equity						
Net changes in fair value of equity investments						
at fair value through other comprehensive income	4,161	(88,123)	(83,962)	4,626	(18,410)	(13,784)
Remeasurements of defined benefit plans	14,728	-	14,728	-	(1,162)	(1,162)
Gain on business combination	1,127	-	1,127	-	-	-
	<u>20,016</u>	<u>(88,123)</u>	<u>(68,107)</u>	<u>4,626</u>	<u>(19,572)</u>	<u>(14,946)</u>
₩	<u>3,482,609</u>	<u>(1,518,007)</u>	<u>1,964,602</u>	<u>2,790,553</u>	<u>(889,101)</u>	<u>1,901,452</u>

As of December 31, 2025, deductible temporary differences of ₩365,709 million related to investments in subsidiaries were not recognized as deferred tax assets, because it is not probable, they will reverse in the foreseeable future.

(f) The Company recognized current tax payable or receivable at the amount expected to be paid or received that reflects uncertainly related to income taxes.

(g) The Company is not subject to the Pillar Two.

(h) As of December 31, 2025, the Company applies the consolidated tax return system, under which the controlling company, POSCO Holdings Inc., and its economically integrated domestic subsidiaries are treated as a single taxable unit and their taxable income is consolidated for tax purposes.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

32. Earnings Per Share

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

(in Won, except share information)		2025	2024
Profit	₩	1,143,180,137,161	901,541,550,691
Weighted-average number of common shares outstanding(*1)		96,480,625	96,480,625
Basic earnings per share	₩	11,849	9,344

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

(shares)	2025	2024
Total number of common shares issued	96,480,625	96,480,625
Weighted-average number of common shares outstanding	96,480,625	96,480,625

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

33. Related Party Transactions

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

	Company
The parent company	POSCO HOLDINGS INC.
Subsidiaries	POSCO STEELEON Co., Ltd, POSCO M-TECH, PNR, POSCO Humans, eNtoB Corporation, Pohang Scrap Recycling Distribution Center Co., Ltd, CHEMGAS KOREA CO.,LTD, POSCO Stainless Precision & Processing, eSteel4U, POSCO (Thailand) Company.Ltd, POSCO-MKPC SDN BHD, POSCO-VIETNAM Co., Ltd., POSCO Thainox Public Company Limited, POSCO COATED STEEL (THAILAND) CO., LTD., POSCO Philippine Manila Processing Center, Inc., PT. KRAKATAU POSCO, POSCO Maharashtra Steel Private Limited, POSCO ASSANT TST STEEL INDUSTRY Inc., POSCO-India Pune Processing Center. Pvt. Ltd., POSCO INDIA PROCESSING CENTER PRIVATE LIMITED, POSCO TNPC Otomotiv Celik San. Ve Tic. A.S and others
Associates	DAEHO GLOBAL MANAGEMENT CO., LTD., Pohang Special Welding Co., Ltd., FEWM CO., LTD., POSCO CVC 1st Fund, POSK(Pinghu) Steel Processing Center Co., Ltd., LLP POSUK TITANIUM, ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD, POSCO Vietnam Processing Center. Co.,Ltd, POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER, MRES NSW HCC II Pty Ltd
Other related parties(*1)	POSCO Eco & Challenge Co., Ltd., POSCO DX, POSCO WIDE Co., Ltd., POSCO FUTURE MCO., LTD., POSCO FLOW CO., LTD., SNNC, POSCO Mobility Solution Corporation, POSCO INTERNATIONAL Corporation, POSCO Canada Ltd., POSCO(Guangdong) Automotive Steel Co.,Ltd., POSCO VST CO., LTD., POSCO INTERNATIONAL SINGAPORE PTE LTD., Roy Hill Holdings Pty Ltd, POSCO Asia CO.,LTD., POSCO-China Holding Corp., POSCO Group AC Fund I and others

