

POSCO INTERNATIONAL Corporation

Financial statements
for the year ended December 31, 2024
with the independent auditor's report



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Report on the Operating Status of Internal Control over Financial Reporting

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors POSCO International Corporation

Opinion

We have audited the financial statements of POSCO International Corporation (referred to as the "Company"), which comprise the statement of financial position as of December 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, including material accounting policies.

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

We have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2024 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 12, 2025 expressed an unqualified opinion thereon.

Basis for opinion

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

Key audit matters

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

The timing of recognizing revenue

As described in Note 24.1.3 to the financial statements, the sales arising from export transactions and triangular transactions account for 78% of the total sales of the Company. We have identified that the scale of these transactions is significant, and it is highly probable that the period to which the revenue is attributable is incorrect due to the varying timing of revenue recognition based on transaction terms. In this regard, we have identified the timing of recognizing revenue as a significant risk.

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

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

Occurrence of Foreign Sales

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

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

- Understand and evaluate the internal controls established by the Company related to the occurrence of foreign sales.
- Obtain key documents (shipping documents) related to foreign sales and review them to confirm the occurrence.
- Corroborate the shipment of inventory by reviewing shipping vessel confirmations or export declaration documents.

Other matters

The financial statements of the Company for the year ended December 31, 2023 were audited by another auditor whose report dated March 12, 2024 expressed unqualified opinion thereon.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

March 12, 2025

This audit report is effective as of March 12, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

POSCO INTERNATIONAL Corporation

Financial statements
for each of the two years in the period ended December 31, 2024

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

Lee, Kye-in
Chief Executive Officer
POSCO INTERNATIONAL Corporation

POSCO International Corporation
Statements of financial position
as of December 31, 2024, and 2023

		Korean won in millions		U.S. dollar in thousands
	Notes	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Assets				
Current assets				
Cash and cash equivalents	4,31,32	\ 457,192	\ 588,745	\$ 311,015
Trade and other receivables, net	5,11,31,32	4,040,092	4,135,579	2,748,362
Other current financial assets	6,31,32	61,088	148,302	41,556
Derivative financial assets	20,31	94,316	34,284	64,160
Other current assets	7,19	217,335	196,210	147,847
Inventories, net	8	540,538	572,348	367,713
Assets held for sale	37	135,138	-	91,931
		\ 5,545,699	\ 5,675,468	\$ 3,772,584
Non-current assets				
Trade and other receivables, net	5,11,31,32	\ 531,699	\ 284,877	\$ 361,700
Other non-current financial assets	6,31,32	49,771	65,833	33,858
Long-term derivative financial assets	20,31	25,546	4,609	17,378
Investments in associates and joint ventures	9	2,850,841	2,732,832	1,939,348
Property, plant and equipment, net	10	1,886,237	1,954,562	1,283,154
Right-of-use assets, net	11	76,188	88,333	51,828
Intangible assets, net	12	1,119,132	1,158,391	761,314
Investment properties, net	13	134,463	137,306	91,471
Net defined benefit assets	17	50,497	41,418	34,352
Deferred tax assets	29	400,593	393,679	272,512
Other non-current assets	7	21,634	27,719	14,717
		\ 7,146,601	\ 6,889,559	\$ 4,861,632
Total assets		\ 12,692,300	\ 12,565,027	\$ 8,634,216
Liabilities and equity				
Current liabilities				
Trade and other payables	11,14,31,32	\ 2,204,221	\ 2,419,532	\$ 1,499,470
Borrowings	15,31,32	1,004,869	716,705	683,584
Current portion of bonds	15,31,32	1,117,735	876,709	760,364
Derivative financial liabilities	20,31,32	98,847	55,798	67,243
Current provisions	18,19	93,722	98,068	63,756
Other current liabilities	16	173,016	180,237	117,698
Current tax liabilities		36,562	56,471	24,872
		\ 4,728,972	\ 4,403,520	\$ 3,216,987
Non-current liabilities				
Trade and other payables	11,14,31,32	\ 68,954	\ 88,576	\$ 46,907
Borrowings	15,31,32	492,366	681,624	334,943
Bonds	15,31,32	1,567,097	1,864,114	1,066,052
Other non-current liabilities	16	37,310	37,310	25,381
Provisions	18,19,20	87,184	86,641	59,309
Long-term derivative financial liabilities	20,31,32	-	8,358	-
		\ 2,252,911	\ 2,766,623	\$ 1,532,592
Total liabilities		\ 6,981,883	\ 7,170,143	\$ 4,749,579
Equity				
Issued capital	21	\ 879,614	\ 879,614	\$ 598,377
Capital surplus	21	1,881,208	1,871,127	1,279,733
Other components of equity	21	(25,473)	(12,194)	(17,329)
Accumulated other comprehensive income (loss)	6,22	(17,808)	(36,931)	(12,114)
Retained earnings	23	2,992,876	2,693,268	2,035,970
Total equity		\ 5,710,417	\ 5,394,884	\$ 3,884,637
Total liabilities and equity		\ 12,692,300	\ 12,565,027	\$ 8,634,216

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

POSCO International Corporation
Statements of comprehensive income
for each of the two years in the period ended December 31, 2024

	Notes	Korean won in millions		U.S. dollar in thousands
		2024	2023	2024
Sales	24	\ 27,388,739	\ 28,536,917	\$ 18,631,795
Cost of sales	25	(26,031,529)	(27,168,265)	(17,708,523)
Gross profit		\ 1,357,210	\ 1,368,652	\$ 923,272
Selling and administrative expenses	25,26	(475,693)	(417,623)	(323,601)
Operating profit		\ 881,517	\ 951,029	\$ 599,671
Finance income	27,31	1,439,991	1,336,776	979,586
Finance costs	27,31	(1,497,365)	(1,402,053)	(1,018,616)
Other income	28	34,723	33,396	23,620
Other expenses	28	(208,766)	(85,975)	(142,018)
Profit for the year before tax		\ 650,100	\ 833,173	\$ 442,243
Income tax expenses	29	(139,170)	(200,655)	(94,673)
Profit for the year		\ 510,930	\ 632,518	\$ 347,570
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>				
Loss on valuation of financial assets at fair value through other comprehensive income ("FVOCI")	6,22,29	\ (13,235)	\ (3,093)	\$ (9,003)
Re-measurement loss on defined benefit liabilities	17,29	(8,520)	(12,323)	(5,796)
Other comprehensive loss for the year, net of tax		\ (21,755)	\ (15,416)	\$ (14,799)
Total comprehensive income for the year, net of tax		\ 489,175	\ 617,102	\$ 332,771
Earnings per share (Korean won and U.S. dollar):				
Basic	30	\ 2,998	\ 3,939	\$ 2.04
Diluted	30	\ 2,998	\ 3,939	\$ 2.04

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

POSCO International corporation
Statements of changes in equity
for each of the two years in the period ended December 31, 2024

	Korean won in millions							U.S. dollar in thousands
	Issued capital	Capital surplus	Hybrid bonds	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Total	Total
As of January 1, 2023	\ 616,876	\ 544,003	\ -	\ 384	\ (13,107)	\ 2,201,244	\ 3,349,400	\$ 2,278,503
Business combination	262,738	1,327,331	139,571	(28,837)	(20,731)	-	1,680,072	1,142,906
Profit for the year	-	-	-	-	-	632,518	632,519	430,285
Net loss on valuation of financial assets at FVOCI	-	-	-	-	(3,093)	-	(3,093)	(2,104)
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	-	(12,323)	(12,323)	(8,383)
Total comprehensive income	\ -	\ -	\ -	\ -	\ (3,093)	\ 620,196	\ 617,103	\$ 419,798
Compensation expenses associated with stock	-	222	-	16,258	-	-	16,480	11,211
Dividends from hybrid bonds	-	-	-	-	-	(4,816)	(4,816)	(3,276)
Redemption of hybrid bonds	-	(429)	(139,571)	-	-	-	(140,000)	(95,238)
Dividends (dividends per share: \ 1,000)	-	-	-	-	-	(123,355)	(123,355)	(83,915)
As of December 31, 2023	<u>\ 879,614</u>	<u>\ 1,871,127</u>	<u>\ -</u>	<u>\ (12,195)</u>	<u>\ (36,931)</u>	<u>\ 2,693,268</u>	<u>\ 5,394,884</u>	<u>\$ 3,669,989</u>
As of January 1, 2024	\ 879,614	\ 1,871,127	\ -	\ (12,194)	\ (36,931)	\ 2,693,269	\ 5,394,884	\$ 3,669,989
Profit for the year	-	-	-	-	-	510,930	510,930	347,571
Net loss on valuation of financial assets at FVOCI	-	-	-	-	(13,235)	-	(13,235)	(9,003)
Remeasurement of net defined benefit liabilities (assets)	-	-	-	-	-	(8,520)	(8,520)	(5,796)
Total comprehensive income	\ -	\ -	\ -	\ -	\ (13,235)	\ 502,410	\ 489,175	\$ 332,772
Reclassification due to disposal of other comprehensive income - Equity instruments measured at fair value	-	-	-	-	32,358	(32,358)	-	-
Compensation expenses associated with stock	-	10,081	-	(13,279)	-	-	(3,198)	(2,176)
Dividends (dividends per share: \ 1,000)	-	-	-	-	-	(170,444)	(170,444)	(115,948)
As of December 31, 2024	<u>\ 879,614</u>	<u>\ 1,881,208</u>	<u>\ -</u>	<u>\ (25,473)</u>	<u>\ (17,808)</u>	<u>\ 2,992,876</u>	<u>\ 5,710,417</u>	<u>\$ 3,884,637</u>

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

POSCO International corporation
Statements of cash flows
for each of the two years in the period ended December 31, 2024

