

POSCO and its subsidiaries

Interim condensed consolidated financial statements
for each of the three-month periods ended March 31, 2025 and 2024
with the independent auditor's review report

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Report on review of interim condensed consolidated financial statements

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Report on review of interim condensed consolidated financial statements

(English translation of a report originally issued in Korean)

The Stockholder and Board of Directors POSCO

We have reviewed the accompanying interim condensed consolidated financial statements of POSCO (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the interim condensed consolidated statement of financial position as of March 31, 2025, and the related interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for each of the three-month periods ended March 31, 2025 and 2024, respectively, and a summary of material accounting policies and other explanatory information.

Management’s responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing (“KSA”) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matters

We have audited the consolidated statement of financial position of the Group as of December 31, 2024, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein), in accordance with KSA, and our report dated March 12, 2025 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2024, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

May 14, 2025

This review report is effective as of May 14, 2025, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

POSCO and its subsidiaries

Interim condensed consolidated financial statements
for each of the three-month periods ended March 31, 2025 and 2024

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

Hee-Geun Lee
Chief Executive Officer
POSCO

POSCO and its subsidiaries

Interim condensed consolidated statements of financial position as of March 31, 2025 (unaudited) and December 31, 2024

(in millions of Won)

| | Notes | March 31, 2025 | December 31, 2024 |
|---|---------|---------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 20 | ₩ 2,720,972 | 2,435,951 |
| Trade accounts and notes receivable, net | 4,20,23 | 4,930,680 | 4,868,534 |
| Other receivables, net | 5,20 | 712,907 | 863,292 |
| Other short-term financial assets | 6,20 | 4,945,168 | 4,092,620 |
| Inventories | 7 | 8,919,440 | 9,447,667 |
| Current income tax assets | | 39,613 | 44,881 |
| Assets held for sale | 8 | 6,832 | - |
| Other current assets | 13 | 182,971 | 145,693 |
| Total current assets | | 22,458,583 | 21,898,638 |
| Long-term trade accounts and notes receivable, net | 4,20,23 | 14,420 | 10,634 |
| Other receivables, net | 5,20 | 342,609 | 333,589 |
| Other long-term financial assets | 6,20 | 832,656 | 935,714 |
| Investments in subsidiaries, associates and joint ventures | 9 | 60,677 | 70,599 |
| Investment property, net | 10 | 51,045 | 55,062 |
| Property, plant and equipment, net | 11 | 24,892,253 | 25,195,316 |
| Intangible assets, net | 12 | 490,487 | 466,992 |
| Defined benefit assets, net | 18 | 240,090 | 242,940 |
| Deferred tax assets | | 2,265,659 | 2,168,515 |
| Other non-current assets | 13 | 9,058 | 34,847 |
| Total non-current assets | | 29,198,954 | 29,514,208 |
| Total assets | | ₩ 51,657,537 | 51,412,846 |

(continued)

POSCO and its subsidiaries

Interim condensed consolidated statements of financial position, continued as of March 31, 2025 (unaudited) and December 31, 2024

(in millions of Won)

| | Notes | March 31, 2025 | December 31, 2024 |
|---|-------|-------------------|-------------------|
| Liabilities | | | |
| Trade accounts and notes payable | 20 ₩ | 3,560,908 | 4,186,525 |
| Short-term borrowings | | | |
| and current installments of long-term borrowings | 14,20 | 4,950,554 | 3,522,204 |
| Other payables | 15,20 | 1,919,172 | 1,764,862 |
| Other short-term financial liabilities | 16,20 | 7 | - |
| Current income tax liabilities | | 253,597 | 205,096 |
| Provisions | 17 | 48,485 | 51,289 |
| Other current liabilities | 19,23 | 174,618 | 214,009 |
| Total current liabilities | | 10,907,341 | 9,943,985 |
| Long-term borrowings, | | | |
| excluding current installments | 14,20 | 6,717,134 | 7,312,602 |
| Other payables | 15,20 | 610,338 | 636,863 |
| Defined benefit liabilities, net | 18 | 30,085 | 24,932 |
| Deferred tax liabilities | | 37,391 | 37,664 |
| Long-term provisions | 17 | 87,900 | 87,930 |
| Other non-current liabilities | 19,23 | 1,083 | 1,471 |
| Total non-current liabilities | | 7,483,931 | 8,101,462 |
| Total liabilities | | 18,391,272 | 18,045,447 |
| Equity | | | |
| Share capital | 21 | 482,403 | 482,403 |
| Capital surplus | 21 | 22,704,457 | 22,705,568 |
| Accumulated other comprehensive income | 22 | 259,056 | 242,066 |
| Retained earnings | | 8,881,415 | 8,955,007 |
| Equity attributed to owners of the controlling company | | 32,327,331 | 32,385,044 |
| Non-controlling interests | | 938,934 | 982,355 |
| Total equity | | 33,266,265 | 33,367,399 |
| Total liabilities and equity | ₩ | 51,657,537 | 51,412,846 |

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

POSCO and its subsidiaries

Interim condensed consolidated statements of comprehensive income

for each of the three-month periods ended March 31, 2025 and 2024 (Unaudited)

(in millions of Won, except per share informations)

| | Notes | March 31, 2025 | March 31, 2024 |
|--|-------|----------------|----------------|
| Revenue | 23 | ₩ 11,252,375 | 11,260,105 |
| Cost of sales | 27 | (10,398,447) | (10,532,716) |
| Gross profit for the period | | 853,928 | 727,389 |
| Selling and administrative expenses | | | |
| Other administrative expenses | 24,27 | (308,071) | (287,060) |
| Selling expenses | 24,27 | (78,645) | (73,354) |
| Operating profit for the period | | 467,212 | 366,975 |
| Share of profit of equity-accounted investees, net | 9 | (3,851) | (217) |
| Finance income and costs | | | |
| Finance income | 20,25 | 328,795 | 587,357 |
| Finance costs | 20,25 | (379,889) | (598,944) |
| Other non-operating income and expenses | | | |
| Other non-operating income | 26 | 14,050 | 14,447 |
| Other non-operating expenses | 26,27 | (86,472) | (107,167) |
| Profit before income tax | | 339,845 | 262,451 |
| Income tax expense | 28 | (100,757) | (36,939) |
| Profit for the period | | 239,088 | 225,512 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurements of defined benefit plans | 18 | 907 | 2,791 |
| Net changes in fair value of equity investments at fair value through other comprehensive income | 20,22 | 16,795 | 29,290 |
| Foreign currency translation differences | | (1,034) | - |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences | | (905) | 55,958 |
| Capital adjustment arising from investments in equity-accounted investees | 9 | 1,101 | 1,573 |
| Other comprehensive income, net of tax | | 16,864 | 89,612 |
| Total comprehensive income | ₩ | 255,952 | 315,124 |
| Profit attribute to: | | | |
| Owners of the controlling company | ₩ | 258,237 | 241,921 |
| Non-controlling interests | | (19,149) | (16,409) |
| Profit for the period | ₩ | 239,088 | 225,512 |
| Total comprehensive income attribute to: | | | |
| Owners of the controlling company | ₩ | 276,189 | 318,956 |
| Non-controlling interests | | (20,237) | (3,832) |
| Total comprehensive income | ₩ | 255,952 | 315,124 |
| Earnings per share (in Won) | 29 | | |
| Basic earnings per share (in Won) | | 2,677 | 2,507 |
| Diluted earnings per share (in Won) | ₩ | 2,677 | 2,507 |

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

POSCO and its subsidiaries

Interim condensed consolidated statements of changes in equity

for each of the three-month periods ended March 31, 2025 and 2024 (unaudited)

(in millions of Won)

| | Attributable to owners of the controlling company | | | | | Non-cotrolling interests | Total |
|--|---|-----------------|--|-------------------|------------|--------------------------|------------|
| | Share capital | Capital surplus | Accumulated other comprehensive income | Retained earnings | Subtotal | | |
| Balance as of January 1, 2024 | ₩ 482,403 | 22,659,008 | (22,112) | 8,753,924 | 31,873,223 | 977,746 | 32,850,969 |
| Comprehensive income: | | | | | | | |
| Profit | - | - | - | 241,921 | 241,921 | (16,409) | 225,512 |
| Other comprehensive income (loss) | | | | | | | |
| Remeasurements of defined benefit plans, net of tax | - | - | - | 2,696 | 2,696 | 95 | 2,791 |
| Capital adjustment arising from investments in equity-accounted investees, net of tax | - | - | 1,583 | - | 1,583 | (10) | 1,573 |
| Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax | - | - | 29,290 | - | 29,290 | - | 29,290 |
| Foreign currency translation differences, net of tax | - | - | 43,465 | - | 43,465 | 12,493 | 55,958 |
| Transactions with owners of the controlling company, recognized directly in equity: | | | | | | | |
| Year-end dividends | - | - | - | (589,786) | (589,786) | (5,828) | (595,614) |
| Share-based payments | - | 4,577 | - | - | 4,577 | - | 4,577 |
| Others | - | 179 | 32 | 4 | 215 | (3,671) | (3,456) |
| Balance as of March 31, 2024 | ₩ 482,403 | 22,663,764 | 52,258 | 8,408,759 | 31,607,184 | 964,416 | 32,571,600 |

(continued)

POSCO and its subsidiaries

Interim condensed consolidated statements of changes in equity, continued

for each of the three-month periods ended March 31, 2025 and 2024 (unaudited)

(in millions of Won)

| | Attributable to owners of the controlling company | | | | | Non-cotrolling interests | Total |
|--|---|-----------------|--|-------------------|------------|--------------------------|------------|
| | Share capital | Capital surplus | Accumulated other comprehensive income | Retained earnings | Subtotal | | |
| Balance as of January 1, 2025 | ₩ 482,403 | 22,705,568 | 242,066 | 8,955,007 | 32,385,044 | 982,355 | 33,367,399 |
| Comprehensive income: | | | | | | | |
| Profit | - | - | - | 258,237 | 258,237 | (19,149) | 239,088 |
| Other comprehensive income (loss) | | | | | | | |
| Remeasurements of defined benefit plans, net of tax | - | - | - | 962 | 962 | (55) | 907 |
| Capital adjustment arising from investments in equity-accounted investees, net of tax | - | - | 1,100 | - | 1,100 | 1 | 1,101 |
| Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax | - | - | 16,795 | - | 16,795 | - | 16,795 |
| Foreign currency translation differences, net of tax | - | - | (905) | - | (905) | (1,034) | (1,939) |
| Transactions with owners of the controlling company, recognized directly in equity: | | | | | | | |
| Year-end dividends | - | - | - | (332,858) | (332,858) | (6,938) | (339,796) |
| Changes in subsidiaries | - | (1,111) | - | - | (1,111) | (16,289) | (17,400) |
| Others | - | - | - | 67 | 67 | 43 | 110 |
| Balance as of March 31, 2025 | ₩ 482,403 | 22,704,457 | 259,056 | 8,881,415 | 32,327,331 | 938,934 | 33,266,265 |

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

POSCO and its subsidiaries

Interim condensed consolidated statements of cash flows

for each of the three-month periods ended March 31, 2025 and 2024

(unaudited)