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

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

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

33. Related Party Transactions (cont'd)

1) For the year ended December 31, 2025

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
The parent company						
POSCO HOLDINGS INC. (*3)	₩ 14,097	1,186	-	89	-	669,774
Subsidiaries						
POSCO STEELEON Co., Ltd	486,912	7,372	1,013	-	35,603	235
eNtoB Corporation	31	1,309	406,119	82,299	3,392	20,321
POSCO MTECH	69	421	95,434	5,439	213,503	115
PNR	652	-	-	-	43,464	-
POSCO Humans	1,125	-	-	-	6,862	26,465
POSCO (Thailand) Company.Ltd	100,376	756	-	-	-	134
POSCO-MKPC SDN BHD	4,786	837	-	-	-	785
POSCO-VIETNAM Co., Ltd.	375,688	93	-	-	-	120
POSCO MEXICO S.A. DE C.V.	343,661	15	-	-	-	2,175
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	5,906	-	-	-	-	-
POSCO Thainox Public Company Limited	293,346	5,651	-	-	-	89
POSCO COATED STEEL (THAILAND) CO., LTD.	323,219	408	-	-	-	1,360
POSCO TNPC Otomotiv Celik San. Ve Tic. AS	58,633	-	-	-	-	1,179
PT. POSCO INDONESIA.JAKARTA PROCESSING CENTER	2,204	-	-	-	-	1,803
POSCO PS Tech	70	1	2	18,152	127,318	2,040
POSCO PR Tech	-	23	5	27,540	116,392	1,333
POSCO PH Solution	-	40	6	9,471	51,286	2,225
POSCO GYS Tech	124	12	13	10,328	118,531	616
POSCO GYR Tech	109	-	-	19,208	111,613	394
POSCO GY Solution	107	-	-	5,424	56,473	43
Pohang Scrap Recycling Distribution Center Co., Ltd.(*4)	-	-	-	-	4,928	-
eSteelHU(*4)	542,827	-	-	-	-	82
PT. KRAKATAU POSCO	4,215	-	13,592	-	-	48
POSCO-India Pune Processing Center Private Ltd	18,514	-	-	-	-	-
POSCO Maharashtra Steel Private Limited	1,072,593	-	-	-	-	510
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	217,930	-	-	-	-	1,570
POSCO ASSAN TST STEEL INDUSTRY	333,222	2,137	-	-	-	63
Others	5,727	-	-	-	-	1,143
	4,192,046	19,075	516,184	177,861	889,365	64,848
Associates						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	39,237	-	-	-	-	-
POSCO Vietnam Processing Center Co.,Ltd	71,618	163	-	-	-	569
ZHANGJIAGANG XIAO-SHA COILSERVICE CENTER CO.,LTD.	-	666	-	-	-	-
Pohang Special Welding Co., Ltd.	-	27	-	-	-	19
	110,855	856	-	-	-	588
Other related parties						
POSCO Eco & Challenge Co., Ltd.	189	24	-	668,777	176	21,968
POSCO DX(*5)	1,998	19	-	312,808	69,790	187,520
POSCO WIDE Co., Ltd.	9,257	99	657	1,755	27,928	50,630
POSCO FUTURE MCO., LTD.	472,115	215	610,854	8,763	268,222	943
POSCO FLOW CO., LTD.(*6)	9,811	-	666,184	38	7,791	1,119,540
SNMC	9,078	4	286,877	701	2,102	-
POSCO Mobility Solution Corporation	822,360	-	14,685	1,905	17,309	1,538
POSCO INTERNATIONAL Corporation(*7)	9,682,630	3	623,952	-	1,797	39,695
POSCO(Guangdong) Automotive Steel Co.,Ltd	188,172	-	-	-	-	-
POSCO VST CO., LTD.	254,214	-	-	-	-	83
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	40	1,620,718	-	-	-
Roy Hill Holdings Pty Ltd	-	-	1,544,120	-	-	-
POSCO Argentina S.A.U.	15	507	-	-	-	5
POSCO (Zhangjiagang) Stainless Co.,Ltd.	3,662	-	-	-	-	627
POSCO JAPAN Co., Ltd.	193,609	-	40,068	3,336	-	6,107
Others	262,709	94	139,013	42,427	83	73,054
	11,909,819	1,005	5,547,128	1,040,510	395,198	1,501,710
₩	16,226,817	22,122	6,063,312	1,218,460	1,284,563	2,236,920

(*1) Sales and others mainly consist of sales of steel products to the parent company, associates and other related parties and joint ventures.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

33. Related Party Transactions (cont'd)

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

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

*(*4) Newly consolidated as a subsidiary through an acquisition from POSCO INTERNATIONAL Corporation for the year ended December 31, 2025, and includes the transactions occurred prior to the consolidation.*