	Korean won in millions		U.S. dollar in thousands	
	2024	2023	2024	
Operating activities				
Profit for the year	\ 510,930	\ 632,518	\$ 347,571	
Reconciliation of profit for the year to net cash flows provided by operating activities:	799,980	695,147	\$ 544,204	
Changes in operating assets and liabilities:	(226,088)	(185,681)	\$ (153,801)	
Interest received	40,542	47,175	27,580	
Dividends received	130,968	158,375	89,094	
Interest paid	(179,889)	(177,158)	(122,373)	
Income tax paid	(162,372)	(203,583)	(110,457)	
Net cash flows provided by operating activities	\ 914,071	\ 966,794	\$ 621,818	
Investing activities				
Cash inflows from financing activities				
Decrease in short-term financial instruments	\ 371,922	\ 92,949	253,008	
Disposal of investment in subsidiaries and associates	130,687	63,067	88,903	
Disposal of financial assets at FVPL	274	-	186	
Disposal of financial assets at FVOCI	3,761	-	2,559	
Decrease in guarantee deposits	980	1,393	667	
Decrease in long-term guarantee deposits	310	578	211	
Disposal of property, plant and equipment	160	247	109	
Disposal of intangible assets	1,691	1,500	1,150	
Decrease in short-term loans	13,313	3,986	9,056	
Decrease in long-term loans	-	1,462	-	
Decrease in long-term financial instruments	10	3	7	
Decrease in finance lease receivables	19,489	51,836	13,258	
Receipt of government subsidies	16	52	11	
Decrease in other current assets	-	7	-	
Cash inflows due to business combination	-	502,085	-	
Cash outflows from investing activities				
Increase in short-term financial instruments	(278,167)	(45,075)	(189,229)	
Acquisition of investment in subsidiaries and associates	(456,330)	(206,996)	(310,429)	
Increase in long-term other receivables	(247,092)	-	(168,090)	
Increase in guarantee deposits	(2,122)	(1,565)	(1,444)	
Increase in long-term guarantee deposits	(860)	(815)	(585)	
Increase in short-term loans	(17,669)	(1,180)	(12,020)	
Increase in long-term loans	(22,078)	(38,058)	(15,019)	
Increase in long-term financial instruments	(333)	(579)	(227)	
Acquisition of property, plant and equipment	(69,984)	(85,934)	(47,608)	
Acquisition of intangible assets	(113,806)	(138,278)	(77,419)	
Net cash flows used in investing activities	\ (665,828)	\ 200,685	\$ (452,945)	

(Continued)

POSCO International corporation
Statements of cash flows (cont'd)
for each of the two years in the period ended December 31, 2024

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Financing activities			
Cash inflows from financing activities			
Increase in long-term borrowings	\ 162,748	\ 2,222	110,713
Issuance of bonds	701,936	398,613	477,507
Acquisition and settlement of derivatives	1,936	-	1,317
Cash outflows from financing activities			
Net decrease in short-term borrowings	(67,156)	(440,980)	(45,684)
Repayment of current portion of long-term borrowings	(105,291)	(408,694)	(71,627)
Repayment of long-term borrowings	(125)	(5,245)	(85)
Redemption of current Portion of bonds	(877,380)	(600,000)	(596,857)
Redemption of hybrid bonds	-	(140,000)	-
Dividends paid	(170,444)	(128,810)	(115,948)
Payment of lease liabilities	(35,914)	(64,904)	(24,431)
Settlement of derivatives	-	(324)	-
Net cash flows used in financing activities	\ (389,690)	\ (1,388,122)	\$ (265,095)
Net decrease in cash and cash equivalents	\ (141,447)	\ (220,643)	\$ (96,222)
Cash and cash equivalents as of January 1	588,745	806,960	400,507
Net foreign exchange difference	9,894	2,428	6,731
Cash and cash equivalents as of December 31	\ 457,192	\ 588,745	\$ 311,016

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

1. Company information

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

The Company has listed its shares on the Korea Exchange since March 23, 2001. The Company's issued capital as of December 31, 2024 amounts to ₩879,614 million (\$598,376 thousand). The Company merged with POSCO Energy Co., Ltd. as of January 1, 2023 as the base date for the merger (see Note 35).

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

As of December 31, 2024, POSCO Holdings Inc. is the largest shareholder of the Company, and it has an effective stake of 72.98%.

2. Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

The Company prepares the statutory financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") enacted by the *Act on External Audit of Stock Companies*.

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

The accompanying financial statements for each of the two years in the period ended December 31, 2024 have been translated into United States dollars solely for the convenience of the reader. The exchange rate used was the won/dollar exchange rate on December 31, 2024.

2.2 Summary of material accounting policies

2.2.1 Investment in subsidiaries, associates and joint ventures

The Company's financial statements are separate financial statements in accordance with KIFRS 1027, which are financial statements in which the parent company, investors in associates and venturers in joint ventures present their investments based on direct equity investments rather than on the reported performance and net assets of the investees. We account for our investments in subsidiaries, associates and joint ventures in accordance with the cost method in accordance with KIFRS 1027. Dividends from subsidiaries, associates and joint ventures are recognized in profit or loss when the right to receive the dividend is established.

2.2.2 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

	Notes
Valuation methods, significant estimates and assumptions;	2, 6 and 31
Quantitative disclosures of fair value measurement hierarchy;	31
Investment properties; and	13
Financial instruments (including those carried at amortized cost).	6 and 31

2.2.3 Revenue from contracts with customers

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

2.2.3.1 Trading sector

(1) Classification and implementation of performance obligations

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

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

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

(2) Variable consideration

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

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

(3) Judgment on principal versus agent

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

2.2.3.2 Energy sector

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

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

2.2.3.2 Energy sector (cont'd)

(1) Classification and implementation of performance obligations

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

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

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

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

(2) Variable consideration

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

2.2.3.3 Others

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

2.2.4 Cash and cash equivalents

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

2.2.5 Financial instruments

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

2.2.5.1 Financial assets

(1) Initial recognition and measurement

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

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

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

(2) Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

2.2.5.1 Financial assets (cont'd)

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

2.2.5.1 Financial assets (cont'd)

(3) Derecognition

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

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

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

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

(4) Impairment of financial assets

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

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

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

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

2.2.5.2 Financial liabilities

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

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

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

2.2.5.3 Offsetting of financial instruments

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

2.2.5.4 Derivative financial instruments and hedge accounting

(1) Initial recognition and subsequent measurement

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

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

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

(2) Fair value hedges

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

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

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

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

(3) Cash flow hedges

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

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

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

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

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

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

2.2.6 Inventories

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

2.2.7 Non-current assets held for sale

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

2.2.8 Property, plant and equipment

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

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

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

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

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

2.2.9 Investment properties

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

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

2.2.10 Leases

2.2.10.1 Company as a lessee

(1) Right-of-use assets

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

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

Right-of-use assets are also subject to impairment and are described in the accounting policy for impairment of non-financial assets in Note 2.2.13.

(2) Lease liabilities

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

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

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

2.2.10.2 Company as a lessor

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

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

2.2.11 Intangible assets

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

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

2.2.11 Intangible assets (cont'd)

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

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

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

2.2.12.1 Exploration and evaluation assets

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

2.2.12.2 Development assets

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

2.2.12.3 Mining rights

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

2.2.13 Impairment of non-financial assets

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

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

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

2.2.14 Foreign currency translation

The Company present our financial statements in Korean Won, which is its functional currency and reporting currency.

Monetary assets and liabilities in foreign currencies are translated into the functional currency at the end of the reporting period. The resulting translation differences are reflected in profit or loss for the period.

2.2.14 Foreign currency translation (cont'd)

Meanwhile, non-monetary items denominated in foreign currencies measured at historical cost are recognized by applying the exchange rate on the date of the first transaction, and non-monetary items denominated in foreign currencies measured at fair value are recognized by applying the exchange rate on the date of fair value measurement. Gains and losses arising from the translation of non-monetary items are recognized in other comprehensive income or profit and loss for the period in the same manner as the recognition of gains and losses arising from changes in the fair value of the relevant item.

The date of the transaction for determining the exchange rate to be used on initial recognition of the related asset, expense or income (or part of it) is the date on which we initially recognize the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If advance payments or advance receipts are made in multiple installments, we will determine the transaction date for each advance payment or advance receipt.

2.2.15 Borrowing costs

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

2.2.16 Government grants

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

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

2.2.17 Taxes

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

2.2.18 Provisions and contingent liabilities

2.2.18.1 Provisions related to post-processing (restoration)

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

2.2.18 Provisions and contingent liabilities (cont'd)

2.2.18.2 Onerous contract

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

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

2.2.19 Greenhouse gas emission rights

2.2.19.1 Greenhouse gas emission rights

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

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

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

2.2.19.2 Emission liabilities

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

2.2.20 Business combinations under common control

Business combinations under common control are accounted for using the book value method. Assets acquired and liabilities assumed in a business combination are measured at the carrying amount in the financial statements of the top controlling company. In addition, the difference between the consideration transferred and the carrying amount of the net assets acquired is adjusted in capital surplus.

2.3 Material accounting judgments, estimates and assumptions

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

Other disclosures relating to the Company's exposure to risks and uncertainties are disclosed in Capital management (Note 32.1) and financial risk management (Note 32.2).

2.3.1 Accounting judgments

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

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

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

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

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

2.3.2 Accounting estimates and changes

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

2.3.2.1 Impairment of non-financial assets

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

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

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

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

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

2.3.2.3 Pension benefits

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

2.3.2.4 Fair value of financial instruments

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

2.3.2.5 Provisions for restoration

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

2.3.2.6 Lease - Calculation of the incremental borrowing interest rate

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

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

2.4. New and amended standards adopted by the Company

Except for the application of new and revised standards that are first applicable from January 1, 2024, as described below, the Company applies the same accounting policies to its financial statements for the current and comparative periods.

2.4.1 Amendments to KIFRS 1116 - *Lease Liability in a Sale and Leaseback*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no material impact on the Company's financial statements.

2.4.2 Amendments to KIFRS 1001 - *Classification of Liabilities as Current or Non-current*

The amendments to KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that terms of a liability that could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no material impact on the Company's financial statements.

2.4.3 Amendments to KIFRS 1007 and KIFRS 1107 - *Supplier Finance Arrangements*

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement. Please refer to Note 20.

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

The amended accounting standards that have been issued but not yet effective for the annual reporting period commencing on January 1, 2024 which have not been early adopted by the Company are as follows. The Company did not early apply the following new or revised standards when preparing financial statements.