(in millions of Won)

| | Notes | March 31, 2025 | March 31, 2024 |
|--|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Profit | ₩ | 239,088 | 225,512 |
| Adjustments for : | | | |
| Depreciation | | 709,368 | 657,793 |
| Amortization | | 13,816 | 23,883 |
| Finance income | | (235,242) | (476,863) |
| Finance costs | | 260,004 | 483,532 |
| Income tax expense | | 100,757 | 36,939 |
| Gain on disposal of property, plant and equipment | | (764) | (4,778) |
| Loss on disposal of property, plant and equipment | | 11,084 | 39,347 |
| Impairment loss on property, plant and equipment | | 49,474 | 40,770 |
| Loss on disposal of intangible assets | | - | - |
| Impairment loss on intangible assets | | 12 | 11 |
| Share of loss of equity-accounted investees | | 3,851 | 217 |
| Gain on disposal of investments in subsidiaries, associates and joint ventures | | (118) | - |
| Expenses related to post-employment benefit | | 31,967 | 30,632 |
| Impairment loss on trade and other receivables | | 49 | 3,420 |
| Loss on valuation of inventories | | 55,312 | 41,337 |
| Increase to provisions | | 11,721 | 8,852 |
| Gain on disposal of emission rights | | - | (2,970) |
| Revenue of insurance claim | | (406) | - |
| Others, net | | 210 | 13 |
| Changes in operating assets and liabilities | 32 | (166,687) | (517,306) |
| Interest received | | 46,857 | 36,439 |
| Interest paid | | (200,675) | (215,977) |
| Dividends received | | 1,252 | 207 |
| Income taxes paid | | (148,452) | (36,615) |
| Net cash provided by operating activities | ₩ | 782,478 | 374,395 |

(continued)

POSCO and its subsidiaries

Interim condensed consolidated statements of cash flows, continued for each of the three-month periods ended March 31, 2025 and 2024 (unaudited)

(in millions of Won)

| | <u>Notes</u> | <u>March 31, 2025</u> | <u>March 31, 2024</u> |
|--|--------------|-------------------------|-------------------------|
| Cash flows from investing activities | | | |
| Acquisition of short-term financial instruments | ₩ | (3,220,837) | (1,224,948) |
| Proceeds from disposal of short-term financial instruments | | 2,473,555 | 1,106,486 |
| Increase in loans | | (4,983) | (17,926) |
| Collection of loans | | 3,132 | 6,139 |
| Acquisition of securities | | (279,006) | (220,553) |
| Proceeds from disposal of securities | | 190,034 | 220,555 |
| Proceeds from disposal of investments in joint ventures and associates | | 118 | - |
| Acquisition of property, plant and equipment | | (564,309) | (901,702) |
| Proceeds from disposal of property, plant and equipment | | (3,069) | (36,679) |
| Acquisition of intangible assets | | (36,769) | (14,173) |
| Proceeds from disposal of intangible assets | | 24 | 3,037 |
| Collection of lease receivables | | 3,018 | 2,845 |
| Receipt of insurance claim | | 406 | - |
| Payment of deposits | | (6,767) | (4,703) |
| Collection of deposits | | <u>1,583</u> | <u>645</u> |
| Net cash used in investing activities | ₩ | <u>(1,443,870)</u> | <u>(1,080,977)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 2,143,377 | 1,226,090 |
| Repayment of borrowings | | (1,293,663) | (997,572) |
| Repayment of lease liabilities | | (28,158) | (26,360) |
| Decrease in derivatives | | 133,628 | 76,360 |
| Acquisition of non-controlling interests | | (17,400) | - |
| Others, net | | <u>5,670</u> | <u>(7,381)</u> |
| Net cash provided by financing activities | ₩ | <u>943,454</u> | <u>271,137</u> |
| Effect of exchange rate fluctuation on cash held | | 2,959 | 7,623 |
| Net increase (decrease) in cash and cash equivalents | | 285,021 | (427,822) |
| Cash and cash equivalents at beginning of the period | | <u>2,435,951</u> | <u>2,426,344</u> |
| Cash and cash equivalents at end of the period | ₩ | <u><u>2,720,972</u></u> | <u><u>1,998,522</u></u> |

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2025 and 2024

(unaudited)

1. General Information

General information about POSCO (the "Company"), the controlling company in accordance with KIFRS 1110, its 11 domestic subsidiaries including POSCO STEELEON CO., Ltd, 26 foreign subsidiaries including POSCO YAMATO VINA STEEL JOINT STOCK COMPANY and its 14 associates is as follows:

(a) The controlling company

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

(b) Consolidated subsidiaries

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

| Principal operations | | Ownership (%) | | | | | | Region |
|---|---|----------------|--------------|--------|-------------------|--------------|--------|-------------|
| | | March 31, 2025 | | | December 31, 2024 | | | |
| | | POSCO | Subsidiaries | Total | POSCO | Subsidiaries | Total | |
| [Domestic] | | | | | | | | |
| POSCO STEELCON Co., Ltd.(^{*1}) | Coated steel manufacturing | 56.87 | - | 56.87 | 56.87 | - | 56.87 | Pohang |
| eNtoB Corporation | Electronic commerce | 69.32 | - | 69.32 | 69.32 | - | 69.32 | Seoul |
| POSCO M-TECH(^{*2}) | Packing materials | | | | | | | |
| | manufacturing and sales | 48.85 | - | 48.85 | 48.85 | - | 48.85 | Pohang |
| PNR | Steel by product processing and sales | 70.00 | - | 70.00 | 70.00 | - | 70.00 | Pohang |
| POSCO Humans | Business assistance service | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Pohang |
| POSCO PS Tech | Maintenance service | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Pohang |
| POSCO PR Tech | Maintenance service | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Pohang |
| POSCO PH Solution | Maintenance service | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Pohang |
| POSCO GYS Tech | Maintenance service | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Gwangyang |
| POSCO GYR Tech | Maintenance service | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Gwangyang |
| POSCO GY Solution | Maintenance service | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Gwangyang |
| [Foreign] | | | | | | | | |
| POSCO (Thailand) Company.Ltd | Steel processing and sales | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Thailand |
| POSCO-MKPC SDN BHD | Steel processing and sales | 70.00 | - | 70.00 | 70.00 | - | 70.00 | Malaysia |
| POSCO-India Private Limited | Steel manufacturing and sales | 100.00 | - | 100.00 | 100.00 | - | 100.00 | India |
| POSCO-VIETNAM Co., Ltd. | Steel manufacturing and sales | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Vietnam |
| POSCO-Poland Wroclaw | | | | | | | | |
| Processing Center Sp. z o. o. | Steel processing and sales | 60.00 | - | 60.00 | 60.00 | - | 60.00 | Poland |
| POSCO Thainox Public Company Limited | STS cold-rolled steel manufacturing and sales | 74.56 | - | 74.56 | 74.56 | - | 74.56 | Thailand |
| POSCO(Chongqing) Automotive Processing Center Co., Ltd. | Steel processing and sales | 90.00 | - | 90.00 | 90.00 | - | 90.00 | China |
| POSCO-Malaysia SDN. BHD. | Steel processing and sales | 81.79 | - | 81.79 | 81.79 | - | 81.79 | Malaysia |
| Myanmar POSCO C&C Company.Limited. | Steel processing and sales | - | 70.00 | 70.00 | - | 70.00 | 70.00 | Myanmar |
| POSCO COATED STEEL (THAILAND) CO., LTD. | Automotive steel manufacturing and sales | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Thailand |
| POSCO ChengDu Processing Center(^{*2}) | Steel processing and sales | 33.00 | - | 33.00 | 33.00 | - | 33.00 | China |
| POSCO Philippine Manila Processing Center, Inc. | Steel processing and sales | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Philippines |
| POSCO TNPC Otomotiv Celik San. Ve Tic. A.S | Steel processing and sales | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Turkiye |
| POSCO BRAZIL LTDA | Office Administration, Management Consulting | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Brazil |
| POSCO YAMATO VINA STEEL JOINT STOCK COMPANY | | | | | | | | |
| Port Hedland Green Steel Pty Ltd | Steel manufacturing and sales | 51.00 | - | 51.00 | 51.00 | - | 51.00 | Vietnam |
| POSCO MEXICO S.A. DE C.V. | Other iron and steel manufacturing | 100.00 | - | 100.00 | 100.00 | - | 100.00 | Australia |
| PT. POSCO INDONESIA JAKARTA | Automotive steel manufacturing and sales | 83.28 | - | 83.28 | 83.28 | - | 83.28 | Mexico |
| PROCESSING CENTER | | | | | | | | |
| PT. KRAKATAU POSCO(^{*2}) | Steel processing and sales | 70.51 | - | 70.51 | 70.51 | - | 70.51 | Indonesia |
| POSCO-Mexico Villagran Wire-rod | Steel manufacturing and sales | 50.00 | - | 50.00 | 50.00 | - | 50.00 | Indonesia |
| Processing Center | | | | | | | | |
| PT.KRAKATAU POSCO SOCIAL ENTERPRISE SERVICES INDONESIA | Steel processing and sales | 56.75 | - | 56.75 | 56.75 | - | 56.75 | Mexico |
| POSCO Maharashtra Steel Private Limited | Social enterprise | - | 99.91 | 99.91 | - | 99.91 | 99.91 | Indonesia |
| POSCO-India Pune Processing Center Private Limited | | 100.00 | - | 100.00 | 100.00 | - | 100.00 | India |
| POSCO ASSAN TST STEEL INDUSTRY Inc. | Steel processing and sales | 65.00 | 35.00 | 100.00 | 65.00 | - | 65.00 | India |
| POSCO INDIA PROCESSING CENTER | Steel processing and sales | 60.00 | - | 60.00 | 60.00 | - | 60.00 | Turkiye |
| PRIVATE LIMITED | | | | | | | | |
| POSCO-INDIA STEEL DISTRIBUTION CENTER PRIVATE LIMITED | Steel processing and sales | 93.34 | 1.98 | 95.32 | 93.34 | 1.98 | 95.32 | India |
| | | | | | | | | |
| | Steel logistics | - | 100.00 | 100.00 | - | 100.00 | 100.00 | India |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

1. General Information (cont'd)

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

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

1. General Information (cont'd)

(c) Details of associates

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

| Investee | Category of business | Ownership (%) | | Region |
|--|--|----------------|-------------------|------------|
| | | March 31, 2025 | December 31, 2024 | |
| [Domestic] | | | | |
| DAEHO GLOBAL MANAGEMENT CO., LTD. | Investment advisory service | 35.82 | 35.82 | Pohang |
| Pohang Special Welding Co., Ltd. | Welding material and tools manufacturing and sales | 50.00 | 50.00 | Pohang |
| [Foreign] | | | | |
| POSK(Pinghu) Steel Processing Center Co., Ltd. | Steel processing and sales | 20.00 | 20.00 | China |
| LLP POSUK TITANIUM | Titanium raw material manufacturing and sales | 33.90 | 33.90 | Kazakhstan |
| POSCO SUZHOU PROCESSING CENTER CO.,LTD | Steel processing and sales | 30.00 | 30.00 | China |
| SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.(* 1) | Steel processing and sales | 23.82 | 23.82 | China |
| POSCO-SAM SUNG-SLOVAKIA PROCESSING CENTER | Steel processing and sales | 30.00 | 30.00 | Slovakia |
| ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD(* 2) | Steel processing and sales | 17.50 | 17.50 | China |
| POSCO Vietnam Processing Center. Co.,Ltd(* 2) | Steel processing and sales | 9.17 | 9.17 | Vietnam |
| NS-Thainox Auto Co., Ltd. | STS cold-rolled steel sales and Distribution | 49.00 | 49.00 | Thailand |
| POS-SeAH Steel Wire (Thailand) Co., Ltd. | Steel manufacturing and sales | 25.00 | 25.00 | Thailand |
| SAMHWAN VINA CO., LTD(* 2) | Steel manufacturing and sales | 17.26 | 17.26 | Vietnam |
| Brazil Sao Paulo Steel Processing Center | Steel processing and sales | 25.00 | 25.00 | Brazil |
| POSCO-POGGENAMP ELECTRICAL STEEL PRIVATE LIMITED(* 3) | Steel processing and sales | - | 26.00 | India |
| POSCO INTERNATIONAL INDIA E-MOBILITY | Steel processing and sales | 26.00 | 26.00 | India |

(*1) Classified as assets held for sale due to the execution of a sales agreement during the three-month period ended March 31, 2025.