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

*(*6) Others (purchase) mainly consist of freight expenses*

*(*7) The Company is engaged in a SWAP agreement with POSCO INTERNATIONAL Corporation for the purchase of LNG.*

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

33. Related Party Transactions (cont'd)

2) For the year ended December 31, 2024

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
The parent company						
POSCO HOLDINGS INC.(*)3)	₩ 10,781	396	-	209	-	1,039,230
Subsidiaries						
POSCO STEELEON Co., Ltd	596,223	5,548	96	54	41,741	159
eNioB Corporation	18	1,176	344,195	75,702	3,878	18,297
POSCO MTECH	64	726	91,076	-	216,867	-
PNR	649	-	-	-	45,594	-
POSCO Humans Co.,Ltd.	1,085	-	-	-	6,513	25,849
POSCO (Thailand) Company,Ltd	90,525	-	-	-	-	35
POSCO-MKPC SDN BHD	8,352	909	-	-	-	421
POSCO VIETNAM Co., Ltd.	298,474	318	-	-	-	92
POSCO MEXICO S.A. DE C.V.	612,592	262	-	-	-	1,876
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	7,271	-	-	-	-	-
POSCO Thainox Public Company Limited	256,246	-	-	-	-	305
POSCO COATED STEEL (THAILAND) CO., LTD.	293,629	483	-	-	-	1,924
POSCO Chengdu Processing Center Co.,LTD	36	-	-	-	-	-
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	58,229	-	-	-	-	523
PT. POSCO INDONESIA JAKARTA PROCESSING CENTER	3,352	-	-	-	-	3,187
POSCO PS Tech	70	-	-	14,562	124,985	1,531
POSCO PR Tech	-	24	12	22,198	97,579	1,730
POSCO PH Solution	-	41	33	11,078	48,367	4,845
POSCO GYS Tech	113	12	8	10,159	117,370	1,713
POSCO GYR Tech	103	-	3	19,051	108,820	936
POSCO GY Solution	84	15	-	6,519	54,291	22
PT. KRAKATAU POSCO	9,563	3,360	-	-	-	-
POSCO-India Pune Processing Center Private Ltd(*4)	19,507	-	-	-	-	-
POSCO Maharashtra Steel Private Limited(*4)	901,463	116	-	-	-	125,080
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED(*4)	150,930	-	-	-	-	1,413
POSCO ASSAN TST STEEL INDUSTRY(*4)	395,102	2,984	-	-	-	81
Others	11,913	-	-	-	-	913
	3,715,593	15,974	435,423	159,323	866,005	190,932
Associates						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	38,654	-	-	-	-	-
POSCO Vietnam Processing Center.Co.,Ltd	63,326	-	-	-	-	391
Others	151	56	-	-	-	-
	102,131	56	-	-	-	391
Other related parties						
POSCO Eco & Challenge Co., Ltd.	302	-	-	979,454	143	37,284
POSCO DX(*5)	1,911	17	-	554,898	67,484	180,298
POSCO WIDE Co., Ltd.	9,225	70	774	2,929	24,080	46,610
POSCO FUTURE MCO., LTD.	447,214	189	561,317	39,498	235,955	12,020
POSCO FLOW CO., LTD.(*6)	11,633	-	723,451	32	13,997	1,259,954
SNINC	8,527	8	279,194	1,168	-	19
POSCO Mobility Solution Corporation	773,091	1	-	2,594	52,004	898
eSteel4U	539,493	-	62	-	-	256
POSCO INTERNATIONAL Corporation(*7)	10,779,382	-	1,163,919	-	753	29,222
POSCO Canada Ltd.	-	-	26,700	-	-	-
POSCO(Guangdong) Automotive Steel Co.,Ltd	267,797	-	-	-	-	-
POSCO VST CO., LTD.	218,615	-	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	37	1,694,409	-	-	-
Roy Hill Holdings Pty Ltd	-	-	1,703,902	-	-	-
Others	420,520	483	196,083	223,659	3,833	98,019
	13,477,710	805	6,349,811	1,804,232	398,249	1,664,580
₩	17,306,215	17,231	6,785,234	1,963,764	1,264,254	2,895,133

(*1) Sales and others mainly consist of sales of steel products to the parent company, associates and other related parties and joint ventures.