2.5.1 Amendments to KIFRS 1021 - *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 disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity doesn't restate comparative information.

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

2.5.2 Amendments to KIFRS 1109 and KIFRS 1107– *Classification and Measurement of Financial Instruments*

The amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* include the following:

- clarifying that a financial liability is derecognized on the settlement date and introducing an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
- providing additional guidance as to how to assess contractual cash flows of financial assets that include environmental, social and governance (ESG)-linked features and similar features;
- clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introducing new disclosures for financial instruments with contingent features and adding a disclosure requirement for equity instruments measured at fair value through other comprehensive income.

The amendments will be effective for annual periods beginning on or after January 1, 2026, and are not expected to have a material impact on the financial statements.

2.5.3 Annual Improvements to KIFRS - Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

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

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the financial statements.

2.6 Approval of financial statements

The Company's financial statements were approved by the Board of Directors dated February 3, 2025, and will be finalized at the general shareholders' meeting on March 24, 2025.

3. Segment information

In accordance with KIFRS 1108 *Operating Segments*, disclosures related to operating segments have been prepared in the consolidated financial statements

4. Cash and cash equivalents

4.1 The Company's cash and cash equivalents are managed in the same amount in the statements of financial position and cash flows. Details of cash and cash equivalents as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Cash	\ 160	\ 329	\$ 109
Savings account and checking account	300,818	530,669	204,638
Other cash equivalents	156,214	57,747	106,268
Total	\ 457,192	\ 588,745	\$ 311,015

4.2 Restricted deposits

As of December 31, 2024 and 2023, the Company holds \ 36,882 million (\$25,090 thousand) and \ 57,201 million (\$38,912 thousand), respectively, in cash and cash equivalents that are restricted in use due to financial agreements, collateral provisions and others.

5. Trade and other receivables

5.1 Details of trade and other receivables as of December 31, 2024 and 2023 are as follows:

	Dec. 31, 2024		Dec. 31, 2023	
	Current	Non-current	Current	Non-current
Trade receivables	3,773,952	\ 9,196	\ 3,875,187	\ 20,489
Allowance for doubtful accounts	(13,912)	(6,912)	(44,783)	(16,700)
Other receivables	194,054	395,201	196,403	111,418
Allowance for doubtful accounts	(4,782)	(159,085)	(11,192)	(92,392)
Accrued income	61,308	-	70,082	-
Allowance for doubtful accounts	(80)	-	(3,349)	-
Guarantee deposits	7,171	12,103	15,655	11,855
Loans	4,893	237,256	14,300	184,075
Allowance for doubtful accounts	-	(23,885)	-	(3,610)
Finance lease receivables	17,488	67,825	23,276	69,741
	\ 4,040,092	\ 531,699	\ 4,135,579	\ 284,876
U.S. dollar in thousands	\$ 2,748,362	\$ 361,700	\$ 2,813,319	\$ 193,793

5.2 Changes in allowances for doubtful accounts related to trade receivables for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Beginning balance	\ 61,483	\ 67,100	\$ 41,825
Increase due to business combination	-	31,960	-
Reversal of allowance for doubtful accounts	(15,412)	(37,554)	(10,484)
Write-off	(25,291)	-	(17,205)
Foreign exchange translation loss	44	73	30
Others	-	(96)	-
Ending balance	\ 20,824	\ 61,483	\$ 14,166

5.3 Financial assets transferred but not derecognized

As of December 31, 2024 and 2023, the Company continues to recognize the book value of discounted trade receivables amounting to \ 503,343 million (\$342,410 thousand) and \ 457,817 million (\$311,440 thousand), respectively, and cash received through discounts was recognized as collateral borrowing.

The Company transferred the above trade receivables on the condition that the transferee has the right of recourse, and therefore continues to bear credit risks such as default by the debtor arising from ownership of the trade receivables even after the transfer. The fair values of the above receivables transferred and the related borrowings are not significantly different from their book values.

6. Other financial assets

6.1 Details of other current financial assets as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Financial assets at FVPL (*1)	\ 55,212	\ 134,915	\$ 37,559
Deposits in financial institutions	5,876	13,387	3,997
Total	\ 61,088	\ 148,302	\$ 41,556

(*1) The Company classifies assets with maturities exceeding three months among its other financial assets, including MMW, as financial assets at FVPL.

6.2 Details of other non-current financial assets as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Financial assets at FVOCI (equity instruments)	\ 37,270	\ 48,524	\$ 25,354
Financial assets at FVPL (long-term investment)	310	610	211
Financial assets at FVPL (other securities)	-	4,832	-
Deposits in financial institutions	12,191	11,867	8,293
Total	\ 49,771	\ 65,833	\$ 33,858

6.2.1 Financial instruments at fair value

Details of financial instruments measured at fair value as of December 31, 2024 and 2023 are as follows:

							U.S. Dollar in thousands
			Korean won in million			Dec. 31, 2023	Dec. 31, 2024
			Dec. 31, 2024				
	Number of shares	Equity owner- ship (%)	Acquisition cost	Fair value or net asset value	book value	book value	book value
Financial assets at FVOCI (equity securities)							
Marketable securities							
Maruichi Steel Tube Ltd.	120,000	0.14	\ 2,933	\ 3,930	\ 3,930	\ 4,018	\$ 2,673
Kumho Petro Chemical Co., Ltd.	37,000	0.13	8,063	3,352	3,352	4,917	2,280
Northwest Copper Corp. (*1)	-	0	-	-	-	3,041	-
FuelCell Energy, Inc. (*1)	-	0	-	-	-	132	-
			\ 10,996	\ 7,282	\ 7,282	\ 12,108	\$ 4,953
Non-marketable securities							
Daewoo Songdo development (*1)	-	-	-	-	-	-	-
Zyle Daewoo Motor Sales Corp. (*1)	-	-	-	-	-	3	-
DW Development Co., Ltd. - Engineering & Construction (Common Share) (*1)	-	-	-	-	-	2	-
DW Development Co., Ltd. - Engineering & Construction (Preferred Share) (*1)	-	-	-	-	-	-	-
N.I. CO., LTD. (*1)	-	-	-	-	-	-	-
The Korea Economic Daily	178,881	0.96	1,952	974	974	974	663
Hanmi ADM Co., Ltd.	10,000	12.57	1,000	1,000	1,000	1,000	680
S&S INC	8,149	0.17	113	113	113	113	77
POSCO Humans Co., Ltd. (*1)	-	-	-	-	-	630	-
Innovated Technology Inc. (*1)	-	-	-	-	-	-	-
BioApplications Inc. (*2)	450,000	4.44	4,950	1,575	1,575	4,950	1,071
Dowon SF (*1)	-	-	-	-	-	-	-
FOSTEC (*1)	-	-	-	-	-	-	-
Hangang Steel (*1)	-	-	-	-	-	-	-
CJ PHILIPPINES, INC.	109,200	10.00	349	349	349	349	237
DONGJIN VIETNAM Co., Ltd	20,000	10.00	803	803	803	803	546
POSCO ASSAN TST STEEL INDUSTRY A.S. (*2)	24,096,526	10.00	15,460	-	-	11,951	-
TES MI s.r.o.	750	3.00	523	523	523	523	356
Kiho Co., Ltd.	200	10.00	377	377	377	377	256
K. K. KOREA KAMCHATKA CO., LTD.	328	10.00	-	-	-	-	-
KNOC INAM LTD.	10	10.00	-	-	-	-	-
POSCO VIETNAM PC	1,924,551	2.70	735	735	735	735	500
Erae AMS Co., Ltd.	1,984,938	12.67	20,163	14,006	14,006	14,006	9,528
HARDT (*3)	10,865	6.59	9,533	9,533	9,533	-	6,485
			\ 55,958	\ 29,988	\ 29,988	\ 36,416	\$ 20,399
Financial assets at FVPL (other securities)							
Convertible bonds of HARDT (*3)	-	-	-	-	-	4,832	-
			\ -	\ -	\ -	\ 4,832	\$ -
Financial assets at FVPL (investments)							
POSCO Agricultural Products Export Fund (*4)	-	-	\ -	\ -	\ -	\ 300	\$ -
Korea Finance for Construction	45	-	40	40	40	40	27
Posco Community Credit Cooperative	10,800	8.24	270	270	270	270	184
			\ 310	\ 310	\ 310	\ 610	\$ 211
			\ 67,264	\ 37,580	\ 37,580	\ 53,966	\$ 25,563

(*1) The financial instruments were disposed of or written off for the year ended December 31, 2024.

(*2) The Company recognized the decrease in fair value of the financial instruments as other comprehensive income for the year ended December 31, 2024.

(*3) The financial instrument was converted to preferred stock for the year ended December 31, 2024.

(*4) For the year ended December 31, 2024, it was liquidated.

6.2.1 Financial instruments at fair value (cont'd)

Among the above financial assets at FVOCI, shares in Maruichi Steel Pipe Ltd. and Kumho Petro Chemical Co., Ltd. which are listed stocks among financial assets at FVOCI, were valued at their closing prices as of December 31, 2024. As a result, \ 407 million (\$276 thousand), which was calculated by deducting the deferred tax effect of \ 405 million(\$275 thousand) and deducting the effect of the average tax rate change of \ 2 million (\$1.36 thousand) from the valuation loss of \ 1,654 million (\$1,125 thousand), was reflected in accumulated other comprehensive income.

6.3 Restricted deposits

As of December 31, 2024 and 2023, the Company has deposits of \ 12,190 million (\$8,293 thousand) and \ 15,656 million (\$10,650 thousand), respectively, in financial institutions that were restricted in use due to financial arrangements, collateral provisions and others.