(*2) The Company has determined that it has significant influence over the entities marked above even though the Company's percentage of ownership over such entities is less than 20% considering the composition of board of directors.

(*3) Excluded from investments in associates due to a disposal during the three-month period ended March 31, 2025.

(d) There are no consolidated subsidiaries newly included for the three-month period ended March 31, 2025.

(e) There are no subsidiaries for which the Group has lost control for the three-month period ended March 31, 2025.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

2. Basis of Preparation

Statement of compliance

POSCO and its subsidiaries (collectively referred to as the "Group") prepares its statutory interim condensed consolidated financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, enacted based on the *Act on External Audit of Stock Companies*. The accompanying interim condensed consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as of and for the year ended December 31, 2024.

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

The preparation of the interim condensed consolidated financial statements in conformity with KIFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. If estimates and assumptions that are based on management's best judgment at the end of the interim reporting period differ from the actual environment, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

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(unaudited)

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

2. Basis of Preparation (cont'd)

(b) Measurement of fair value

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

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

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

2. Basis of Preparation (cont'd)

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

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

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

3. Summary of Material Accounting Policies

Except as described in KIFRS 1034 *Interim Financial Reporting* and below, the accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2024. The changes in accounting policies described below are expected to be applied to the consolidated financial statements as of and for the year ending December 31, 2025.

Changes in accounting policies

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

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

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

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

4. Trade Accounts and Notes Receivable

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|---------------------------------------|---|-----------------------|--------------------------|
| Current | | | |
| Trade accounts and notes receivable | ₩ | 4,946,047 | 4,884,992 |
| Less: Allowance for doubtful accounts | | (15,367) | (16,458) |
| | ₩ | <u>4,930,680</u> | <u>4,868,534</u> |
| Non-current | | | |
| Trade accounts and notes receivable | ₩ | 35,176 | 30,078 |
| Less: Present value discount | | (1,621) | (316) |
| Less: Allowance for doubtful accounts | | (19,135) | (19,128) |
| | ₩ | <u>14,420</u> | <u>10,634</u> |

The Group discounted its trade receivables in accordance with factoring agreement entered into with financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position because the Group retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of March 31, 2025 and December 31, 2024, the carrying amount of such secured borrowings before elimination of intercompany transactions are ₩379,030 million and ₩56,079 million, respectively, which are presented in the statements of financial position as short-term borrowings. (Note 14)

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

5. Other Receivables

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|---------------------------------------|---|-----------------------|--------------------------|
| Current | | | |
| Loans | ₩ | 25,217 | 25,683 |
| Other accounts receivable | | 497,135 | 647,592 |
| Lease receivables | | 12,464 | 12,121 |
| Accrued income | | 175,921 | 177,763 |
| Others | | 5,901 | 3,947 |
| Less: Allowance for doubtful accounts | | (3,731) | (3,814) |
| | ₩ | <u>712,907</u> | <u>863,292</u> |
| Non-current | | | |
| Loans | ₩ | 53,909 | 56,452 |
| Other accounts receivable | | 8,184 | 9,156 |
| Accrued income | | 198,416 | 188,089 |
| Deposits | | 63,839 | 59,034 |
| Lease receivables | | 43,465 | 46,568 |
| Less: Allowance for doubtful accounts | | (25,204) | (25,710) |
| | ₩ | <u>342,609</u> | <u>333,589</u> |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

6. Other Financial Assets

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|--------------------------------------|---|-----------------------|--------------------------|
| Current | | | |
| Derivative assets | ₩ | 310,078 | 301,242 |
| Debt securities | | 489,000 | 400,000 |
| Deposit instruments(*1) | | 3,815,024 | 2,977,402 |
| Short-term financial instruments(*1) | | 331,066 | 413,976 |
| | ₩ | <u>4,945,168</u> | <u>4,092,620</u> |
| Non-current | | | |
| Derivative assets | ₩ | 327,771 | 453,652 |
| Equity securities | | 491,230 | 468,418 |
| Debt securities | | 3,189 | 3,217 |
| Other securities(*2) | | 10,144 | 10,091 |
| Deposit instruments(*1) | | 123 | 123 |
| Long-term financial instruments(*1) | | 199 | 213 |
| | ₩ | <u>832,656</u> | <u>935,714</u> |

(*1) As of March 31, 2025 and December 31, 2024, financial instruments amounting to ₩324 million and ₩369 million, respectively, are restricted in use for financial arrangements, pledge and others.

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

6. Other Financial Assets (cont'd)

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

(in millions of Won)

(in millions of Won)

| | March 31, 2025 | | | | | | December 31, 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 | 13,281 | (1,597) | 13,281 | 13,367 |
| YODOGAWA STEEL WORKS, LTD. | 600,000 | 1.72 | | 13,842 | 32,810 | 18,968 | 32,810 | 31,522 |
| DONGKUK INDUSTRIES CO., LTD. | 2,611,989 | 4.82 | | 12,852 | 9,207 | (3,645) | 9,207 | 11,571 |
| PT.Krakatau Steel | 236,625,000 | 1.22 | | 6,876 | 2,495 | (4,381) | 2,495 | 2,177 |
| AJUSTEEL Co., Ltd. | 510,000 | 1.93 | | 4,600 | 2,040 | (2,560) | 2,040 | 1,981 |
| dhSteel | 1,564,296 | 7.21 | | 4,224 | 1,420 | (2,804) | 1,420 | 698 |
| Woori Financial Group Inc. | 20,280,000 | 2.73 | | 261,638 | 334,620 | 72,982 | 334,620 | 311,704 |
| Others (5 companies) | | | | 14,616 | 12,695 | (1,921) | 12,695 | 12,731 |
| | | | | 333,526 | 408,568 | 75,042 | 408,568 | 385,751 |
| Non-marketable equity securities | | | | | | | | |
| TAECHANG STEEL | 99,999 | 10.99 | | 8,845 | 8,845 | - | 8,845 | 8,845 |
| Pinetree PosMagnesium Co., Ltd. | 11,144,000 | 19.90 | | 8,794 | 8,794 | - | 8,794 | 8,794 |
| WINSTEEL CO. | 342,577 | 10.00 | | 8,060 | 8,060 | - | 8,060 | 8,060 |
| KOH-A JUNG GONG CO., LTD. | 490,000 | 19.84 | | 7,573 | 7,573 | - | 7,573 | 7,573 |
| POONGSAN SPECIAL METAL CO., LTD. | 315,790 | 5.00 | | 7,556 | 7,556 | - | 7,556 | 7,556 |
| DK Corporation | 55,000 | 4.91 | | 7,446 | 7,446 | - | 7,446 | 7,446 |
| DaeSung SnM Co., Ltd. | 50,567 | 8.21 | | 7,237 | 7,237 | - | 7,237 | 7,237 |
| Others (19 companies) | | | | 29,861 | 27,151 | (2,710) | 27,151 | 27,156 |
| | | | | 85,372 | 82,662 | (2,710) | 82,662 | 82,667 |
| ₩ | | | ₩ | 418,898 | 491,230 | 72,332 | 491,230 | 468,418 |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

7. Inventories

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|---|---|-----------------------|--------------------------|
| Finished goods | ₩ | 1,944,065 | 2,178,803 |
| Merchandise | | 54,647 | 39,832 |
| Semi-finished goods | | 2,188,072 | 2,162,964 |
| Raw materials | | 2,281,951 | 2,515,302 |
| Fuel and materials | | 827,220 | 790,243 |
| Materials-in-transit | | 1,653,129 | 1,791,284 |
| Others | | 25,895 | 28,374 |
| | | 8,974,979 | 9,506,802 |
| Less: Allowance for inventories valuation(*1) | | (55,539) | (59,135) |
| | ₩ | <u>8,919,440</u> | <u>9,447,667</u> |

(*1) The amounts of loss on valuation of inventories recognized in cost of sales during the three-month period ended March 31, 2025 and the year ended December 31, 2024 are ₩55,539 million and ₩59,135 million, respectively.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

8. Assets held for sales

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

(in millions of Won)

| | | <u>March 31, 2025</u> |
|-----------------------------------|---|-----------------------|
| Investments in associates(*1) | ₩ | 6,126 |
| Property, plant and equipment(*2) | | <u>706</u> |
| | ₩ | <u><u>6,832</u></u> |

(*1) The investment in the associate, SUZHOU POSCO-CORE TECHNOLOGY CO., LTD., was reclassified as an asset held for sale for the three-month period ended March 31, 2025, following a decision to dispose of it.

(*2) A portion of unused land was reclassified as an asset held for sale for the three-month period ended March 31, 2025, following a decision to dispose of it.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

9. Investments in Associates and Joint ventures

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

| (in millions of Won) | March 31, 2025 | | | December 31, 2024 | |
|---|------------------|---------------|------------------|-------------------|---------------|
| | Number of shares | Ownership (%) | Acquisition cost | Book value | Book value |
| [Domestic] | | | | | |
| DAEHO GLOBAL MANAGEMENT CO., LTD. | 71,648 | 35.82 | ₩ 4,108 | 5,490 | 4,502 |
| Pohang Special Welding Co.,Ltd. | 400,000 | 50.00 | 3,111 | 4,055 | 4,121 |
| | | | <u>7,219</u> | <u>9,545</u> | <u>8,623</u> |
| [Foreign] | | | | | |
| POSK(Pinghu) Steel Processing Center Co., Ltd. | - | 20.00 | 2,313 | 371 | 410 |
| LLP POSUK TITANIUM | - | 33.90 | 10,068 | 11,145 | 11,428 |
| POSCO SUZHOU PROCESSING CENTER CO.,LTD | - | 30.00 | 2,763 | 4,827 | 4,752 |
| SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.(*1) | - | - | - | - | 9,932 |
| POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER | - | 30.00 | 6,206 | 4,128 | 4,151 |
| ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD(*2) | - | 17.50 | 2,885 | 2,908 | 2,919 |
| POSCO Vietnam Processing Center. Co.,Ltd(*2) | 6,544,366 | 9.17 | 12,101 | 14,294 | 14,177 |
| SAMHWAN VINA CO., LTD(*2) | 1,890,000 | 17.26 | 2,039 | 5,873 | 6,838 |
| Others (5 companies) | | | <u>10,429</u> | <u>7,586</u> | <u>7,369</u> |
| | | | <u>48,804</u> | <u>51,132</u> | <u>61,976</u> |
| | | | <u>₩ 56,023</u> | <u>60,677</u> | <u>70,599</u> |

(*1) For the three-month period ended March 31, 2025, it was classified as an asset held for sales due to the execution of a sales agreement.