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Notes to separate financial statements, continued December 31, 2025 and 2024

33. Related Party Transactions (cont'd)

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

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

*(*4) Newly consolidated as a subsidiary through an acquisition from POSCO HOLDINGS Inc. for the year ended December 31, 2024 and the transactions occurred prior to the consolidation.*

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

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

*(*7) The Company is engaged in a SWAP agreement with POSCO INTERNATIONAL Corporation for the purchase of LNG.*

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Notes to separate financial statements, continued December 31, 2025 and 2024

33. Related Party Transactions (cont'd)

(c) Details of outstanding balances arising from material transactions with the related parties as of December 31, 2025 and 2024 are as follows:

1) As of December 31, 2025

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
The parent company							
POSCO HOLDINGS INC.	₩ -	42,399	42,399	-	92,428	125,768	218,196
Subsidiaries							
POSCO STEELCON Co., Ltd	46,388	30	46,418	28	43	3,806	3,877
eNuB Corporation	-	-	-	117	13,369	372	13,858
POSCO MTECH	-	2	2	-	18,827	19,623	38,450
PNR	-	209	209	-	2,042	4,589	6,631
POSCO Humans Co., Ltd.	16	1	17	-	984	2,674	3,658
POSCO (Thailand) Company, Ltd	22,638	-	22,638	-	-	-	-
POSCO-VIETNAM Co., Ltd.	109,119	826	109,945	-	-	-	-
POSCO MEXICO S.A. DE C.V.	68,537	817	69,354	-	25	-	25
POSCO Thainox Public Company Limited	75,763	402	76,165	-	-	-	-
POSCO COATED STEEL (THAILAND) CO., LTD.	77,950	228	78,178	-	21	-	21
POSCO PS Tech	-	3	3	-	8,089	12,154	20,243
POSCO PR Tech	-	8	8	-	7,550	10,310	17,860
POSCO PH Solution	-	4	4	-	4,015	4,797	8,812
POSCO GYS Tech	-	4	4	-	5,557	11,584	17,141
POSCO GYR Tech	-	3	3	-	6,210	11,448	17,658
POSCO GY Solution	-	5	5	-	2,746	5,767	8,513
Pohang Scrap Recycling Distribution Center Co., Ltd. (*1)	-	-	-	-	1,147	-	1,147
eSteelHU (*1)	131,865	-	131,865	-	-	-	-
PT. KRAKATAU POSCO	3,328	2,553	5,881	-	19	-	19
POSCO Maharashtra Steel Private Limited	364,217	1,681	365,898	-	45,837	-	45,837
POSCO ASSAN TST STEEL INDUSTRY Inc.	264,991	1,246	266,237	-	-	-	-
Others	78	528	606	-	90	-	90
	<u>1,164,890</u>	<u>8,550</u>	<u>1,173,440</u>	<u>145</u>	<u>116,571</u>	<u>87,124</u>	<u>203,840</u>
Associates							
Pohang Special Welding Co., Ltd.	-	45	45	-	-	-	-
POSCO Vietnam Processing Center Co., Ltd	8,056	-	8,056	-	-	-	-
	<u>8,056</u>	<u>45</u>	<u>8,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other related parties							
POSCO Eco & Challenge Co., Ltd.	-	13	13	-	126,374	238	126,612
POSCO DX	41	16	57	-	105,365	22,136	127,501
POSCO WIDE Co., Ltd.	631	832	1,463	-	5,181	5,895	11,076
POSCO FUTURE MCO., LTD.	38,777	56,433	95,210	50,927	16,687	22,829	90,443
POSCO FLOW CO., LTD.	536	737	1,273	108,111	4,856	43,843	156,810
SNMC	521	28,433	28,954	5,439	360	87	5,886
POSCO Mobility Solution Corporation	125,170	-	125,170	235	348	2,084	2,667
POSCO INTERNATIONAL Corporation	919,544	1,484	921,028	536	8,905	3,076	12,517
POSCO (Guangdong) Automotive Steel Co., Ltd.	31,513	-	31,513	-	-	-	-
POSCO VST CO., LTD.	37,622	534	38,156	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	210,965	-	-	210,965
Roy Hill Holdings Pty Ltd	-	-	-	426,829	-	-	426,829
POSCO Argentina S.A.U.	-	7,415	7,415	-	-	-	-
POSCO (Zhangjiagang) Stainless Co., Ltd.	8,611	13,052	21,663	-	-	-	-
POSCO JAPAN Co., Ltd.	27,450	-	27,450	2,062	-	-	2,062
Others	9,351	3,084	12,435	4,184	13,208	4,880	22,272
	<u>1,199,767</u>	<u>112,033</u>	<u>1,311,800</u>	<u>809,288</u>	<u>281,284</u>	<u>105,068</u>	<u>1,195,640</u>
₩	<u>2,372,713</u>	<u>163,027</u>	<u>2,535,740</u>	<u>809,433</u>	<u>490,283</u>	<u>317,960</u>	<u>1,617,676</u>

(*1) Newly consolidated as a subsidiary through an acquisition from POSCO INTERNATIONAL Corporation for the year ended December 31, 2025.