7. Other assets

Details of other assets as of December 31, 2024 and 2023 are as follows:

	Dec. 31, 2024		Dec. 31, 2023	
	Current	Non-current	Current	Non-current
Advanced payments	82,520	\ 21,396	\ 97,537	\ 22,278
Prepaid expenses	134,525	209	92,468	5,355
Emission rights	-	-	5,923	-
Others	290	29	282	86
	\ 217,335	\ 21,634	\ 196,210	\ 27,719
U.S. dollar in thousands	\$ 147,847	\$ 14,717	\$ 133,476	\$ 18,856

8. Inventories

Details of inventories as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Merchandise	\ 311,720	\ 427,860	\$ 212,054
Valuation allowance	-	(688)	-
Finished goods	20,658	5,485	14,053
Raw materials	128,915	113,885	87,697
Valuation allowance	(6,060)	(6,694)	(4,122)
Supplies	3,153	2,385	2,145
Materials-in-transit	82,152	30,115	55,886
	\ 540,538	\ 572,348	\$ 367,713

The Company recognized loss on valuation of inventories in cost of sales of \ 2,530 million (\$1,721 thousand) and \ 1,051 million (\$715 thousand) for each of the two years in the period ended December 31, 2024, respectively. In addition, the Company recognized reversal of loss on valuation of inventories in cost of sales of \ 1,322 million (\$899 thousand) and \ 13,613 million (\$9,261 thousand) for each of the two years in the period ended December 31, 2024, respectively.

9. Investments in subsidiaries, associates and joint venture

9.1 Details of investments in subsidiaries, associates and joint venture as of December 31, 2024 and 2023 are as follows: (Korean won in millions)

	2024						Equity owner-ship (%)
	Beginning balance	Acquisition	Transfer	Impairment	Disposal	Ending balance	
<Subsidiaries>							
POSCO INTERNATIONAL AMERICA CORP.	₩ 29,590	₩ -	₩ -	₩ -	₩ -	₩ 29,590	100
POSCO INTERNATIONAL DEUTSCHLAND GMBH	9,724	-	-	-	-	9,724	100
POSCO INTERNATIONAL JAPAN CORP.	104,382	-	-	-	-	104,382	100
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	3,711	-	-	-	-	3,711	100
POSCO INTERNATIONAL ITALIA S.R.L.	3,621	-	-	-	-	3,621	100
POSCO INTERNATIONAL (CHINA) CO., LTD.	20,979	-	-	-	-	20,979	100
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	688	-	-	-	-	688	100
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	2,905	-	-	-	-	2,905	100
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	2,192	-	-	-	-	2,192	100
POSCO INTERNATIONAL SHANGHAI CO., LTD.	8,807	-	-	-	-	8,807	100
POSCO INTERNATIONAL INDIA PVT. LTD.	-	-	-	-	-	-	100
POSCO INTERNATIONAL VIETNAM CO., LTD.	4,613	-	-	-	-	4,613	100
POSCO INTERNATIONAL TEXTILE LLC.	24,808	-	-	-	-	24,808	100
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD.	57,153	-	-	-	-	57,153	100
POSCO INTERNATIONAL (THAILAND) CO., LTD.	5,785	-	-	-	-	5,785	100
PT POSCO INTERNATIONAL INDONESIA	9,314	-	-	-	-	9,314	99
AGPA PTE. LTD.	58,481	-	-	-	-	58,481	100
PI AAPC CORPORATION	5,027	-	-	-	-	5,027	100
BRASIL SAO PAULO STEEL PROCESSING CENTER	-	-	-	-	-	-	51
POSCO INTERNATIONAL POWER (PNG) LTD. (*6)	14,686	-	-	-	(14,686)	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	-	-	-	-	-	60
POSCO INTERNATIONAL UKRAINE LLC.	-	-	-	-	-	-	100
GRAIN TERMINAL HOLDING PTE. LTD.	-	-	-	-	-	-	100
POSCO SOUTH EAST ASIA PTE. LTD.	-	-	-	-	-	-	100
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	924	-	-	(924)	-	-	75
POHANG SRDC CO., LTD.	4,550	-	-	-	-	4,550	51
POSCO INTERNATIONAL INDIA E-MOBILITY PVT., LTD. (*8)	861	-	-	-	-	861	73.6
POSCO MOBILITY SOLUTION CO., LTD.	548,663	-	-	-	-	548,663	100
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	45,746	-	-	(24,544)	-	21,202	50.9
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD. (*2)	11,452	5,501	-	-	-	16,953	100
SENEX HOLDINGS PTY LTD (*2) (*3)	407,971	247,427	-	-	-	655,398	50.1
POSCO INTERNATIONAL MEXICO E-MOBILITY S.A. DE C.V. (*2)	45,580	33,947	-	-	-	79,527	80
ESTEL4U	5,882	-	-	-	-	5,882	61.1
PT POSCO INTERNATIONAL E&P INDONESIA (*2)	1,848	15,072	-	-	-	16,920	100
POSCO INTERNATIONAL E&P USA Inc. (*2) (*5)	983	1,514	-	(1,013)	(1,346)	138	100
PT. KRATAU POSCO ENERGY	51,999	-	-	-	-	51,999	55
Tracheon E&E	22,076	-	-	-	-	22,076	100
Korea Fuel Cell (*6)	169,268	-	-	(8,114)	(60,000)	101,154	100
Shinan green energy Co., Ltd. (*4)	-	-	-	-	-	-	54.5
NEH Co., Ltd. (*2)	263,694	115,700	-	-	-	379,394	100
POSCO MOBILITY SOLUTION POLAND Sp. z o.o.	-	37,170	-	-	-	37,170	80
	₩ 1,948,123	₩ 456,331	₩ -	₩ (34,595)	₩ (76,032)	₩ 2,293,827	
<Associates and joint venture>							
Blue Ocean Recovery PEF No.1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	27.5
POSCO MEXICO PROCESSING CENTER HOLDING LLC. (*1)	11,509	-	-	-	-	11,509	19.6
POSCO-ESDC LTD.	1,180	-	-	-	-	1,180	20
POSCO UPC	12,187	-	-	-	-	12,187	21.7
Shanghai Lansheng Daewoo Corp	-	-	-	-	-	-	49
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	876	-	-	-	-	876	49
GENERAL MEDICINES CO., LTD.	2,990	-	-	-	-	2,990	33
KOREA LNG LTD.	2,749	-	-	-	-	2,749	20
GLOBAL KOMSCO DAEWOO LLC.	4,445	-	-	-	-	4,445	35
SOUTH-EAST ASIA GAS PIPELINE CO., LTD. (*5)	132,906	-	-	-	(21,868)	111,038	25
HYUNSON ENGINEERING & CONSTRUCTION (*1)	281	-	-	-	-	281	4.9
YULCHON MEXICO S.A. DE C.V. (*1)	1,349	-	-	-	-	1,349	6.2
DMSA/MSA (*1) (*4)	23,740	-	-	(23,740)	-	-	3.9
Inco tech Inc. (*1)	-	-	-	-	-	-	10
SHINPOONG DAEWOO PHARMA VIETNAM CO., LTD. (*1)	343	-	-	-	-	343	3.4
POSCO-MALAYSIA SDN. BHD. (*1)	4,247	-	-	-	-	4,247	13.6
POSCO-ITPC S.P.A. (*1)	781	-	-	-	-	781	10
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD. (*1)	8,412	-	-	-	-	8,412	10
Gyeonggi Green Energy Co., Ltd. (*1) (*4)	-	-	-	-	-	-	19
Noeul Green Energy Co., Ltd. (*1) (*4)	600	-	-	-	-	600	10
Samcheok Blue Power Co., Ltd. (*4)	391,047	-	-	-	-	391,047	29
AES Mang Duong Power Co., Ltd. (*7)	181,226	-	(134,277)	(46,949)	-	-	-
Mang Duong Finance Holdings B.V. (*7)	861	-	(861)	-	-	-	-
ECO ENERGY SOLUTION CO., LTD.	3,000	-	-	-	-	3,000	50
	₩ 784,709	₩ -	₩ (135,138)	₩ (70,689)	₩ (21,868)	₩ 557,014	
	₩ 2,732,832	₩ 456,331	₩ (135,138)	₩ (105,284)	₩ (97,900)	₩ 2,850,841	
U.S. dollar in thousands	\$ 1,859,069	\$ 310,429	\$ (31,931)	\$ (71,622)	\$ (66,599)	\$ 1,939,348	

9.1 Investments in subsidiaries, associates and joint venture as of December 31, 2024 and 2023 are as follows: (Korean won in millions) (cont'd)

(*1) These securities are classified as investments in associates even though the Company's equity ownership is below 20%, as the Company is able to exercise significant influence over the investee.

(*2) Additionally acquired for the year ended December 31, 2024.

(*3) As of December 31, 2024, although the ownership ratio over the entity is 50.1%, it is classified as a subsidiary as the Company is deemed to have control over the entity in substance in accordance with the shareholders' agreement.

(*4) As of December 31, 2024, the Company provides its investment in subsidiaries and associates marked above amounting to \ 391,647 million (\$266,427 thousand) of as collateral in relation to the borrowings of subsidiaries and the associates.

(*5) The book value decreased due to paid down capital reduction for the year ended December 31, 2024.

(*6) The entities were disposed of for the year ended December 31, 2024.

(*7) The entities were replaced with assets held for sale for the year ended December 31, 2024.

(*8) For the years ended December 31, 2024, POSCO TMC INDIA PVT. LTD. changed its name to POSCO INTERNATIONAL INDIA E-MOBILITY PVT., LTD.