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

9. Investments in Associates and Joint ventures (cont'd)

(b) Changes of investments in associates for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

1) For the three-month period ended March 31, 2025

(in millions of Won)

| Company | December 31, 2024 Book value | Dividend received | Share of profits (losses) | Reclassification to assets held for sales | Other increase (decrease)(*1) | March 31, 2025 Book value |
|--|---------------------------------|----------------------|------------------------------|---|----------------------------------|------------------------------|
| [Domestic] | | | | | | |
| DAEHO GLOBAL MANAGEMENT CO., LTD. | ₩ 4,502 | - | 61 | - | 927 | 5,490 |
| Pohang Special Welding Co., Ltd. | 4,121 | - | (66) | - | - | 4,055 |
| | <u>8,623</u> | <u>-</u> | <u>(5)</u> | <u>-</u> | <u>927</u> | <u>9,545</u> |
| [Foreign] | | | | | | |
| POSK(Pinghu) Steel Processing Center Co., Ltd. | 410 | - | (40) | - | 1 | 371 |
| LLP POSUK TITANIUM | 11,428 | - | (266) | - | (17) | 11,145 |
| POSCO SUZHOU PROCESSING CENTER CO., LTD | 4,752 | - | 65 | - | 10 | 4,827 |
| SUZHOU POSCO-CORE TECHNOLOGY CO., LTD. (*2) | 9,932 | - | (3,787) | (6,126) | (19) | - |
| POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER | 2,919 | - | (17) | - | 6 | 2,908 |
| ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO., LTD | 4,151 | - | (185) | - | 162 | 4,128 |
| POSCO Vietnam Processing Center. Co., Ltd | 14,177 | - | 143 | - | (26) | 14,294 |
| SAMHWAN VINA CO., LTD | 6,838 | (1,001) | 105 | - | (69) | 5,873 |
| Others (5 companies) | 7,369 | - | 137 | - | 80 | 7,586 |
| | <u>61,976</u> | <u>(1,001)</u> | <u>(3,845)</u> | <u>(6,126)</u> | <u>128</u> | <u>51,132</u> |
| ₩ | <u>70,599</u> | <u>(1,001)</u> | <u>(3,850)</u> | <u>(6,126)</u> | <u>1,055</u> | <u>60,677</u> |

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

(*2) For the three-month period ended March 31, 2025, it was classified as an asset held for sales due to the execution of a sales agreement.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

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(unaudited)

9. Investments in Associates and Joint ventures (cont'd)

2) For the year ended December 31, 2024

(in millions of Won)

| Company | | December 31, 2023 Book value | Acquisitions | Dividend received | Share of profits (losses) | Other increase (decrease)(*1) | December 31, 2024 Book value |
|--|---|---------------------------------|--------------|----------------------|------------------------------|----------------------------------|---------------------------------|
| [Domestic] | | | | | | | |
| DAEHO GLOBAL MANAGEMENT CO., LTD. | ₩ | 3,943 | - | - | 460 | 99 | 4,502 |
| Pohang Special Welding Co.,Ltd. | | 4,221 | - | - | (93) | (7) | 4,121 |
| | | <u>8,164</u> | <u>-</u> | <u>-</u> | <u>367</u> | <u>92</u> | <u>8,623</u> |
| [Foreign] | | | | | | | |
| POSK(Pinghu) Steel Processing Center Co., Ltd. | | 1,041 | - | - | (725) | 94 | 410 |
| LLP POSUK TITANIUM | | 10,420 | - | - | 270 | 738 | 11,428 |
| POSCO SUZHOU PROCESSING CENTER CO.,LTD | | 2,382 | - | - | 2,039 | 331 | 4,752 |
| SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.(*2) | | 21,998 | - | - | (13,857) | 1,791 | 9,932 |
| POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER | | 2,760 | - | - | (43) | 202 | 2,919 |
| ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD | | 4,719 | - | - | (896) | 328 | 4,151 |
| POSCO Vietnam Processing Center. Co.,Ltd | | 12,255 | - | - | 452 | 1,470 | 14,177 |
| Others (6 companies) | | <u>11,235</u> | <u>540</u> | <u>-</u> | <u>481</u> | <u>1,951</u> | <u>14,207</u> |
| | | <u>66,810</u> | <u>540</u> | <u>-</u> | <u>(12,279)</u> | <u>6,905</u> | <u>61,976</u> |
| ₩ | | <u>74,974</u> | <u>540</u> | <u>-</u> | <u>(11,912)</u> | <u>6,997</u> | <u>70,599</u> |

(*1) Other increase (decrease) represents the changes in investments in associates and joint ventures due to change in capital adjustments effect from accumulated other comprehensive income and others for the year ended December 31, 2024.

(*2) As a result of the impairment test, the Group recognized ₩6,358 million of impairment loss.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

9. Investments in Associates and Joint ventures (cont'd)

(c) The summarized financial information on associates as of and for the three-month period ended March 31, 2025 and the year ended December 31, 2024 is as follows:

1) For the three-month period ended March 31, 2025

(in millions of Won)

| Company | | Assets | Liabilities | Equity | Sales | Net income (loss) |
|--|---|---------|-------------|---------|---------|----------------------|
| [Domestic] | | | | | | |
| DAEHO GLOBAL MANAGEMENT CO., LTD. | ₩ | 21,158 | 269 | 20,889 | - | 170 |
| Pohang Special Welding Co.,Ltd. | | 9,887 | 2,293 | 7,594 | 1,478 | (132) |
| [Foreign] | | | | | | |
| POSK(Pinghu) Steel Processing Center Co., Ltd. | | 4,200 | 1,356 | 2,844 | 103 | (202) |
| LLP POSUK TITANIUM | | 70,656 | 53,620 | 17,036 | 4,078 | (785) |
| POSCO SUZHOU PROCESSING CENTER CO.,LTD | | 14,152 | 88 | 14,064 | - | 218 |
| ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD | | 31,235 | 11,113 | 20,122 | 13,375 | (97) |
| POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER | | 40,195 | 25,685 | 14,510 | 19,146 | (705) |
| POSCO Vietnam Processing Center. Co.,Ltd | | 266,162 | 131,764 | 134,398 | 143,560 | 1,678 |
| SAMHWAN VINA CO., LTD | | 27,235 | 1,594 | 25,641 | 7,554 | 528 |

2) For the year ended December 31, 2024

(in millions of Won)

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

10. Investment Property, Net

Changes in the carrying amounts of investment property for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

(a) For the three-month period ended March 31, 2025

| <i>(in millions of Won)</i> | | Beginning | Depreciation(*1) | Others(*2) | Ending |
|-----------------------------|---|------------------|-------------------------|-------------------|---------------|
| Land | ₩ | 81 | - | - | 81 |
| Buildings | | 3,977 | (88) | - | 3,889 |
| Structures | | 978 | (22) | - | 956 |
| Right-of-use assets | | 50,026 | (7,230) | 3,323 | 46,119 |
| | ₩ | <u>55,062</u> | <u>(7,340)</u> | <u>3,323</u> | <u>51,045</u> |

(*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 assets.

(b) For the year ended December 31, 2024

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

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

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

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(unaudited)

11. Property, Plant and Equipment, Net

(a) Changes in the carrying amounts of property, plant and equipment for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

1) For the three-month period ended March 31, 2025

| (in millions of Won) | | Beginning | Acquisitions | Disposals | Depreciation | Impairment(*1) | Others(*2) | Ending |
|--------------------------|---|------------|--------------|-----------|--------------|----------------|-------------|------------|
| Land | ₩ | 1,900,497 | - | - | - | - | 16,671 | 1,917,168 |
| Buildings | | 2,704,191 | 180 | (249) | (64,154) | (173) | 469,886 | 3,109,681 |
| Structures | | 2,803,879 | 459 | (310) | (63,286) | (5,425) | 87,510 | 2,822,827 |
| Machinery and equipment | | 14,343,738 | 6,857 | (4,405) | (525,123) | (43,876) | 804,741 | 14,581,932 |
| Vehicles | | 49,868 | 361 | (24) | (6,867) | - | 3,952 | 47,290 |
| Tools | | 57,638 | 1,331 | (40) | (5,775) | - | 1,732 | 54,886 |
| Furniture and fixtures | | 89,083 | 1,633 | (12) | (11,228) | - | 42,442 | 121,918 |
| Right-of-use assets | | 635,656 | 3,453 | (3,698) | (25,596) | - | 2,805 | 612,620 |
| Construction-in-progress | | 2,610,766 | 457,024 | (3) | - | - | (1,443,856) | 1,623,931 |
| | ₩ | 25,195,316 | 471,298 | (8,741) | (702,029) | (49,474) | (14,117) | 24,892,253 |

(*1) For the three-month period ended March 31, 2025, the Group recognized an impairment loss of ₩49,474 million on individual assets, including the 3FINEX factory in Pohang, which were shut down due to renovation, based on the estimated recoverable amount at net fair value.

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

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(unaudited)

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

2) For the year ended December 31, 2024

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

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

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

POSCO and its subsidiaries

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(unaudited)

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

(b) Changes in the carrying amounts of right-of-use assets presented as property, plant and equipment and investment property for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

1) For the three-month period ended March 31, 2025

| (in millions of Won) | | Beginning | Acquisitions | Depreciation | Others | Ending |
|--------------------------|---|----------------|--------------|-----------------|--------------|----------------|
| Land | ₩ | 61,959 | - | (363) | (1,114) | 60,482 |
| Buildings and structures | | 196,076 | 5,804 | (18,588) | 1,413 | 184,705 |
| Machinery and equipment | | 242,908 | - | (7,456) | (620) | 234,832 |
| Vehicles | | 9,205 | 713 | (1,264) | (141) | 8,513 |
| Ships | | 160,002 | - | (4,012) | - | 155,990 |
| Others | | 15,532 | 258 | (1,142) | (431) | 14,217 |
| | ₩ | <u>685,682</u> | <u>6,775</u> | <u>(32,825)</u> | <u>(893)</u> | <u>658,739</u> |

2) For the year ended December 31, 2024

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

(c) The amounts recognized in profit or loss related to leases for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| (in millions of Won) | | March 31, 2025 | March 31, 2024 |
|---|---|----------------|----------------|
| Interest on lease liabilities | ₩ | 13,425 | 12,983 |
| Expenses relating to short-term leases | | 3,012 | 4,552 |
| Expenses relating to leases of low-value assets | | 1,473 | 2,044 |
| | ₩ | <u>17,910</u> | <u>19,579</u> |

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12. Intangible Assets, Net

Changes in the carrying amounts of intangible assets for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

(a) For the three-month period ended March 31, 2025

| (in millions of Won) | | Beginning | Acquisitions | Disposals | Amortization | Impairment | Others(*2) | Ending |
|------------------------------|---|-----------|--------------|-----------|--------------|------------|------------|---------|
| Intellectual property rights | ₩ | 20,663 | - | - | (1,581) | - | 883 | 19,965 |
| Membership(*1) | | 85,902 | 64 | (2) | - | (12) | (10) | 85,942 |
| Development expense | | 69,340 | 114 | - | (6,632) | - | 3,976 | 66,798 |
| Port facilities usage rights | | 167,373 | - | - | (3,700) | - | - | 163,673 |
| Construction-in-progress | | 106,029 | 36,098 | - | - | - | (5,145) | 136,982 |
| Other intangible assets | | 17,685 | 481 | (20) | (1,903) | - | 884 | 17,127 |
| | ₩ | 466,992 | 36,757 | (22) | (13,816) | (12) | 588 | 490,487 |