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Notes to separate financial statements, continued December 31, 2025 and 2024

33. Related Party Transactions (cont'd)

2) As of December 31, 2024

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
The parent company							
POSCO HOLDINGS INC.	W -	41,966	41,966	-	102,520	84,604	187,124
Subsidiaries							
POSCO STEELEON Co., Ltd	61,687	113	61,800	-	6	6,047	6,053
eNob Corporation	-	-	-	430	6,801	340	7,571
POSCO MTECH	-	1	1	-	19,182	23,787	42,969
PNR	-	86	86	-	1,868	3,505	5,373
POSCO Humans Co., Ltd.	16	-	16	-	885	2,622	3,507
POSCO (Thailand) Company, Ltd	19,973	-	19,973	-	-	-	-
POSCO-MKPC SDN BHD	-	-	-	-	-	-	-
POSCO-VIETNAM Co., Ltd.	106,033	1,421	107,454	-	-	-	-
POSCO MEXICO S.A. DE C.V.	211,563	956	212,519	-	-	-	-
POSCO Thainox Public Company Limited	84,360	481	84,841	-	-	-	-
POSCO COATED STEEL (THAILAND) CO., LTD.	72,357	693	73,050	-	1	-	1
POSCO PS Tech	-	3	3	-	7,930	14,873	22,803
POSCO PR Tech	-	6	6	-	3,760	12,853	16,613
POSCO PH Solution	-	3	3	-	3,819	7,167	10,986
POSCO GYS Tech	-	3	3	-	4,796	14,717	19,513
POSCO GYR Tech	-	2	2	-	7,061	13,797	20,858
POSCO GY Solution	-	2	2	-	1,876	7,273	9,149
PT. KRAKATAU POSCO	7,593	5,912	13,505	-	-	-	-
POSCO Maharashtra Steel Private Limited	363,586	1,912	365,498	-	124,210	-	124,210
POSCO ASSAN TST STEEL INDUSTRY Inc.	281,858	1,347	283,205	-	81	-	81
Others	45	200	245	-	-	-	-
	1,209,071	13,141	1,222,212	430	182,276	106,981	289,687
Associates							
Pohang Special Welding Co., Ltd.	-	33	33	-	-	-	-
POSCO Vietnam Processing Center. Co., Ltd	5,585	-	5,585	-	-	-	-
	5,585	33	5,618	-	-	-	-
Other related parties							
POSCO Eco & Challenge Co., Ltd.	-	9	9	-	70,421	280	70,701
POSCO DX	40	4	44	-	179,910	25,832	205,742
POSCO WIDE Co., Ltd.	475	659	1,134	-	6,488	4,684	11,152
POSCO FUTURE MCO., LTD.	43,546	4,770	48,316	42,635	17,166	20,110	79,911
POSCO FLOW CO., LTD.	331	546	877	120,980	2,100	43,533	166,613
SNMC	518	70	588	8,426	1,285	13	9,724
POSCO Mobility Solution Corporation	112,418	-	112,418	-	1,746	5,055	6,801
eSteel4U	106,875	-	106,875	-	-	-	-
POSCO INTERNATIONAL Corporation	906,600	1,231	907,831	30,212	6,032	4,330	40,574
POSCO(Guangdong) Automotive Steel Co., Ltd.	48,546	-	48,546	-	-	-	-
POSCO VST CO., LTD.	82,674	519	83,193	-	-	-	-
Roy Hill Holdings SINGAPORE PTE LTD.	-	-	-	184,013	188	-	184,201
Roy Hill Holdings Pty Ltd	-	2,440	2,440	356,234	25	-	356,259
Others	33,493	26,544	60,037	1,775	13,805	5,147	20,727
	1,335,516	38,792	1,374,308	744,275	299,166	108,964	1,152,405
W	2,550,172	93,932	2,644,104	744,705	583,962	300,549	1,629,216