	2023							Equity owner-ship (%)
	Beginning balance	Increase due to merger	Acquisition	Transfer	Impairment	Disposal	Ending balance	
<Subsidiaries>								
POSCO INTERNATIONAL AMERICA CORP.	₩ 29,590	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 29,590	100
POSCO INTERNATIONAL DEUTSCHLAND GMBH	9,724	-	-	-	-	-	9,724	100
POSCO INTERNATIONAL JAPAN CORP.	104,382	-	-	-	-	-	104,382	100
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	3,711	-	-	-	-	-	3,711	100
POSCO INTERNATIONAL ITALIA S.R.L.	3,621	-	-	-	-	-	3,621	100
POSCO INTERNATIONAL (CHINA) CO., LTD.	20,979	-	-	-	-	-	20,979	100
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	668	-	-	-	-	-	668	100
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	2,905	-	-	-	-	-	2,905	100
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	2,192	-	-	-	-	-	2,192	100
POSCO INTERNATIONAL SHANGHAI CO., LTD.	8,807	-	-	-	-	-	8,807	100
POSCO INTERNATIONAL INDIA PVT. LTD.	-	-	-	-	-	-	-	100
POSCO INTERNATIONAL VIETNAM CO., LTD.	4,613	-	-	-	-	-	4,613	100
POSCO INTERNATIONAL TEXTILE LLC.	24,808	-	-	-	-	-	24,808	100
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD.	57,153	-	-	-	-	-	57,153	100
POSCO INTERNATIONAL (THAILAND) CO., LTD.	5,785	-	-	-	-	-	5,785	100
PT POSCO INTERNATIONAL INDONESIA	9,314	-	-	-	-	-	9,314	99
AGPA PTE. LTD.	58,481	-	-	-	-	-	58,481	100
PI AAPC CORPORATION	5,027	-	-	-	-	-	5,027	100
BRASIL SAO PAULO STEEL PROCESSING CENTER	-	-	-	-	-	-	-	51
POSCO INTERNATIONAL POWER (PNG) LTD.	14,686	-	-	-	-	-	14,686	100
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	-	-	-	-	-	-	60
POSCO INTERNATIONAL UKRAINE LLC.	-	-	-	-	-	-	-	100
GRAIN TERMINAL HOLDING PTE. LTD.	5,397	-	-	-	(5,397)	-	-	75
POSCO SOUTH EAST ASIA PTE. LTD.	-	-	-	-	-	-	-	100
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	14,220	-	-	-	(13,296)	-	924	75
POHANG SRDC CO., LTD.	4,550	-	-	-	-	-	4,550	51
POSCO TMC INDIA PVT. LTD.	861	-	-	-	-	-	861	73.6
POSCO MOBILITY SOLUTION CO., LTD.	548,663	-	-	-	-	-	548,663	100
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	45,746	-	-	-	-	-	45,746	50.9
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD. (*2)	4,630	-	6,822	-	-	-	11,452	100
SENEX HOLDINGS PTY LTD (*2)(*3)	405,172	-	2,799	-	-	-	407,971	50.1
POSCO INTERNATIONAL MEXICO E-MOBILITY S.A. DE C.V.	45,560	-	-	-	-	-	45,560	80
ESTEEL4U	5,882	-	-	-	-	-	5,882	61.1
PT POSCO INTERNATIONAL E&P INDONESIA (*4)	-	-	1,848	-	-	-	1,848	100
POSCO INTERNATIONAL E&P USA Inc. (*4)	-	-	983	-	-	-	983	100
PT. KRAKATAU POSCO ENERGY (*5)(*9)	-	85,069	-	-	-	(33,090)	51,999	55
Trasheon E&E (*5)	-	22,076	-	-	-	-	22,076	100
Korea Fuel Cell (*5)	-	169,268	-	-	-	-	169,268	100
Shinan green energy Co., Ltd. (*5)	-	15,344	-	-	(15,344)	-	-	54.5
NEH Co., Ltd. (*2) (*5)	-	69,350	194,544	-	-	-	263,894	100
	₩ 1,447,127	₩ 361,127	₩ 206,396	₩ -	₩ (34,037)	₩ (33,090)	₩ 1,948,123	
U.S. dollar in thousands	\$ 984,440	\$ 245,665	\$ 140,614	\$ -	\$ (23,154)	\$ (22,510)	\$ 1,325,254	

9.1 Investments in subsidiaries, associates and joint venture as of December 31, 2024 and 2023 are as follows: (Korean won in millions) (cont'd)

	2023							Equity owner-ship (%)
	Beginning balance	Increase due to merger	Acquisition	Transfer	Impairment	Disposal	Ending balance	
<Associates>								
Blue Ocean Recovery PEF No.1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	27.5
POSCO MEXICO PROCESSING CENTER HOLDING LLC. (*1)	11,509	-	-	-	-	-	11,509	19.6
POSCO-ESDC LTD.	1,160	-	-	-	-	-	1,160	20
POSCO UPC	12,187	-	-	-	-	-	12,187	21.7
Shanghai Lansheng Daewoo Corp	-	-	-	-	-	-	-	49
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	876	-	-	-	-	-	876	49
GENERAL MEDICINES CO., LTD.	2,990	x'x'	-	-	-	-	2,990	33
KOREA LNG LTD.	2,749	-	-	-	-	-	2,749	20
GLOBAL KOMSCO DAEWOO LLC.	4,445	-	-	-	-	-	4,445	35
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	132,906	-	-	-	-	-	132,906	25
HYUNSON ENGINEERING & CONSTRUCTION (*1)	281	-	-	-	-	-	281	4.9
SPH Co., Ltd. (*10)	500	-	-	-	-	(500)	-	-
YULCHON MEXICO S.A. DE C.V. (*1)	1,349	-	-	-	-	-	1,349	6.2
DMSA/MSA (*1)	23,740	-	-	-	-	-	23,740	4
QURO CO., LTD. (*8)	882	-	-	-	-	(882)	-	-
Inco tech Inc. (*1)	-	-	-	-	-	-	-	10
Erae AMS Co., Ltd. (*6)	20,163	-	-	(20,163)	-	-	-	-
SHINPOONG DAEWOO PHARMA VIETNAM CO., LTD. (*1)	343	-	-	-	-	-	343	3
POSCO-MALAYSIA SDN. BHD. (*1)	7,577	-	-	-	(3,330)	-	4,247	14
POSCO-ITPC S.P.A. (*1)	781	-	-	-	-	-	781	10
HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD. (*1) (*7)	8,412	-	-	-	-	-	8,412	10
Gyeonggi Green Energy Co., Ltd. (*1) (*5)	-	-	-	-	-	-	-	19
Noeul Green Energy Co., Ltd. (*1) (*5)	-	600	-	-	-	-	600	10
Samcheok Blue Power Co., Ltd. (*5)	-	391,047	-	-	-	-	391,047	29
AES Mong Duang Power Co., Ltd. (*5)	-	181,226	-	-	-	-	181,226	30
Mong Duang Finance Holdings B.V. (*5)	-	861	-	-	-	-	861	30
	₩ 232,850	₩ 573,734	₩ -	₩ (20,163)	₩ (3,330)	₩ (1,382)	₩ 781,709	
<Joint venture>								
ECO ENERGY SOLUTION (*5)	₩ -	₩ 3,000	₩ -	₩ -	₩ -	₩ -	₩ 3,000	50
	₩ -	₩ 3,000	₩ -	₩ -	₩ -	₩ -	₩ 3,000	
	₩ 1,679,977	₩ 937,861	₩ 206,996	₩ (20,163)	₩ (37,367)	₩ (34,472)	₩ 2,732,832	
U.S. dollar in thousands	\$ 1,142,841	\$ 638,001	\$ 140,814	\$ (13,716)	\$ (25,420)	\$ (23,450)	\$ 1,859,069	

(*1) These securities are classified as investments in associates even though the Company's equity ownership is below 20%, as the Company is able to exercise significant influence over the investee.

(*2) Additional acquisitions were made for the year ended December 31, 2023.

(*3) As of December 31, 2023 although the ownership ratio over the entity is 50.1%, it is classified as a subsidiary as the Company is deemed to have control over the entity in substance in accordance with the shareholders' agreement.

(*4) The entities were newly acquired for the year ended December 31, 2023.

(*5) The entities were acquired through merger for the year ended December 31, 2023.

(*6) For the year ended December 31, 2023, it was reclassified as financial assets at FVOCI as it could not exercise significant influence due to the resignation of outside director, and loss on disposal of investments in associates amounting to \ 6,157 million (\$4,188 thousand) was recognized.

(*7) For the year ended December 31, 2023, HUNCHUN POSCO HYUNDAI INTERNATIONAL LOGISTICS changed its name to HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD.

(*8) For the year ended December 31, 2023, the associate was sold and gain on disposal of investments in associates amounting to \ 139 million (\$95 thousand) was recognized.

(*9) Due to the merger having occurred for the year ended December 31, 2023, 90% of the shares were acquired, but 35% of the shares were sold, and gain on disposal of investment in the subsidiary amounting to \ 27,547 million (\$18,739 thousand) was recognized.

(*10) For the year ended December 31, 2023, the associate was liquidated and gain on disposal of investments in associates amounting to \ 909 million (\$618 thousand) was recognized.

9.2 Impairment losses on investments in subsidiaries and associates

	Korean won in millions		
	Book value before impairment	Recoverable amount	Impairment loss for the current period
<2024>			
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD. (*1)	\ 924	\ -	\ 924
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD. (*2)	45,746	21,202	24,544
POSCO INTERNATIONAL E&P USA Inc.	1,151	138	1,013
Korea Fuel Cell (*3)	169,268	161,154	8,114
DMSA/AMSA (*4)	23,740	-	23,740
AES Mong Duong Power Co., Ltd. (*3)	181,226	134,277	46,949
	\ 422,055	\ 316,771	\ 105,284
U.S. dollar in thousands	\$ 287,112	\$ 215,490	\$ 71,622

(*1) For the year ended December 31, 2024, an external expert conducted an appraisal by considering sales cases of similar assets in the surrounding area and the profit capitalization method. The recoverable amount of the relevant stake was determined based on the calculation of fair value, and an impairment loss was recognized for the amount that was less than the book value.

(*2) An impairment test was conducted by an external expert for the year ended December 31, 2024. The recoverable amount of the relevant shares is determined based on the calculation of fair value less costs to sell with the assistance of an independent external expert.

(*3) The recoverable amount of the share is determined based on fair value less costs to sell.

(*4) As there were signs suggesting impairment of the relevant share due to changes in production plans, etc. for the year ended December 31, 2024, an impairment test was performed by an external expert. The recoverable amount of the relevant share was determined based on the calculation of value in use, and the value in use was calculated as the present value by applying a discount rate of 17.63% to the expected future cash flow from the date of impairment test, and an impairment loss was recognized.