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

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

(b) For the year ended December 31, 2024

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

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

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

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13. Other Assets

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|-----------------------------|---|-----------------------|--------------------------|
| Current | | | |
| Advance payments | ₩ | 49,978 | 22,273 |
| Prepaid expenses | | 131,913 | 122,878 |
| Others | | 1,080 | 542 |
| | ₩ | <u>182,971</u> | <u>145,693</u> |
| Non-current | | | |
| Long-term advance payments | ₩ | - | 380 |
| Long-term prepaid expenses | | 5,737 | 5,421 |
| Others | | 3,321 | 29,046 |
| | ₩ | <u>9,058</u> | <u>34,847</u> |

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14. Borrowings

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

| <i>(in millions of Won)</i> | Lenders | Maturity date | Interest rate (%) | | March 31, 2025 | December 31, 2024 |
|---|---------------------------------------|--------------------------------|--------------------------|---|-----------------------|--------------------------|
| Short-term borrowings | | | | | | |
| Bank overdrafts | JP Morgan | April, 2025~ December, 2025 | 3.65 ~ 7.4 | ₩ | 48,707 | 67,328 |
| Short-term borrowings(*1) | SC and others | April, 2025~ March, 2026 | 2.11 ~ 8.1 | | 1,748,600 | 1,076,198 |
| | | | | | <u>1,797,307</u> | <u>1,143,526</u> |
| Current portion of long-term liabilities | | | | | | |
| Current portion of long-term borrowings | POSCO-ASIA | April, 2025 | 3.94 | | 5,500 | 5,351 |
| Current portion of debentures | Global debentures 8-1st and others | July, 2025~ January, 2026 | 4.04~5.63 | | 3,153,100 | 2,375,800 |
| Less: Current portion of discount on debentures issued | | | | | (5,353) | (2,473) |
| | | | | | <u>3,153,247</u> | <u>2,378,678</u> |
| | | | | ₩ | <u>4,950,554</u> | <u>3,522,204</u> |

(*1) The account receivables have been discounted according to the factoring agreement and have been recognized as short-term borrowings (Note 4).

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

| <i>(in millions of Won)</i> | Lenders | Maturity date | Interest rate (%) | | March 31, 2025 | December 31, 2024 |
|-------------------------------------|---------------------------------------|------------------------------|--------------------------|---|-----------------------|--------------------------|
| Long-term borrowings | Citi and others | May, 2026~ December, 2032 | 2.99 ~ 6.36 | ₩ | 728,988 | 840,994 |
| Less: Present value discount Bonds | | | | | (7,064) | (7,599) |
| Debentures | Global debentures 8-2nd and others | July, 2026~ January, 2033 | 1.72 ~ 6.38 | | 6,026,200 | 6,515,000 |
| Less: Discount on debentures issued | | | | | (30,990) | (35,793) |
| | | | | ₩ | <u>6,717,134</u> | <u>7,312,602</u> |

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

| <i>(in millions of Won)</i> | Lenders | Book value | Pledged amount |
|-------------------------------------|---|--------------------|-----------------------|
| Property, plant and equipment | Export-Import Bank of Korea and others | ₩ 658,950 | 772,471 |
| Trade accounts and notes receivable | Shinhan Card and others | 379,030 | 379,030 |
| | | ₩ <u>1,037,980</u> | <u>1,151,501</u> |

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15. Other Payables

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

(in millions of Won)

| | | March 31, 2025 | December 31, 2024 |
|------------------------|---|-----------------------|--------------------------|
| Current | | | |
| Accounts payable | ₩ | 1,034,978 | 830,852 |
| Accrued expenses | | 741,709 | 800,276 |
| Lease liabilities | | 115,588 | 113,023 |
| Withholdings | | 26,897 | 20,711 |
| | ₩ | <u>1,919,172</u> | <u>1,764,862</u> |
| Non-current | | | |
| Accounts payable | ₩ | 975 | 1,109 |
| Accrued expenses | | 1,819 | 1,848 |
| Lease liabilities | | 606,258 | 632,592 |
| Long-term withholdings | | 1,286 | 1,314 |
| | ₩ | <u>610,338</u> | <u>636,863</u> |

16. Other Financial Liabilities

Other financial liabilities as of March 31, 2025 and December 31, 2024 are as follows:

(in millions of Won)

| | | March 31, 2025 | December 31, 2024 |
|------------------------|---|-----------------------|--------------------------|
| Current | | | |
| Derivative liabilities | ₩ | 7 | - |

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17. Provisions

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

(in millions of Won)

| | | March 31, 2025 | | December 31, 2024 | |
|--|---|----------------|---------------|-------------------|---------------|
| | | Current | Non-current | Current | Non-current |
| Provision for bonus payments | ₩ | 22,055 | 50,755 | 29,274 | 51,143 |
| Provision for restoration(*1) | | 3,026 | 1,033 | 2,977 | 977 |
| Emission liabilities(*2) | | 542 | - | 542 | - |
| Provision for product warranties(*3) | | 19,688 | 3,901 | 17,844 | 3,599 |
| Provision for legal contingencies and claims(*4) | | 665 | 32,211 | 652 | 32,211 |
| Others(*5) | | 2,509 | - | - | - |
| | ₩ | <u>48,485</u> | <u>87,900</u> | <u>51,289</u> | <u>87,930</u> |

(*1) As of March 31, 2025, due to contamination of certain factory sites in the Group's Pohang works, the Group recognized the estimated cost for recovery as provisions for restoration. In order to determine the estimated costs, the Group has assumed that it would use all of technologies and materials which are currently available to recover the land.

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

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

(*4) As of March 31, 2025 and December 31, 2024, the Group recognized provisions amounting to ₩32,876 million in relation to expected outflows of resources from certain lawsuits.

(*5) As of March 31, 2025, the Group recognized the expected sales incentives payable to customers as a provision.

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17. Provisions (cont'd)

(b) Changes in provisions for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

1) For the three-month period ended March 31, 2025

(in millions of Won)

| | Beginning | Increase | Utilization | Reversal | Others | Ending |
|--|------------------|-----------------|--------------------|-----------------|---------------|----------------|
| Provision for bonus payments | ₩ 80,417 | 7,167 | (13,746) | (502) | (526) | 72,810 |
| Provision for restoration | 3,954 | 107 | - | - | (2) | 4,059 |
| Emission liabilities | 542 | - | - | - | - | 542 |
| Provision for product warranties | 21,443 | 9,082 | (6,936) | - | - | 23,589 |
| Provision for legal contingencies and claims | 32,863 | 24 | (10) | - | (1) | 32,876 |
| Others | - | 2,509 | - | - | - | 2,509 |
| ₩ | <u>139,219</u> | <u>18,889</u> | <u>(20,692)</u> | <u>(502)</u> | <u>(529)</u> | <u>136,385</u> |

2) For the year ended December 31, 2024

(in millions of Won)

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

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18. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2025 | March 31, 2024 |
|--|---|-----------------------|-----------------------|
| Expense related to post-employment benefit plans under defined contribution plans | ₩ | 11,371 | 14,312 |

(b) Defined benefit plans

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|---|---|-----------------------|--------------------------|
| Present value of funded obligations | ₩ | 1,449,983 | 1,473,467 |
| Fair value of plan assets(*1) | | (1,683,116) | (1,717,646) |
| Present value of non-funded obligations | | 23,128 | 26,171 |
| Net defined benefit assets | ₩ | <u>(210,005)</u> | <u>(218,008)</u> |

(*1) As of March 31, 2025 and December 31, 2024, the Group recognized net defined benefit assets amounting to ₩240,090 million and ₩242,940 million respectively, since the fair values of plan assets exceeded the present values of defined benefit obligations at consolidation level.

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(unaudited)

18. Employee Benefits (cont'd)

- 2) Changes in the present values of defined benefit obligations for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|---|---|-----------------------|--------------------------|
| Defined benefit obligation at the beginning of period | ₩ | 1,499,638 | 1,383,973 |
| Current service costs | | 34,636 | 135,316 |
| Interest costs | | 12,598 | 52,899 |
| Remeasurement | | 449 | 102,816 |
| Benefits paid | | (73,626) | (188,721) |
| Business combination | | - | 11,889 |
| Others | | (584) | 1,466 |
| Defined benefit obligation at the end of period | ₩ | <u>1,473,111</u> | <u>1,499,638</u> |

- 3) Changes in the fair values of plan assets for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|--|---|-----------------------|--------------------------|
| Fair value of plan assets at the beginning of period | ₩ | 1,717,646 | 1,681,398 |
| Interest on plan assets | | 15,268 | 68,203 |
| Remeasurement of plan assets | | 1,638 | 11,252 |
| Contributions to plan assets | | 56 | 118,996 |
| Benefits paid | | (50,948) | (162,310) |
| Others | | (544) | 107 |
| Fair value of plan assets at the end of period | ₩ | <u>1,683,116</u> | <u>1,717,646</u> |

- 4) The amounts related to net defined benefit plans recognized in the consolidated statements of comprehensive income for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2024 | March 31, 2025 |
|-----------------------------|---|-----------------------|-----------------------|
| Current service costs | ₩ | 34,636 | 35,043 |
| Net interest costs | | (2,670) | (4,411) |
| | ₩ | <u>31,966</u> | <u>30,632</u> |

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March 31, 2025 and 2024

(unaudited)

19. Other Liabilities

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

| <i>(in millions of Won)</i> | | <u>March 31, 2025</u> | <u>December 31, 2024</u> |
|-----------------------------|---|------------------------------|---------------------------------|
| Current | | | |
| Advances received | ₩ | 39,237 | 60,132 |
| Unearned revenue | | 85,618 | 81,086 |
| Withholdings | | 49,714 | 72,745 |
| Others | | 49 | 46 |
| | ₩ | <u>174,618</u> | <u>214,009</u> |
| Non-current | | | |
| Unearned revenue | ₩ | 991 | 1,379 |
| Others | | 92 | 92 |
| | ₩ | <u>1,083</u> | <u>1,471</u> |

POSCO and its subsidiaries

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March 31, 2025 and 2024

(unaudited)

20. Financial Instruments

(a) Classification and fair value of financial instruments

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

① March 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 | | | | | | |
| Derivative assets | ₩ | 637,849 | - | 637,849 | - | 637,849 |
| Short term financial instruments | | 331,066 | - | 331,066 | - | 331,066 |
| Long term financial instruments | | 199 | - | 199 | - | 199 |
| Debt securities | | 3,189 | - | - | 3,189 | 3,189 |
| Equity securities | | 1,376 | - | - | 1,376 | 1,376 |
| Other securities | | 10,144 | - | - | 10,144 | 10,144 |
| Fair value through other comprehensive income | | | | | | |
| Equity securities | | 489,854 | 408,568 | - | 81,286 | 489,854 |
| Financial assets measured at amortized cost(*1) | | | | | | |
| Cash and cash equivalents | | 2,720,972 | - | - | - | - |
| Trade accounts and notes receivable | | 4,942,430 | - | - | - | - |
| Other receivables | | 752,847 | - | - | - | - |
| Debt securities | | 489,000 | - | - | - | - |
| Deposit instruments | | 3,815,147 | - | - | - | - |
| | ₩ | 14,194,073 | 408,568 | 969,114 | 95,995 | 1,473,677 |
| Financial liabilities | | | | | | |
| Fair value through profit or loss | | | | | | |
| Derivative liabilities | ₩ | 7 | - | 7 | - | 7 |
| Financial liabilities measured at amortized cost(*1) | | | | | | |
| Trade accounts and notes payable | | 3,560,908 | - | - | - | - |
| Borrowings | | 11,667,688 | - | 11,832,087 | - | 11,832,087 |
| Others | | 2,287,140 | - | - | - | - |
| | ₩ | 17,515,743 | - | 11,832,094 | - | 11,832,094 |