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

(in millions of Won)		2025	2024
Short-term benefits	W	39,461	36,856
Retirement benefits		7,742	10,620
	W	47,203	47,476

33. Related Party Transactions (cont'd)

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

(e) Guarantees provided to related parties

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Notes to separate financial statements, continued December 31, 2025 and 2024

- 1) *The Company has entered into a financial guarantee contract for related parties as of the year ended December 31, 2025, and the related guarantee obligations are recognized as financial guarantee liabilities (See Note 21).*

(f) Major fund transactions with related parties

- 1) *During the year ended December 31, 2025, the Company entered into transactions with related parties involving acquisitions of equity interests and capital contributions (See Note 10).*

(g) Significant agreements with related parties

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

(h) Acquisition from other related parties

- 1) *During the year ended December 31, 2025, the Company acquired the steel scrap business segment from other related parties (see Note 36).*

34. Commitments and Contingencies

(a) Contingent liabilities

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

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

The management regularly analyzes current information about these matters and provides information on provisions for probable contingent losses including the estimate of legal expense to resolve the matters. Internal and external lawyers are

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Notes to separate financial statements, continued December 31, 2025 and 2024

used for these assessments. In making the decision regarding the need for provisions, management considers whether the Company has an obligation as a result of a past event, whether it is probable that an outflow of cash or other resources embodying economic benefits will be required to settle the obligation and the ability to make a reliable estimate of the amount of obligation.

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Notes to separate financial statements, continued December 31, 2025 and 2024

34. Commitments and Contingencies (cont'd)

(b) Commitments

- 1) The Company entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than two years and three years, respectively, and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of December 31, 2025, 48 million tons of iron ore and 18 million tons of coal remained to be purchased under such long-term contracts.**
- 2) The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia. The purchase contract period and volume are 550 thousand tons of LNG annually for 20 years commencing in August 2005 and 120 thousand tons from September 2025 to December 2026. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.**
- 3) The Company entered into a consecutive voyage charter (CVC) contract for the transportation of raw materials. As of December 31, 2025, there are 32 vessels under contract and the average remaining contract period is about 6 years.**
- 4) The Company entered into an agreement (LNG SPA) with POSCO INTERNATIONAL SINGAPORE PTE LTD. to purchase 370 thousand tons of LNG annually for 15 years commencing in November 2026. The purchase price is subject to change based on changes of U.S. Henry Hub Natural Gas Spot Price. The Company has extension option of extending the purchase contract by five years.**

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Notes to separate financial statements, continued December 31, 2025 and 2024

34. Commitments and Contingencies (cont'd)

- 5) As of December 31, 2025, the committed amount for the acquisition of property, plant and equipment and intangible assets not yet incurred is ₩2,214.3 billion.
- 6) As of December 31, 2025, the Company has entered into agreements for overdraft and trade finance with financial institutions, including Woori Bank, with a credit limit of ₩3,455.6 billion.
- 7) The Company utilizes supply chain financing arrangements in transactions with certain suppliers to manage working capital more efficiently. Under these arrangements, a financial institution makes early payments to suppliers based on the Company's credit, and the Company settles the amounts with the financial institution after a specified period. As of December 31, 2025, the Company has entered into purchasing card and reverse factoring arrangements.

- ① As of December 31, 2025 and 2024, the carrying amounts of financial liabilities related to supplier finance arrangements, the portions already paid by financial institutions to suppliers, and the related statements of financial position line items are as follows:

(in millions of Won)

		2025		2024
		Balance	Amount received by suppliers	Balance
Trade accounts and notes payable	₩	664,033	616,923	861,022
Reverse factoring		629,964	594,461	816,837
Purchase card		34,069	22,462	44,185
Accounts Payables		230,741	7,551	206,335
Purchase card		230,741	7,551	206,335
	₩	894,774	624,474	1,067,357

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

(in millions of Won)

	Contractual payment terms of supplier finance	Payment terms of other financial liabilities
Trade accounts and notes payable		
Reverse factoring	30~90 days	Within 30 days
Purchase card	40 days	-
Accounts Payables		
Purchase card	40 days	-