	Korean won in millions		
	Book value before impairment	Recoverable amount	Impairment loss for the current period
<2023>			
GRAIN TERMINAL HOLDING PTE. LTD. (*1)	\ 5,397	\ -	\ 5,397
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD. (*2)	14,220	924	13,296
Shinan green energy Co., Ltd. (*3)	15,344	-	15,344
POSCO-MALAYSIA SDN. BHD.	7,577	4,246	3,331
	\ 42,538	\ 5,170	\ 37,368
U.S. dollar in thousands	\$ 28,937	\$ 3,517	\$ 25,420

(*1) An impairment test was conducted by an external expert for the impairment assessment of the investment stock of GRAIN TERMINAL HOLDING PTE. LTD. for the year ended December 31, 2023. The recoverable amount of the stake is determined based on the calculation of the value in use with the help of an independent external expert. The value in use is estimated by applying a discount rate of 21.29% to the future cash flow from 2024 to 2028 estimated based on the management's business plan and assuming that the business structure in 2028 is maintained, and applying a perpetual growth rate of 1% to the operating profit in the last year of the estimation period.

(*2) An external expert conducted an appraisal of the shares in consideration of sales cases of similar assets in the surrounding area and the profit redistribution method. The recoverable amount of the shares was determined based on the calculation of fair value, and an impairment loss was recognized for the amount that was less than the book value.

(*3) For the year ended December 31, 2023, an impairment test was conducted by an external expert for the purpose of assessing the impairment of Shinan Green Energy Co., Ltd.'s investment stocks. The recoverable amount of the relevant stake is determined based on the calculation of the value in use with the help of an independent external expert. The value in use was measured based on the present value (value in use) of the future cash flows expected to be generated from the cash-generating unit during the operating period of the business until March 31, 2041. The discount rate used was 9.75%, and the average capital structure of similar companies during the evaluation period (operating period) was applied.

10. Property, plant and equipment

10.1 Details of property, plant and equipment as of December 31, 2024 and 2023 are as follows:

December 31, 2024					
	Korean won in millions				U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Less: government subsidies	Book value
Land	\ 308,212	\ -	\ (19,458)	\ -	\ 288,754
Buildings	288,244	(167,249)	(9,612)	(248)	111,135
Structures	923,490	(409,474)	(247)	-	513,769
Machinery	2,163,878	(1,212,400)	(3,811)	-	947,667
Vehicles	3,827	(2,906)	-	(14)	907
Tools	4,034	(3,339)	-	-	695
Fixtures	57,390	(45,711)	-	-	11,679
Construction-in-progress	11,631	-	-	-	11,631
	<u>\ 3,760,706</u>	<u>\ (1,841,079)</u>	<u>\ (33,128)</u>	<u>\ (262)</u>	<u>\ 1,886,237</u>
U.S. dollar in thousands	<u>\$ 2,558,303</u>	<u>\$ (1,252,435)</u>	<u>\$ (22,536)</u>	<u>\$ (178)</u>	<u>\$ 1,283,154</u>

December 31, 2023					
	Korean won in millions				U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Less: government subsidies	Book value
Land	\ 307,976	\ -	\ (19,457)	\ -	\ 288,519
Buildings	280,164	(158,569)	(9,613)	(210)	111,772
Structures	793,271	(387,006)	(248)	-	406,017
Machinery	2,149,894	(1,133,589)	(3,813)	-	1,012,492
Vehicles	3,908	(3,166)	-	(25)	717
Tools	6,675	(6,311)	-	-	364
Fixtures	58,504	(45,787)	-	(1)	12,716
Construction-in-progress	122,001	-	-	(36)	121,965
	<u>\ 3,722,393</u>	<u>\ (1,734,428)</u>	<u>\ (33,131)</u>	<u>\ (272)</u>	<u>\ 1,954,562</u>
U.S. dollar in thousands	<u>\$ 2,532,240</u>	<u>\$ (1,179,883)</u>	<u>\$ (22,538)</u>	<u>\$ (185)</u>	<u>\$ 1,329,634</u>

10.2 Changes in the carrying amount of property, plant and equipment for each of the two years in the period ended December 31, 2024 are as follows:

2024							
	Korean won in millions						Ending
	Beginning	Increase	Acquisition	Disposal	Depreciation	Impairment	
Land	\ 288,519	\ -	\ 235	\ -	\ -	\ -	\ 288,754
Buildings	111,982	-	-	-	(9,227)	-	111,383
(Government grants)	(210)	-	-	-	15	-	(248)
Structures	406,017	-	283	-	(22,467)	-	513,769
Machinery	1,012,492	-	3,514	(295)	(82,542)	-	947,667
Vehicles	741	-	463	-	(383)	-	921
(Government grants)	(24)	-	-	-	10	-	(14)
Tools	364	-	463	-	(132)	-	695
Fixtures	12,717	-	3,733	(4)	(5,619)	-	11,680
(Government grants)	(1)	-	-	-	-	-	(1)
Construction-in-progress	121,965	-	59,698	-	-	-	11,631
	<u>\ 1,954,562</u>	<u>\ -</u>	<u>\ 68,389</u>	<u>\ (299)</u>	<u>\ (120,345)</u>	<u>\ -</u>	<u>\ 1,886,237</u>
U.S. dollar in thousands	<u>\$ 1,329,634</u>	<u>\$ -</u>	<u>\$ 46,523</u>	<u>\$ (203)</u>	<u>\$ (81,867)</u>	<u>\$ -</u>	<u>\$ 1,283,154</u>

(*1) Including transfers of construction-in-progress to property, plant and equipment and intangible assets.

10.2 Changes in the carrying amount of property, plant and equipment for each of the two years in the period ended December 31, 2024 are as follows: (cont'd)

	2023							
	Korean won in millions							
	Beginning balance	Increase (Decrease) due to merger	Acquisition	Disposal, etc.	Depreciation	Impairment (*1)	Others (*2)	Ending balance
Land	\ 22,983	\ 268,869	\ 432	\ -	\ -	\ (3,765)	\ -	\ 288,519
Buildings	32,165	89,294	-	-	(9,226)	(1,520)	1,269	111,982
(Government grants)	-	(224)	-	-	14	-	-	(210)
Structures	-	424,812	155	-	(20,738)	-	1,788	406,017
Machinery	162,764	924,978	6,468	(1,425)	(82,713)	(3,086)	5,506	1,012,492
Vehicles	471	168	471	-	(369)	-	-	741
(Government grants)	-	(18)	(14)	-	8	-	-	(24)
Tools	15	390	62	-	(103)	-	-	364
Fixtures	9,834	3,086	4,820	(105)	(5,142)	-	224	12,717
(Government grants)	(13)	-	-	-	12	-	-	(1)
Construction-in-progress	28,177	65,745	67,213	-	-	-	(39,170)	121,965
	<u>\ 256,396</u>	<u>\ 1,777,100</u>	<u>\ 79,607</u>	<u>\ (1,530)</u>	<u>\ (118,257)</u>	<u>\ (8,371)</u>	<u>\ (30,383)</u>	<u>\ 1,954,562</u>
U.S. dollar in thousands	<u>\$ 174,419</u>	<u>\$ 1,208,912</u>	<u>\$ 54,154</u>	<u>\$ (1,041)</u>	<u>\$ (80,447)</u>	<u>\$ (5,695)</u>	<u>\$ (20,669)</u>	<u>\$ 1,329,634</u>

(*1) For the year ended December 31, 2023, impairment loss of \ 8,371 million (\$5,695 thousand) was recognized as a result of the impairment test on the items of property, plant and equipment held by the Company's subsidiary BRASIL SAO PAULO STEEL PROCESSING CENTER ("BSPC") in Brazil (carrying amount: \ 8,604 million (\$5,853 thousand) in total).

(*2) Including transfers of construction-in-progress to property, plant and equipment and intangible assets.

11. Leases

11.1 Company as a lessee

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

	2024						
	Right-of-use assets					Lease receivables	Lease liabilities
	Building and structure	Aircraft	Facility	Others	Total		
Beginning balance	\ 12,640	\ 21,952	\ 29,416	\ 24,324	\ 88,332	\ 93,017	\ 118,197
Acquisition	4,848	-	725	3,371	8,944	2,364	10,473
Disposal (Contract termination)	(637)	-	-	(1)	(638)	(593)	(1,122)
Depreciation	(6,444)	(5,096)	(2,620)	(6,290)	(20,450)	-	-
Interest income	-	-	-	-	-	6,313	-
Interest expense	-	-	-	-	-	-	6,329
Foreign exchange	-	-	-	-	-	10,014	9,727
Lease payment	-	-	-	-	-	-	(42,244)
Lease receipt	-	-	-	-	-	(25,802)	-
Ending balance	<u>\ 10,407</u>	<u>\ 16,856</u>	<u>\ 27,521</u>	<u>\ 21,404</u>	<u>\ 76,188</u>	<u>\ 85,313</u>	<u>\ 101,360</u>
U.S. dollar in thousands	<u>\$ 7,080</u>	<u>\$ 11,467</u>	<u>\$ 18,722</u>	<u>\$ 14,561</u>	<u>\$ 51,829</u>	<u>\$ 58,036</u>	<u>\$ 68,952</u>

	2023						
	Right-of-use assets					Lease	Lease
	Building and	Aircraft	Facility	Others	Total		
Beginning balance	\ 14,970	\ 584	\ -	\ 711	\ 16,265	\ 91,717	\ 73,210
Increase due to merger	-	-	31,922	-	31,922	-	4,038
Acquisition	3,594	25,137	99	28,212	57,042	51,606	107,324
Depreciation	(5,924)	(3,769)	(2,605)	(4,599)	(16,897)	-	-
Interest income	-	-	-	-	-	5,968	-
Interest expense	-	-	-	-	-	-	5,020
Foreign exchange	-	-	-	-	-	1,530	(1,471)
Lease payment	-	-	-	-	-	-	(69,924)
Lease receipt	-	-	-	-	-	(57,804)	-
Ending balance	<u>\ 12,640</u>	<u>\ 21,952</u>	<u>\ 29,416</u>	<u>\ 24,324</u>	<u>\ 88,332</u>	<u>\ 93,017</u>	<u>\ 118,197</u>
U.S. dollar in thousands	<u>\$ 8,599</u>	<u>\$ 14,933</u>	<u>\$ 20,011</u>	<u>\$ 16,547</u>	<u>\$ 60,090</u>	<u>\$ 63,277</u>	<u>\$ 80,406</u>