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

20. 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 | | | | | | |
| Fair value through profit or loss | | | | | | |
| Derivative assets | ₩ | 754,894 | - | 754,894 | - | 754,894 |
| Short term financial instruments | | 413,976 | - | 413,976 | - | 413,976 |
| Long term financial instruments | | 213 | - | 213 | - | 213 |
| Debt securities | | 3,217 | - | - | 3,217 | 3,217 |
| Equity securities | | 35,541 | - | - | 35,541 | 35,541 |
| Other securities | | 10,091 | - | - | 10,091 | 10,091 |
| Fair value through other comprehensive income | | | | | | |
| Equity securities | | 432,877 | 385,750 | - | 47,127 | 432,877 |
| Financial assets measured at amortized cost(*1) | | | | | | |
| Cash and cash equivalents | | 2,435,951 | - | - | - | - |
| Trade accounts and notes receivable | | 4,867,571 | - | - | - | - |
| Other receivables | | 753,880 | - | - | - | - |
| Debt securities | | 400,000 | - | - | - | - |
| Deposit instruments | | 2,977,524 | - | - | - | - |
| | ₩ | 13,085,735 | 385,750 | 1,169,083 | 95,976 | 1,650,809 |
| Financial liabilities | | | | | | |
| Financial liabilities measured at amortized cost(*1) | | | | | | |
| Trade accounts and notes payable | ₩ | 4,186,525 | - | - | - | - |
| Borrowings | | 10,834,806 | - | 11,032,896 | - | 11,032,896 |
| Others | | 2,178,243 | - | - | - | - |
| | ₩ | 17,199,574 | - | 11,032,896 | - | 11,032,896 |

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

20. Financial Instruments (cont'd)

- 2) Details of contingent liabilities on outstanding guarantees provided by the Group as of March 31, 2025 are as follows:

| (in millions of Won) | | | Guarantee limit | | Guarantee amount | |
|---|--|-------------------------------------|----------------------|----------------|------------------|----------------|
| Guarantor | Guarantee beneficiary | Financial institution | Foreign currency | Won equivalent | Foreign currency | Won equivalent |
| [The company] | | | | | | |
| POSCO | POSCO-VIETNAM Co., Ltd. | Shinhan Bank | USD | 45,000,000 | 65,993 | 12,272,727 |
| | | HSBC | USD | 40,000,000 | 58,660 | 10,909,091 |
| | | Citi | USD | 25,000,000 | 36,663 | 6,818,182 |
| | POSCO COATED STEEL (THAILAND) CO., LTD. | Citi | THB | 800,000,000 | 34,552 | 296,000,000 |
| | | Mizuho | THB | 800,000,000 | 34,552 | 296,000,000 |
| | | SMBC | THB | 800,000,000 | 34,552 | 296,000,000 |
| | | SC | THB | 800,000,000 | 34,552 | 296,000,000 |
| | | HSBC | THB | 800,000,000 | 34,552 | 296,000,000 |
| | | MUFG | THB | 800,000,000 | 34,552 | 296,000,000 |
| | POSCO ASSAN TST STEEL INDUSTRY | Citi | USD | 42,145,620 | 61,807 | 42,145,620 |
| | | Shinhan Bank | USD | 40,352,190 | 59,176 | 40,352,190 |
| | | Woori Bank | USD | 40,352,190 | 59,176 | 40,352,190 |
| | POSCO STEELEON CO.,LTD. | Myanmar POSCO C&C Company, Limited. | POSCO Asia Co., Ltd. | USD | 16,784,336 | 24,614 |
| | | | | | | 13,986,947 |
| | | | | | | 20,512 |
| [Associates] | | | | | | |
| POSCO | LLP POSUK TITANIUM | Shinhan Bank | USD | 12,750,000 | 18,698 | 12,750,000 |
| [Others] | | | | | | |
| POSCO Maharashtra Steel Private Limited | REGIONAL OFFICER MAHARASHTRA(MPCB) | HSBC | INR | 5,000,000 | 86 | 5,000,000 |
| | Gail India | DB | INR | 516,228,187 | 8,848 | 516,228,187 |
| | MAHARASHTRA POLLUTION CONTROL BOARD | DB | INR | 500,000 | 9 | 500,000 |
| POSCO COATED STEEL (THAILAND) CO., LTD. | MAHARASHTRA STATE ELECTRICITY | HSBC | INR | 330,401,355 | 5,663 | 330,401,355 |
| | AMATA B. GRIMM POWER (RAYONG) 5 LIMITED | SC | THB | 16,114,000 | 696 | 16,114,000 |
| | AMATA NATURAL GAS DISTRIBUTION COMPANY LIMITED | SC | THB | 38,500,000 | 1,663 | 38,500,000 |
| | BUREAU OF INDIAN STANDARDS (BIS) | SC | USD | 20,000 | 30 | 20,000 |
| | | | USD | 262,404,336 | 384,817 | 179,606,947 |
| | | | THB | 4,854,614,000 | 209,671 | 1,830,614,000 |
| | | | INR | 852,129,542 | 14,606 | 852,129,542 |
| | | | | | | 263,394 |
| | | | | | | 79,063 |
| | | | | | | 14,606 |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

20. Financial Instruments (cont'd)

- 3) Details of finance income and costs by category of financial instrument for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

① For the three-month period ended March 31, 2025

| (in millions of Won) | | Finance income and costs | | | | | | Other comprehensive income |
|---|---|---------------------------|-------------------|-----------------------------------|---------------------------|-----------------|---------|----------------------------|
| | | Interest income (expense) | Gain on valuation | Gain and loss on foreign currency | Gain and loss on disposal | Dividend income | Others | |
| Financial assets at fair value through profit or loss | ₩ | 39 | 2,500 | - | 5,401 | - | (35) | 7,905 |
| Derivative assets | | - | 48,477 | - | (3,043) | - | - | 45,434 |
| Financial assets at fair value through other comprehensive income | | - | - | - | - | 15,177 | - | 15,177 |
| Financial assets measured at amortized cost | | 54,063 | - | 48,290 | - | - | (4,097) | 98,256 |
| Financial liabilities measured at amortized cost | | (160,342) | - | (56,716) | - | - | (808) | (217,866) |
| | ₩ | (106,240) | 50,977 | (8,426) | 2,358 | 15,177 | (4,940) | (51,094) |
| | | | | | | | | 16,795 |

② For the three-month period ended March 31, 2024

| (in millions of Won) | | Finance income and costs | | | | | | Other comprehensive income |
|---|---|---------------------------|-------------------|-----------------------------------|---------------------------|-----------------|--------|----------------------------|
| | | Interest income (expense) | Gain on valuation | Gain and loss on foreign currency | Gain and loss on disposal | Dividend income | Others | |
| Financial assets at fair value through profit or loss | ₩ | 37 | 43,106 | - | 11,302 | - | (180) | 54,265 |
| Derivative assets | | - | 194,661 | - | 11,728 | - | - | 206,389 |
| Financial assets at fair value through other comprehensive income | | - | - | - | - | 14,341 | - | 14,341 |
| Financial assets measured at amortized cost | | 37,382 | - | 113,781 | - | - | - | 151,163 |
| Derivative liabilities | | - | 53,412 | - | 373 | - | - | 53,785 |
| Financial liabilities measured at amortized cost | | (145,549) | - | (345,368) | - | - | (612) | (491,529) |
| | ₩ | (108,130) | 291,179 | (231,587) | 23,403 | 14,341 | (792) | (11,586) |
| | | | | | | | | 29,290 |

(b) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as of December 31, 2024.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

21. Share Capital and Capital Surplus

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

| <i>(share, in Won)</i> | | March 31, 2025 | December 31, 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 March 31, 2025 and December 31, 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|-----------------------------|---|-----------------------|--------------------------|
| Share premium | ₩ | 24,222,056 | 24,222,056 |
| Other capital surplus | | (1,517,599) | (1,516,488) |
| | ₩ | <u>22,704,457</u> | <u>22,705,568</u> |

22. Accumulated Other Comprehensive Income

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|--|---|-----------------------|--------------------------|
| Accumulated comprehensive income of investments in associates | ₩ | 8,077 | 6,977 |
| Changes in fair value of equity investments at fair value through other comprehensive income | | 52,538 | 35,743 |
| Foreign currency translation differences | | 198,441 | 199,346 |
| | ₩ | <u>259,056</u> | <u>242,066</u> |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

23. Revenue

(a) Details of revenues disaggregated by types of revenue and timing of revenue recognition for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2025 | March 31, 2024 |
|---------------------------------------|---|-----------------------|-----------------------|
| Types of revenue | | | |
| Revenue from sales of goods | ₩ | 10,830,836 | 10,889,898 |
| Revenue from services | | 380,420 | 323,612 |
| Others | | 41,119 | 46,595 |
| | ₩ | <u>11,252,375</u> | <u>11,260,105</u> |
| Timing of revenue recognition | | | |
| Revenue recognized at a point in time | ₩ | 10,869,586 | 10,934,322 |
| Revenue recognized over time | | 382,789 | 325,783 |
| | ₩ | <u>11,252,375</u> | <u>11,260,105</u> |

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

| <i>(in millions of Won)</i> | | March 31, 2025 | December 31, 2024 |
|-----------------------------|---|-----------------------|--------------------------|
| Receivables | | | |
| Account receivables | ₩ | 4,942,731 | 4,868,903 |
| Contract assets | | | |
| Account receivables | | 2,369 | 10,265 |
| Contract liabilities | | | |
| Advance received | | 39,298 | 60,192 |
| Unearned income | | 86,609 | 82,467 |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

24. Selling and Administrative Expenses

(a) Other administrative expenses

Details of other administrative expenses for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| | |
|-----------------|--|
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|-----------------|--|

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

24. Selling and Administrative Expenses (cont'd)

(b) Selling expenses

Details of selling expenses for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in millions of Won)</i> | March 31, 2025 | March 31, 2024 |
|--|-----------------------|-----------------------|
| Freight and custody expenses | ₩ 44,392 | 41,015 |
| Operating expenses for distribution center | 1,316 | 1,051 |
| Sales commissions | 24,484 | 25,553 |
| Sales advertising | 90 | 159 |
| Sales promotion | 1,775 | 936 |
| Sample | 214 | 421 |
| Sales insurance premium | 2,588 | 2,044 |
| Sales Order Acquisition Expenses | 331 | - |
| Others | 3,455 | 2,175 |
| | ₩ <u>78,645</u> | <u>73,354</u> |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

25. Finance Income and Costs

Details of finance income and costs for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2025 | March 31, 2024 |
|--|---|-----------------------|-----------------------|
| Finance income | | | |
| Interest income(*1) | ₩ | 54,364 | 37,419 |
| Gain on foreign currency transactions | | 93,553 | 108,341 |
| Gain on foreign currency translations | | 109,289 | 109,510 |
| Gain on transactions of derivatives | | - | 15,072 |
| Gain on valuation of derivatives | | 48,511 | 248,073 |
| Gain on disposal of financial assets at fair value through profit or loss | | 5,401 | 11,302 |
| Gain on valuation of financial assets at fair value through profit or loss | | 2,500 | 43,106 |
| Others | | 15,177 | 14,534 |
| | ₩ | <u>328,795</u> | <u>587,357</u> |
| Finance costs | | | |
| Interest expenses | ₩ | 160,604 | 145,549 |
| Loss on foreign currency transactions | | 114,144 | 111,453 |
| Loss on foreign currency translations | | 97,124 | 337,984 |
| Loss on transactions of derivatives | | 3,043 | 2,971 |
| Loss on valuation of derivatives | | 34 | - |
| Others | | 4,940 | 987 |
| | ₩ | <u>379,889</u> | <u>598,944</u> |