- ③ There were no significant non-cash changes in the carrying amount of trade payables and other payables that are part of the supplier finance arrangements.
- ④ As of December 31, 2025, the Company has entered into supplier finance arrangements which have a limit of ₩2,759.7 billion with SMBC and nine other financial institutions.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

34. Commitments and Contingencies (cont'd)

8) As of December 31, 2025, the Company has entered into an LNG terminal use agreement with POSCO INTERNATIONAL Corporation to unload, store, regasify, and deliver LNG directly imported by the Company through the Gwangyang LNG terminal for use in process operations and power generation at its Pohang and Gwangyang steelworks. Under the agreement, the Company is granted the exclusive right to use 200,000 kl of LNG storage capacity in a newly constructed LNG storage tank, as well as access to related terminal facilities. The contract period is from September 1, 2025 to August 31, 2041.

9) As of December 31, 2025, the Company's significant capital commitment arrangements are as follows:

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

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Notes to separate financial statements, continued December 31, 2025 and 2024

34. Commitments and Contingencies (cont'd)

10) In relation to the shares of FEWM CO., LTD., the Company holds a call option exercisable during the period from July 1, 2026 to June 30, 2027, under which the Company may require the largest shareholder to sell a portion of its shares in the target company at a pre-agreed exercise price to the Company. The option may be exercised to the extent that the Company's shareholding reaches 59% of the target company's total issued shares at the relevant exercise date.

(c) Litigation in progress

The Company is involved in 181 lawsuits collectively amounting to ₩542.6 billion as defendant as of December 31, 2025, which arise in the ordinary course of business such as claim for confirmation of employee status. The Company has recognized provisions for certain lawsuits and claims and the Company believes that it has a present obligation as of December 31, 2025. (see Note 18).

(d) The Company was spun off from POSCO HOLDINGS INC. and newly incorporated with March 1, 2022 as the date of spin-off, and the Company is jointly liable for the liabilities of POSCO HOLDINGS INC. under Article 530(9)(1) of the Commercial Act of the Republic of Korea.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

35. Statements of Cash Flows

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

(in millions of Won)		2025	2024
Trade accounts and notes receivable, net	₩	348,075	434,338
Other accounts receivable		132,022	(155,274)
Accrued revenue		1,340	(3,252)
Inventories		14,979	320,066
Prepaid expenses		31,557	(12,878)
Other current assets		(28,688)	563
Long-term guarantee deposits		(1,289)	(310)
Derivative assets		54,369	26,710
Other non-current assets		25,698	23,398
Trade accounts and notes payable		(234,682)	114,723
Other accounts payable		(59,395)	84,660
Accrued expenses		(52,128)	116,108
Advances received		(6,041)	491
Withholdings		(17,444)	21,837
Unearned revenue		(25,184)	23,570
Other current liabilities		(1,274)	603
Payments of severance benefits		(218,609)	(176,349)
Plan assets		173,530	84,635
	₩	<u>136,836</u>	<u>903,639</u>

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

35. Statements of Cash Flows (cont'd)

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

1) For the year ended December 31, 2025

(in millions of Won)

		Liabilities					Derivatives that hedge long-term borrowings
		Short-term borrowings	Debentures and long-term borrowings	Dividend payable	Lease liabilities	Long-term financial liabilities	
Beginning	₩	56,079	7,826,206	-	392,148	17,885	(617,165)
Changes from financing cash flows		536,825	(1,278,629)	(527,363)	(81,519)	1,191	194,273
The effect of changes in foreign exchange rates		(3,377)	(97,828)	-	(4,499)	-	-
Gain(loss) on valuation of derivatives		-	-	-	-	-	(50,935)
Gain(loss) on derivative transactions		-	-	-	-	-	53,127
Other changes:							
Decrease in retained earnings		-	-	527,363	-	-	-
Interest expense		-	16,685	-	24	-	-
Increase in right-of-use assets		-	-	-	7,239	-	-
Others		-	-	-	-	13	-
Ending	₩	<u>589,527</u>	<u>6,466,434</u>	<u>-</u>	<u>313,393</u>	<u>19,089</u>	<u>(420,700)</u>

2) For the year ended December 31, 2024

(in millions of Won)