11.1.2 The amounts recognized in profit or loss for each of the two years in the period ended December 31, 2024 in relation to leases are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
<Revenues>			
Interest income on lease receivables	\ 6,313	\ 5,968	\$ 4,295
<Expenses>			
Depreciation of right-of-use assets	\ (20,450)	\ (16,897)	\$ (13,912)
Interest on lease liabilities	(6,329)	(5,020)	(4,305)
Short-term lease payments	(1,230)	(3,233)	(837)
Lease payments of leases of low-value assets	(1,969)	(1,687)	(1,339)
	\ (29,978)	\ (26,837)	\$ (20,393)
Net profit or loss	\ (23,665)	\ (20,869)	\$ (16,098)

11.2 Company as a lesser

11.2.1. Details of finance lease receivables as of December 31, 2024 and 2023 are as follows:

	Dec. 31, 2024		Dec. 31, 2023	
	Current	Non-current	Current	Non-current
Finance lease receivables	\ 17,488	\ 67,825	\ 23,276	\ 69,741
U.S. dollar in thousands	\$ 11,897	\$ 46,139	\$ 15,834	\$ 47,443

11.2.2 Details of the maturity profile on finance lease receivables for each of the two years in the period ended December 31, 2024 are as follows. The maturity amount is an undiscounted contractual cash flow that includes interest received.

	2024	
	Korean won in millions	U.S. dollar in thousands
Within 1year	\ 18,042	\$ 12,273
More than 1year but less than 5years	38,438	26,148
More than 5years	59,208	40,278
	\ 115,688	\$ 78,699
	2023	
	Korean won in millions	U.S. dollar in thousands
Within 1year	\ 23,946	\$ 16,290
More than 1year but less than 5years	48,829	33,217
More than 5years	53,836	36,623
	\ 126,611	\$ 86,130

11.2.3 The Company recognized rental income of \ 12,355 million (\$8,405 thousand) and \ 12,146 million (\$8,263 thousand) in relation to operating lease arrangements for each of the two years in the period ended December 31, 2024, respectively.

12. Intangible assets

12.1 Intangible assets as of December 31, 2024 and 2023 are as follows:

Dec. 31, 2024						
	Korean won in millions					U.S. dollar in thousands
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Government grants	Book value	Book value
Goodwill	\ -	\ -	\ -	\ -	\ -	\$ -
Exploration and evaluation intangible assets	163,004	-	(123,497)	(2,197)	37,310	25,381
Industrial property rights	3,648	(2,591)	-	-	1,057	719
Mining rights (*1)	2,417,360	(1,403,486)	-	-	1,013,874	689,710
Membership	17,163	(81)	-	-	17,082	11,620
Software	95,442	(51,556)	-	-	43,886	29,854
Others	5,923	-	-	-	5,923	4,029
	<u>\ 2,702,540</u>	<u>\ (1,457,714)</u>	<u>\ (123,497)</u>	<u>\ (2,197)</u>	<u>\ 1,119,132</u>	<u>\$ 761,313</u>
U.S. dollar in thousands	<u>\$ 1,838,463</u>	<u>\$ (991,642)</u>	<u>\$ (84,012)</u>	<u>\$ (1,495)</u>	<u>\$ 761,314</u>	

Dec. 31, 2023						
	Korean won in millions					U.S. dollar in thousands
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Government grants	Book value	Book value
Goodwill	\ 1,033	\ (1,033)	\ -	\ -	\ -	\$ -
Exploration and evaluation intangible assets	195,287	-	(124,261)	(33,716)	37,310	25,381
Industrial property rights	3,140	(2,180)	-	-	960	653
Mining rights (*1)	2,315,797	(1,244,138)	-	-	1,071,659	729,020
Membership	17,273	(165)	(498)	-	16,610	11,299
Software	91,246	(59,394)	-	-	31,852	21,668
Others	-	-	-	-	-	-
	<u>\ 2,623,776</u>	<u>\ (1,306,910)</u>	<u>\ (124,759)</u>	<u>\ (33,716)</u>	<u>\ 1,158,391</u>	<u>\$ 788,021</u>
U.S. dollar in thousands	<u>\$ 1,784,882</u>	<u>\$ (889,054)</u>	<u>\$ (84,870)</u>	<u>\$ (22,936)</u>	<u>\$ 788,021</u>	

(*1) Including the mining rights related to Myanmar A-1/A-3 blocks.

12.2 Changes in the net book value of intangible assets for each of the two years in the period ended December 31, 2024 are as follows:

2024							
	Korean won in million						U.S. dollar in thousands
	Beginning balance	Acquisition	Disposal, etc.	Amortization	Reversal	Others (*1)	Ending balance
Exploration and evaluation intangible assets	\ 71,026	\ -	\ (764)	\ -	\ 764	\ (31,519)	\ 39,507
(Government grants)	(33,716)	-	-	-	-	31,519	(2,197)
Industrial property rights	960	508	-	(411)	-	-	1,057
Mining rights (*2)	1,071,659	101,563	-	(159,348)	-	-	1,013,874
Membership	16,610	687	(180)	(35)	-	-	17,082
Software	31,852	3,097	-	(6,407)	-	15,344	43,886
Others	-	-	-	-	-	5,923	5,923
	<u>\ 1,158,391</u>	<u>\ 105,855</u>	<u>\ (944)</u>	<u>\ (166,201)</u>	<u>\ 764</u>	<u>\ 21,267</u>	<u>\ 1,119,132</u>
U.S. dollar in thousand	<u>\$ 788,021</u>	<u>\$ 72,010</u>	<u>\$ (642)</u>	<u>\$ (113,062)</u>	<u>\$ 519</u>	<u>\$ 14,467</u>	<u>\$ 761,313</u>

(*1) Including transfers from construction-in-progress and decrease due to the approval of exemption from the repayment obligation of contingent loans.

(*2) Including the mining rights related to Myanmar A-1/A-3 blocks.

12.2 Changes in the net book value of intangible assets for each of the two years in the period ended December 31, 2024 are as follows: (cont'd)

	2024							U.S. dollar in thousands
	Korean won in million							
	Beginning balance	Acquisition	Disposal, etc.	Amortization	Reversal	Others (*1)	Ending balance	
Exploration and evaluation intangible assets	₩ 71,026	₩ -	₩ (764)	₩ -	₩ 764	₩ (31,519)	₩ 39,507	\$ 26,876
(Government grants)	(33,716)	-	-	-	-	31,519	(2,197)	(1,495)
Industrial property rights	960	508	-	(411)	-	-	1,057	719
Mining rights (*2)	1,071,659	101,563	-	(159,348)	-	-	1,013,874	689,710
Membership	16,610	687	(180)	(35)	-	-	17,082	11,620
Software	31,852	3,097	-	(6,407)	-	15,344	43,886	29,854
Others	-	-	-	-	-	5,923	5,923	4,029
	₩ 1,168,381	₩ 106,866	₩ (844)	₩ (188,201)	₩ 764	₩ 21,287	₩ 1,119,132	\$ 781,313
U.S. dollar in thousands	\$ 788,021	\$ 72,010	\$ (842)	\$ (113,062)	\$ 519	\$ 14,487	\$ 781,313	

(*1) Including transfers from construction-in-progress and decrease due to the approval of exemption from the repayment obligation of contingent loans.

(*2) Including the mining rights related to Myanmar A-1/A-3 blocks.

12.3 Joint arrangement

The mining rights of intangible assets and the machinery of property, plant and equipment include the Company's share of the jointly held assets held under joint arrangements. The major joint arrangements of the Company as of December 31, 2024 are as follows:

	Activities	Equity interest (%)	Location
Myanmar A-1/A-3 blocks	Development and production for gas area	51	Myanmar
Offshore midstream	Gas transmission facilities	51	Myanmar

13. Investment properties

13.1 Details of Investment properties as of December 31, 2024 and 2023 are as follows:

Dec. 31, 2024				
Korean won in millions				U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Book value	Book value
Land	\ 50,368	\ -	\ 50,368	\$ 34,264
Buildings	113,658	(29,563)	84,095	57,207
	<u>\ 164,026</u>	<u>\ (29,563)</u>	<u>\ 134,463</u>	<u>\$ 91,471</u>
U.S. dollar in thousands	<u>\$ 111,582</u>	<u>\$ (20,111)</u>	<u>\$ 91,471</u>	
Dec. 31, 2023				
Korean won in millions				U.S. dollar in thousands
	Acquisition cost	Accumulated depreciation	Book value	Book value
Land	\ 50,368	\ -	\ 50,368	\$ 34,264
Buildings	113,658	(26,720)	86,938	59,141
	<u>\ 164,026</u>	<u>\ (26,720)</u>	<u>\ 137,306</u>	<u>\$ 93,405</u>
U.S. dollar in thousands	<u>\$ 111,582</u>	<u>\$ (18,177)</u>	<u>\$ 93,405</u>	

13.2 Changes in the book values of investment properties for each of the two years in the period ended December 31, 2024 are as follows:

Korean won in millions			
2024			
	Beginning balance	Depreciation	Ending balance
Land	\ 50,368	\ -	\ 50,368
Building	86,938	(2,843)	84,095
	\ 137,306	\ (2,843)	\ 134,463
U.S. dollar in thousands	\$ 93,405	\$ (1,934)	\$ 91,471

Korean won in millions			
2023			
	Beginning balance	Depreciation	Ending balance
Land	\ 50,368	\ -	\ 50,368
Building	89,781	(2,843)	86,938
	\ 140,149	\ (2,843)	\ 137,306
U.S. dollar in thousands	\$ 95,339	\$ (1,934)	\$ 93,405

13.3 The fair value of investment properties

The fair value of investment property amount to \ 170,860 million (\$116,231 thousand) as of December 31, 2024.