(*1) Interest income calculated using the effective interest method for each of the three-month periods ended March 31, 2025 and 2024 is ₩52,812 million and ₩33,388 million, respectively.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

26. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in millions of Won)</i> | <u>March 31, 2025</u> | <u>March 31, 2024</u> |
|---|-----------------------|-----------------------|
| Other non-operating income | | |
| Gain on disposals of investment in subsidiaries, associates and joint ventuere | ₩ 118 | - |
| Gain on disposals of property, plant and equipment | 764 | 4,778 |
| Gain on disposals of emission rights | - | 2,970 |
| Reversal of other provisions | - | 1,640 |
| Premium income | 429 | 83 |
| Others | <u>12,739</u> | <u>4,976</u> |
| | <u>₩ 14,050</u> | <u>14,447</u> |
| Other non-operating expenses | | |
| Loss on disposals of property, plant and equipment | ₩ 11,084 | 39,347 |
| Impairment loss on property, plant and equipment | 49,474 | 40,770 |
| Impairment loss on intangible assets | 12 | 11 |
| Expenses of assets not in use | 1,295 | 1,434 |
| Donations | 19,611 | 18,763 |
| Other bad debt expenses | 377 | 738 |
| Others | <u>4,619</u> | <u>6,104</u> |
| | <u>₩ 86,472</u> | <u>107,167</u> |

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

27. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses and other non-operating expenses in the consolidated statements of comprehensive income for each of the three-month periods ended March 31, 2025 and 2024 are as follows (excluding finance costs and income tax expense):

| <i>(in millions of Won)</i> | March 31, 2025 | March 31, 2024 |
|--|-----------------------|-----------------------|
| Raw material used, changes in inventories and others ₩ | 7,399,060 | 7,610,812 |
| Employee benefits expenses | 691,752 | 651,079 |
| Outsourced processing cost | 771,796 | 784,412 |
| Electricity and water expenses | 262,599 | 214,498 |
| Service fees | 107,182 | 97,840 |
| Depreciation(*1) | 709,368 | 657,793 |
| Amortization | 13,816 | 23,883 |
| Freight and custody expenses | 374,418 | 358,572 |
| Sales commissions | 24,484 | 25,553 |
| Loss on disposals of property, plant and equipment | 11,084 | 39,347 |
| Impairment loss on property, plant and equipment | 49,474 | 40,770 |
| Impairment loss on intangible assets | 12 | 11 |
| Donation | 19,611 | 18,763 |
| Other expenses | 436,979 | 476,964 |
| | ₩ 10,871,635 | 11,000,297 |

(*1) Including depreciation of investment property.

28. Income Taxes

Income tax expenses were calculated by adjusting deferred tax expenses (income) due to the accrual and reversal of temporary differences in current tax expenses and income tax expenses (income) related to items not recognized in profit or loss. The effective tax rates of the Group for each of the three-month periods ended March 31, 2025 and 2024 are 29.65% and 14.07%, respectively.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

29. Earnings Per Share

Details of basic earnings per share for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in Won, except share information)</i> | | March 31, 2025 | March 31, 2024 |
|---|---|-----------------------|-----------------------|
| Profit attributable to controlling interest | ₩ | 258,236,635,769 | 241,921,100,064 |
| Weighted-average number of common shares outstanding(* 1) | | 96,480,625 | 96,480,625 |
| Basic earnings per share | ₩ | <u>2,677</u> | <u>2,507</u> |

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

| <i>(shares)</i> | | March 31, 2025 | March 31, 2024 |
|--|--|-----------------------|-----------------------|
| Total number of common shares issued | | 96,480,625 | 96,480,625 |
| Weighted-average number of common shares outstanding | | <u>96,480,625</u> | <u>96,480,625</u> |

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

30. Related Party Transactions

(a) Details of the Group's related parties as of March 31, 2025 are as follows:

| | <u>Company</u> |
|--------------------------------------|---|
| The parent company | POSCO HOLDINGS INC. |
| Associates and joint ventures | DAEHO GLOBAL MANAGEMENT CO., LTD., Pohang Special Welding Co., Ltd., POSK(Pinghu) Steel Processing Center Co., Ltd., LLP POSUK TITANIUM, POSCO SUZHOU PROCESSING CENTER CO.,LTD, SUZHOU POSCO-CORE TECHNOLOGY CO., LTD., ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD, POSCO Vietnam Processing Center. Co.,Ltd, POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER and others |
| Other related parties(*1) | POSCO Eco & Challenge Co., Ltd., POSCO DX, POSCO WIDE Co., Ltd., POSCO FUTURE M CO., LTD., POSCO FLOW CO., LTD., SNNC, POSCO Mobility Solution Corporation, eSteel4U, 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. and others |

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

March 31, 2025 and 2024

(unaudited)

30. Related Party Transactions (cont'd)

(b) Details of significant transactions with the Group's related parties for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

1) For the three-month period ended March 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. (*4) | W 5,601 | 84 | - | - | - | 372,616 |
| Associates and joint ventures | | | | | | |
| POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER | 10,218 | - | 1 | - | - | - |
| POSCO Vietnam Processing Center. Co., Ltd | 43,416 | - | 244 | - | - | 104 |
| POS-SeAH Steel Wire (Thailand) Co., Ltd. | 4,798 | - | 49 | - | - | - |
| Others | 468 | - | 144 | - | - | - |
| | <u>58,900</u> | <u>-</u> | <u>438</u> | <u>-</u> | <u>-</u> | <u>104</u> |
| Other related party(*3) | | | | | | |
| POSCO Eco & Challenge Co., Ltd. | 39,757 | 24 | - | 102,219 | 27 | 10,079 |
| POSCO DX (*5) | 4,005 | 17 | 441 | 57,526 | 15,861 | 61,782 |
| POSCO WIDE Co., Ltd. | 4,015 | 28 | 162 | 316 | 5,107 | 11,174 |
| POSCO FUTURE M CO., LTD. | 143,682 | 57 | 160,010 | 1,272 | 59,333 | 134 |
| POSCO FLOW CO., LTD. (*6) | 3,424 | - | 190,645 | 37 | 2,330 | 300,042 |
| SNNC | 4,519 | 3 | 88,881 | 701 | - | - |
| POSCO Mobility Solution Corporation | 200,506 | - | 1,201 | 449 | 3,674 | 240 |
| eSteel4U | 134,274 | - | - | - | - | 43 |
| POSCO INTERNATIONAL Corporation(*7) | 2,913,408 | 2 | 957,357 | - | 991 | 6,496 |
| POSCO(Guangdong) Automotive Steel Co., Ltd | 51,878 | - | 1,233 | - | - | - |
| POSCO VST CO., LTD. | 75,147 | - | 3,264 | - | - | 22 |
| POSCO INTERNATIONAL SINGAPORE PTE LTD. | - | 20 | 481,341 | - | - | - |
| Roy Hill Holdings Pty Ltd | - | - | 387,494 | - | - | - |
| Others | 294,534 | 1,287 | 216,853 | 10,715 | 4,430 | 32,569 |
| | <u>3,869,149</u> | <u>1,438</u> | <u>2,488,882</u> | <u>173,235</u> | <u>91,753</u> | <u>422,581</u> |
| W | <u>3,933,650</u> | <u>1,522</u> | <u>2,489,320</u> | <u>173,235</u> | <u>91,753</u> | <u>795,301</u> |

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

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

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

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

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

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

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

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(unaudited)

30. Related Party Transactions (cont'd)

2) For the three-month period ended March 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.(*4) | ₩ 6,641 | 232 | 57 | - | - | 629,784 |
| Associates and joint ventures | | | | | | |
| POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER | 12,981 | - | 587 | - | - | - |
| POSCO Vietnam Processing Center. Co., Ltd | 35,888 | - | 374 | - | - | 137 |
| POS-SeAH Steel Wire (Thailand) Co., Ltd. | 5,379 | - | 54 | - | - | - |
| Others | 579 | - | 145 | - | - | - |
| | <u>54,827</u> | <u>-</u> | <u>1,160</u> | <u>-</u> | <u>-</u> | <u>137</u> |
| Other related party(*3) | | | | | | |
| POSCO Eco & Challenge Co., Ltd. | 41,548 | 3 | - | 350,062 | - | 22,431 |
| POSCO DX (formerly, POSCO ICT)(*5) | 13,159 | 63 | 215 | 126,490 | 16,414 | 54,191 |
| POSCO WIDE Co., Ltd. (formerly, POSCO O&M Co., Ltd.) | 3,986 | 4 | 235 | 17 | 5,982 | 13,073 |
| POSCO FUTURE M CO., LTD. | 134,677 | 52 | 148,925 | 10,396 | 54,871 | 2,232 |
| POSCO FLOW CO., LTD.(*6) | 3,776 | 3 | 205,620 | 1 | 2,746 | 309,926 |
| SNNC | 5,818 | 3 | 102,500 | - | - | - |
| POSCO Mobility Solution Corporation | 212,569 | - | 915 | 2,230 | 12,620 | 99 |
| eSteel4U | 149,640 | - | - | - | - | 30 |
| POSCO INTERNATIONAL Corporation | 2,808,040 | 5 | 876,273 | - | - | 5,782 |
| POSCO Canada Ltd. | - | - | 26,700 | - | - | - |
| POSCO MEXICO S.A. DE C.V. | 156,508 | 58 | - | - | - | 464 |
| POSCO Maharashtra Steel Private Limited | 220,186 | 44 | - | - | - | 506 |
| PT. POSCO-INDONESIA JAKARTA PROCESSING CENTER | 153 | - | - | - | - | 702 |
| POSCO VST CO., LTD. | 35,423 | - | 174 | - | - | - |
| POSCO INTERNATIONAL SINGAPORE PTE LTD. | - | - | 618,897 | - | - | - |
| POSCO ASSAN TST STEEL INDUSTRY | 111,539 | 650 | - | - | - | - |
| Roy Hill Holdings Pty Ltd | - | - | 439,354 | - | - | - |
| Others | 194,565 | 1,184 | 176,333 | 16,593 | 4,475 | 32,598 |
| | <u>4,091,587</u> | <u>2,069</u> | <u>2,596,141</u> | <u>505,789</u> | <u>97,108</u> | <u>442,034</u> |
| ₩ | <u>4,153,055</u> | <u>2,301</u> | <u>2,597,358</u> | <u>505,789</u> | <u>97,108</u> | <u>1,071,955</u> |

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

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

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

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

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

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

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30. Related Party Transactions (cont'd)

(c) Details of the related account balances of significant transactions with the Group's related parties as of March 31, 2025 and December 31, 2024 are as follows:

1) March 31, 2025

(in millions of Won)

| | | Receivables | | | | Payables | | | |
|---|---|-------------------------------------|--------|--------|-----------|----------------------------------|------------------|---------|-----------|
| | | Trade accounts and notes receivable | Loans | Others | Total | Trade accounts and notes payable | Accounts payable | Others | Total |
| The parent company | | | | | | | | | |
| POSCO HOLDINGS INC. | ₩ | 106 | - | 41,806 | 41,912 | 1,407 | 128,600 | 504,818 | 634,825 |
| Associates and joint ventures | | | | | | | | | |
| POSCO Vietnam Processing Center Joint Stock Company | | 18,132 | - | 4 | 18,136 | 59 | - | 105 | 164 |
| POS-SeAH Steel Wire (Thailand) Co., Ltd. | | 4,897 | - | - | 4,897 | - | - | - | - |
| Others | | 510 | - | 36 | 546 | 37 | - | - | 37 |
| | | 23,539 | - | 40 | 23,579 | 96 | - | 105 | 201 |
| Other related party | | | | | | | | | |
| POSCO Eco & Challenge Co., Ltd. | | 29,733 | - | 8 | 29,741 | - | 27,878 | 168 | 28,046 |
| POSCO DX | | 3,673 | - | 74 | 3,747 | 1,262 | 64,113 | 23,150 | 88,525 |
| POSCO WIDE Co., Ltd. | | 1,116 | - | 1,452 | 2,568 | - | 2,676 | 5,696 | 8,372 |
| POSCO FUTURE M CO., LTD. | | 50,950 | - | 5,230 | 56,180 | 55,864 | 14,765 | 24,862 | 95,491 |
| POSCO FLOW CO., LTD. | | 1,076 | - | 629 | 1,705 | 166,675 | 5,643 | 42,735 | 215,053 |
| SNINC | | 2,309 | - | 57 | 2,366 | 24,330 | 360 | 41 | 24,731 |
| POSCO Mobility Solution Corporation | | 134,373 | - | - | 134,373 | 1,321 | 539 | 1,908 | 3,768 |
| eSteel4U | | 147,675 | - | - | 147,675 | - | - | - | - |
| POSCO INTERNATIONAL Corporation | | 869,533 | - | 1,822 | 861,355 | 1,031,312 | 9,207 | 3,932 | 1,044,451 |
| POSCO(Guangdong) Automotive Steel Co., Ltd. | | 35,953 | - | - | 35,953 | 857 | - | - | 857 |
| POSCO VST CO., LTD. | | 76,038 | - | 660 | 76,698 | 181 | - | - | 181 |
| POSCO INTERNATIONAL SINGAPORE PTE LTD. | | - | - | - | - | 197,630 | 17 | - | 197,647 |
| Roy Hill Holdings Pty Ltd | | - | - | - | - | 261,980 | - | - | 261,980 |
| Others | | 72,616 | 19,612 | 23,829 | 116,057 | 100,673 | 8,180 | 326,574 | 435,427 |
| | | 1,415,045 | 19,612 | 33,761 | 1,468,418 | 1,842,085 | 133,378 | 429,066 | 2,404,529 |
| ₩ | | 1,438,690 | 19,612 | 75,607 | 1,533,909 | 1,843,588 | 261,978 | 933,989 | 3,039,555 |

2) December 31, 2024

(in millions of Won)

| | | Receivables | | | | Payables | | | |
|---|---|-------------------------------------|--------|--------|-----------|----------------------------------|------------------|---------|-----------|
| | | Trade accounts and notes receivable | Loans | Others | Total | Trade accounts and notes payable | Accounts payable | Others | Total |
| The parent company | | | | | | | | | |
| POSCO HOLDINGS INC. | ₩ | 810 | - | 41,992 | 42,802 | - | 102,621 | 85,734 | 188,355 |
| Associates and joint ventures | | | | | | | | | |
| POSCO Vietnam Processing Center Co.,Ltd | | 16,962 | - | 1 | 16,963 | 33 | - | - | 33 |
| POS-SeAH Steel Wire (Thailand) Co., Ltd. | | 5,097 | - | - | 5,097 | - | - | - | - |
| Others | | 760 | - | 33 | 793 | 47 | - | - | 47 |
| | | 22,819 | - | 34 | 22,853 | 80 | - | - | 80 |
| Other related party | | | | | | | | | |
| POSCO Eco & Challenge Co., Ltd. | | 38,130 | - | 9 | 38,139 | - | 70,431 | 1,806 | 72,237 |
| POSCO DX | | 7,889 | - | 49 | 7,938 | 286 | 181,638 | 26,172 | 208,096 |
| POSCO WIDE Co., Ltd. | | 1,342 | - | 1,450 | 2,792 | - | 6,724 | 4,664 | 11,388 |
| POSCO FUTURE M CO., LTD. | | 53,227 | - | 4,770 | 57,997 | 43,889 | 17,221 | 20,835 | 81,945 |
| POSCO FLOW CO., LTD. | | 806 | - | 546 | 1,352 | 120,986 | 4,595 | 43,533 | 169,114 |
| SNINC | | 2,318 | - | 70 | 2,388 | 8,426 | 1,285 | 13 | 9,724 |
| POSCO Mobility Solution Corporation | | 112,987 | - | - | 112,987 | 693 | 1,746 | 5,055 | 7,494 |
| eSteel4U | | 107,464 | - | - | 107,464 | - | - | - | - |
| POSCO INTERNATIONAL Corporation | | 959,125 | - | 2,647 | 961,772 | 1,192,472 | 6,138 | 4,330 | 1,202,940 |
| POSCO(Guangdong) Automotive Steel Co., Ltd. | | 48,546 | - | - | 48,546 | 378 | - | - | 378 |
| POSCO VST CO., LTD. | | 91,390 | - | 519 | 91,909 | - | - | - | - |
| POSCO INTERNATIONAL SINGAPORE PTE LTD. | | - | - | - | - | 209,202 | 188 | - | 209,390 |
| Roy Hill Holdings Pty Ltd | | - | - | - | - | 356,234 | 25 | - | 356,259 |
| Others | | 67,646 | 14,700 | 32,501 | 114,847 | 48,483 | 44,120 | 332,072 | 424,675 |
| | | 1,490,870 | 14,700 | 45,001 | 1,550,571 | 1,981,049 | 334,111 | 438,480 | 2,753,640 |
| ₩ | | 1,514,499 | 14,700 | 87,027 | 1,616,226 | 1,981,129 | 436,732 | 524,214 | 2,942,075 |

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30. Related Party Transactions (cont'd)

(d) Details of significant borrowing transactions with the Group's related parties for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

1) For the three-month period ended March 31, 2025

| (in millions of Won) | | Transaction | Beginning | Increase | Decrease | Others(*1) | Ending |
|----------------------------|-----------------------|-------------|-----------|----------|-----------|------------|---------|
| Other related party | | | | | | | |
| POSCO Asia CO., LTD. | Short-term borrowings | ₩ | 318,511 | 53,480 | (103,715) | 956 | 269,232 |
| POSCO-China Holding Corp. | Short-term borrowings | | 23,197 | 34,671 | (23,197) | - | 34,671 |
| | | ₩ | 341,708 | 88,151 | (126,912) | 956 | 303,903 |

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

2) For the year ended December 31, 2024

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

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

(e) Details of significant loan transactions with the Group's related parties for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows:

1) For the three-month period ended March 31, 2025

| (in millions of Won) | | Transaction | Beginning | Increase | Decrease | Others(*1) | Ending |
|----------------------------|------------------|-------------|-----------|----------|----------|------------|--------|
| Other related party | | | | | | | |
| POSCO-China Holding Corp. | Short-term loans | ₩ | - | 4,947 | - | - | 4,947 |
| POSCO Asia CO., LTD. | Short-term loans | | 14,700 | - | - | (35) | 14,665 |
| POSCO E&C India | Short-term loans | | 608 | - | - | (2) | 606 |
| | | ₩ | 15,308 | 4,947 | - | (37) | 20,218 |

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

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30. Related Party Transactions (cont'd)

2) For the year ended December 31, 2024

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

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

(f) Guarantees provided to related parties

As of March 31, 2025, the Group has entered into financial guarantee contracts for related parties and recognizes the related guarantee obligations as financial guarantee liabilities (Note 20-(a)-2).

(g) For each of the three-month periods ended March 31, 2025 and 2024, details of compensation to the Group's key management officers are as follows:

| <i>(in millions of Won)</i> | March 31, 2025 | March 31, 2024 |
|-----------------------------|----------------|----------------|
| Short-term benefits | ₩ 17,735 | 19,139 |
| Long-term benefits | 181 | 428 |
| Retirement benefits | 2,480 | 4,311 |
| | ₩ 20,396 | 23,878 |

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

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31. Commitments and Contingencies

(a) Other commitments

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

| Company | Description |
|---------|--|
| POSCO | <p>The Company entered into long-term contracts to purchase iron ore, coal, nickel and others. The long-term purchase contract period is more than two years for iron ore, three years for coal, and one year for nickel. These contracts provide for periodic price adjustments based on the market price. As of March 31, 2025, 76 million tons of iron ore and 5 million tons of coal remain to be purchased under such long-term contracts.</p> <p>The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The contractual volume is 550,000 tons per year for 20 years of contract period from August 2005 and 120,000 tons per year for the contract period from September 2025 to December 2026. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.</p> <p>The company has a long-term service contract for the transportation of raw material As of March 31, 2025, there are 34 vessels under contract, and the average remaining contract period is about 6 years.</p> <p>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. POSCO has extension option of extending the purchase contract by five years.</p> <p>As of March 31, 2025, the Company entered into supplier finance arrangements which have a limit of USD 1,270 million with SMBC and four other financial institutions.</p> |

(b) Litigation in progress

The Group is involved in 204 lawsuits amounting to ₩488.3 billion as defendant as of March 31, 2025, which arise from the ordinary course of business such as claim for confirmation of employee status. The Group has recognized provisions for certain lawsuits based on its reliable estimate of outflow of resources.

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

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32. Statements of Cash Flows

Changes in operating assets and liabilities for each of the three-month periods ended March 31, 2025 and 2024 are as follows:

| <i>(in millions of Won)</i> | | March 31, 2025 | March 31, 2024 |
|-------------------------------------|---|-----------------------|-----------------------|
| Trade accounts and notes receivable | ₩ | (64,328) | (188,092) |
| Other receivables | | 175,959 | (96,391) |
| Inventories | | 463,697 | (216,105) |
| Other current assets | | (28,000) | (4,069) |
| Other non-current assets | | 54,169 | 4,661 |
| Trade accounts and notes payable | | (622,107) | 5,960 |
| Other payables | | (52,889) | 6,646 |
| Other current liabilities | | (37,934) | 2,228 |
| Provisions | | (14,026) | (13,124) |
| Payments of severance benefits | | (73,626) | (51,032) |
| Plan assets | | 50,893 | 35,832 |
| Other non-current liabilities | | (18,495) | (3,820) |
| | ₩ | <u>(166,687)</u> | <u>(517,306)</u> |

33. Operating Segments

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker. Operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Group is organized of a single segment, the steel segment.

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34. Events after the reporting period

Pursuant to the resolution of the Board of Directors on April 21, 2025, the Group decided to acquire the property, plant and equipment and intangible assets and human resources related to the domestic iron scrap business from POSCO International. The expected date of the business acquisition is May 16, 2025.

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

Under Section 232 of the Trade Expansion Act of the United States, the U.S. administration imposed a 25% tariff on all steel and aluminum products, effective from March 12, 2025. The tariff imposed thereafter introduced the uncertainty in the estimation of financial statements.