		Liabilities					Derivatives that hedge long-term borrowings
		Short-term borrowings	Debentures and long-term borrowings	Dividend payable	Lease liabilities	Long-term financial liabilities	
Beginning	₩	34,238	8,442,460	-	429,350	14,537	(146,855)
Changes from financing cash flows		21,841	(1,318,917)	(888,008)	(77,002)	3,348	177,380
The effect of changes in foreign exchange rates		-	684,982	-	25,280	-	-
Changes in fair values		-	-	-	-	-	(647,690)
Other changes:							
Decrease in retained earnings		-	-	888,008	-	-	-
Interest expense		-	17,681	-	24	-	-
Increase in right-of-use assets		-	-	-	14,496	-	-
Ending	₩	<u>56,079</u>	<u>7,826,206</u>	<u>-</u>	<u>392,148</u>	<u>17,885</u>	<u>(617,165)</u>

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

(in millions of Won)

		2025	2024
Transfer from construction-in-progress to other property, plant and equipment	₩	2,768,053	3,691,307
Change in account payables due to PP&E and intangible asset		32,668	62,057
Reclassification of current portion of borrowings and bonds		1,824,067	2,217,632
Increase in right-of-use assets		9,871	20,621

35. Statements of Cash Flows (cont'd)

(d) Interest paid, including interest and other costs incurred in connection with borrowings, amounted to ₩411,542 million and ₩407,634 million for each of the two years in the period ended December 31, 2025, respectively.

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Notes to separate financial statements, continued December 31, 2025 and 2024

36. Business Combination

(a) Overview of Business Combination

The Company acquired the domestic scrap metal business's tangible and intangible assets of POSCO International, as well as its equity interest in Pohang Scrap Recycling Distribution Center Co., Ltd. for the year ended December 31, 2025. The purpose of this business combination is to strengthen purchasing competitiveness through the acquisition of the domestic scrap metal business operations.

	<i>Acquisition date of control</i>
<i>Scrap metal business of POSCO International</i>	<i>May 16, 2025</i>

(b) Accounting for Business Combinations

This business combination is a business combination under common control. Accordingly, the assets acquired, and liabilities assumed from POSCO International have been recognized at their carrying amounts in the consolidated financial statements of the ultimate parent company. The difference between the consideration transferred and the carrying amount of the net assets acquired has been adjusted to capital surplus.

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

36. Business Combination (cont'd)

(in millions of Won)

		Amount
Consideration transferred		
Cash	₩	25,915
	₩	25,915
Identifiable assets acquired and liabilities assumed		
Investments in subsidiaries	₩	4,612
Inventories		9,491
Property, plant and equipment		4,403
Other assets		1,127
	₩	19,633
Equity arising from the business combination		
Capital surplus	₩	(6,283)
	₩	(6,283)

POSCO

Notes to separate financial statements, continued December 31, 2025 and 2024

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

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

38. Events after the Reporting Period

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

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

Report on independent auditor's review of internal control over financial reporting

The accompanying report on independent auditor's review of internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of POSCO (the "Company") and the separate financial statements of the Company for the year ended December 31, 2025 in accordance with the Article 8, paragraph 7 of the *Act on External Audit of Stock Companies*.

**Report on Independent Auditor's
Review of Internal Control over Financial Reporting**
(English translation of a report originally issued in Korean)

To the Board of Directors and Shareholders of POSCO

We have reviewed the accompanying management's report on the effectiveness of Internal Control over Financial Reporting ("ICFR") of POSCO (the "Company") as of December 31, 2025. The Company's management is responsible for designing and operating ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review the management's report on the effectiveness of ICFR and issue a report based on our review. Management's report on the effectiveness of ICFR of the Company states that "Based on the assessment results, the Chief Executive Officer and the ICFR Officer believe that the Company's ICFR, as at December 31, 2025, is designed and operated effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*"

Our review was conducted in accordance with ICFR review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of the management's report on the effectiveness of ICFR to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's ICFR and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

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

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

Based on our review, nothing has come to our attention that causes us to believe that management's report on the effectiveness of ICFR, referred to above, is not presented fairly, in all material respects, in accordance with *the Standard for Evaluating and Reporting Internal Control over Financial Reporting*.

Our review is based on the Company's ICFR as of December 31, 2025, and we did not review management's assessment of its ICFR subsequent to December 31, 2025. This report has been prepared pursuant to the Acts on External Audit for Stock Companies, etc. in Korea and may not be appropriate for other purposes or for other users.

EY Han Young

Seoul, Korea
March 11, 2026

This report is effective as at March 11, 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 Company's internal control over financial reporting thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.