13.4 Details of income and expense arising from investment properties for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Rental income	\ 11,921	\ 11,841	\$ 8,110
Operating expense	(6,391)	(6,261)	(4,348)
	\ 5,530	\ 5,580	\$ 3,762

13.5 Joint arrangement

The Company owns POSCO Tower Songdo, a real estate property, located in Yeonsu-gu, Incheon, under a joint arrangement. As of December 31, 2024, the Company owns 60% of the real estate property and has classified the asset as property, plant and equipment and investment properties. Such joint arrangements are accounted for as joint operations, and rental income generated and expenses incurred as a result of the joint operation are recognized as income and expenses in proportion to the Company's shares.

14. Trade and other payables

Details of trade and other payables as of December 31, 2024 and 2023 are as follows: (Korean won in millions)

	Dec. 31, 2024		Dec. 31, 2023	
	Current	Non-current	Current	Non-current
Trade payables	\ 1,692,914	\ -	\ 2,056,170	\ -
Other payables	423,880	699	302,021	1,698
Accrued expenses	20,829	-	17,560	-
Guarantee deposits received	26,762	5,387	1,064	7,228
Lease liabilities	39,129	62,231	41,033	77,164
Financial guarantee liabilities	707	637	1,684	2,486
	<u>\ 2,204,221</u>	<u>\ 68,954</u>	<u>\ 2,419,532</u>	<u>\ 88,576</u>
U.S. dollar in thousands	\$ 1,499,470	\$ 46,907	\$ 1,645,940	\$ 60,256

15. Borrowings and bonds

15.1 Details of borrowings as of December 31, 2024 and 2023 are as follows:

Creditor		Annual interest rates	The longest maturity	Korean won in millions		U.S. dollar in thousands
				Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
<Current borrowings>						
Short-term borrowings:						
Banker's usance and others	Wooribank and others	3M TERM SOFR+1.50% and others	Nov. 1, 2025	\ 6,932	\ 12,521	\$ 4,716
NEGO borrowings	Wooribank and others	3M TERM SOFR+0.64% and others	Nov. 1, 2025	503,343	457,817	342,410
General borrowings (Limit)	Wooribank and others	3M TERM SOFR+0.98% and others	Nov. 1, 2025	52,198	139,956	35,509
				\ 562,473	\ 610,294	\$ 382,635
Current-portion of long-term borrowings:						
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	Dec. 31, 2025	1,385	1,843	942
Contingent loans	Korea Energy Agency	3year government bond yield-1.25%	Sep. 30, 2025	9,113	6,717	6,199
Other borrowings (*1)	Korea EXIM Bank and others	2.12% and others	Nov. 28, 2025	432,463	97,851	294,193
Less: present value discount				(565)	-	(384)
				\ 442,396	\ 106,411	\$ 300,950
				\ 1,004,869	\ 716,705	\$ 683,585

15.1 Details of borrowings as of December 31, 2024 and 2023 are as follows: (cont'd)

		Annual interest rates	The longest maturity	Korean won in millions		U.S. dollar in thousands
	Creditor			Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
<Non-current borrowings>						
Long-term borrowings denominated in Korean won:						
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	Dec. 15, 2027	\ 403	768	\$ 274
Other borrowings (*1)	Korea Rural Community Cooperation and others	2.00% and others	Sep. 15, 2035	106,127	129,477	72,195
				\ 106,530	\ 130,245	\$ 72,469
Long-term borrowings denominated in foreign currency:						
Energy special account financing loan	Korea Energy Agency	3year government bond yield-2.25%	Dec. 15, 2027	1,050	1,815	714
Contingent loans (*2)	Korea Energy Agency	3year government bond yield-1.25%	Undecided	89,863	64,682	61,131
Other borrowings (*1)	Korea EXIM Bank and others	2.12% and others	Oct. 8, 2027	294,923	485,912	200,628
				\ 385,836	\ 552,409	\$ 262,473
				\ 492,366	\ 682,654	\$ 334,942
Less: present value discount				-	(1,030)	-
				\ 492,366	\ 681,624	\$ 334,942
Total borrowings				\ 1,497,235	\ 1,398,329	\$ 1,018,527

(*1) The Company's property, plant and equipment are provided as collateral for the borrowings as of December 31, 2024 (see Note 20).

(*2) Due to the nature of the exploration project, the maturity date of the contingent loan cannot be specified.

15.2 Details of bonds as of December 31, 2024 and 2023 are as follows:

	Annual interest rates	Maturity	Korean won in millions		U.S. dollar in thousands			
			Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024			
Current Portion of bonds:								
17-1st unsecured bond	3.13%	Jul. 10, 2025	\	70,000	\	-	\$	47,619
21-2nd unsecured bond	2.27%	Mar. 7, 2024		-		130,000		-
22-2nd unsecured bond	1.73%	Jul. 4, 2024		-		80,000		-
22-4th unsecured bond	2.52%	Apr. 29, 2024		-		60,000		-
22-5th unsecured bond	1.92%	Aug. 8, 2024		-		60,000		-
24-2nd unsecured bond	1.94%	May 28, 2025		50,000		-		34,014
24-6th unsecured bond	1.68%	Aug. 6, 2025		110,000		-		74,830
25-1st unsecured bond	1.51%	Mar. 19, 2024		-		70,000		-
25-4th unsecured bond	2.50%	Oct. 18, 2024		-		219,500		-
26th unsecured bond	1.68%	Oct. 11, 2024		-		257,880		-

15.2 Details of bonds as of December 31, 2024 and 2023 are as follows: (cont'd)

	Annual interest rates	Maturity	Korean won in millions		U.S. dollar in thousands
			Dec. 31, 2024	Dec. 31, 2023	Dec. 31,2024
Current Portion of bonds:					
27th unsecured bond	Daily SOFR+1.30% p.a.	Mar. 17, 2025	367,500	-	250,000
28th unsecured bond (*1)	3M TERM SOFR+1.50% p.a.	Jul. 26, 2025	147,000	-	100,000
29th unsecured bond (*1)	Daily SORA+1.55% p.a.	Oct. 25, 2025	183,783	-	125,022
30-1st unsecured bond	2.86%	Jan. 27, 2025	160,000	-	108,844
32-1st unsecured bond	4.29%	Aug. 29, 2025	30,000	-	20,408
			\ 1,118,283	\ 877,380	\$ 760,737
Less: present value discount on bonds			(548)	(671)	(373)
			\ 1,117,735	\ 876,709	\$ 760,364
Non-current bonds:					
17-1st unsecured bond	3.13%	Jul. 10, 2025	\ -	\ 70,000	\$ -
22-3rd unsecured bond	1.95%	Jul. 4, 2026	50,000	50,000	34,014
22-6th unsecured bond	2.25%	Aug. 8, 2026	50,000	50,000	34,014
24-2nd unsecured bond	1.94%	May 28, 2025	-	50,000	-
24-4th unsecured bond	2.47%	Apr. 28, 2027	50,000	50,000	34,014
24-6th unsecured bond	1.68%	Aug. 6, 2025	-	110,000	-
24-7th unsecured bond	1.86%	Aug. 6, 2027	40,000	40,000	27,211
25-2nd unsecured bond	2.18%	Mar. 19, 2026	80,000	80,000	54,422
25-3rd unsecured bond	2.47%	Mar. 17, 2028	50,000	50,000	34,014
27th unsecured bond	Daily SOFR+1.30% p.a.	Mar. 17, 2025	-	322,350	-
28th unsecured bond	3M TERM SOFR+1.50% p.a.	Jul. 26, 2025	-	128,940	-
29th unsecured bond	Daily SORA+1.55% p.a.	Oct. 25, 2025	-	166,066	-
30-1st unsecured bond	2.86%	Jan. 27, 2025	-	160,000	-
30-2nd unsecured bond	3.02%	Jan. 27, 2027	40,000	40,000	27,211
30-3rd unsecured bond	4.00%	May 2, 2032	100,000	100,000	68,027
31th unsecured bond	4.18%	May 25, 2026	200,000	200,000	136,054
32-1st unsecured bond	4.29%	Aug. 29, 2025	-	30,000	-
32-2nd unsecured bond	4.39%	Aug. 28, 2026	120,000	120,000	81,633
32-3rd unsecured bond	4.56%	Aug. 29, 2028	50,000	50,000	34,014
33-1st unsecured bond	3.28%	Sep. 11, 2026	80,000	-	54,422
33-2nd unsecured bond	3.25%	Sep. 10, 2027	190,000	-	129,252
33-3rd unsecured bond	3.34%	Sep. 12, 2029	30,000	-	20,408
34th unsecured bond	3M TERM SOFR+1% p.a.	Oct. 8, 2027	441,000	-	300,000
			\ 1,571,000	\ 1,867,356	\$ 1,068,710
Less: present value discount on bonds			(3,903)	(3,242)	(2,655)
			\ 1,567,097	\ 1,864,114	\$ 1,066,055
			\ 2,684,832	\ 2,740,823	\$ 1,826,419

(*1) The Company enters into currency swap contracts to avoid the risk of exchange rate fluctuations and interest rate fluctuations.

16. Other liabilities

Details of other liabilities as of December 31, 2024 and 2023 are as follows: (Korean won in millions)

	Dec. 31, 2024		Dec. 31, 2023	
	Current	Non-current	Current	Non-current
Advances received	53,954	\ -	\ 54,367	\ -
Unearned revenue	44,633	-	34,404	-
Withholdings	74,429	37,310	91,467	37,310
	\ 173,016	\ 37,310	\ 180,238	\ 37,310
U.S. dollar in thousands	\$ 117,698	\$ 25,381	\$ 122,611	\$ 25,381

17. Retirement benefits

The Company operates a defined benefit pension plan and a defined contribution pension plan for its employees and uses the projected unit credit method in the actuarial valuation of plan assets and the defined benefit obligation.

17.1 The amounts recognized as expenses under the defined contribution pension plan for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Defined contribution retirement benefit expense	\ 959	\ 691	\$ 652

17.2 Details of net defined benefit liabilities (assets) as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Present value of defined benefit obligation	\ 208,296	\ 185,762	\$ 141,698
Fair value of plan assets	(258,793)	(227,180)	(176,050)
Net defined benefit assets	(50,497)	(41,418)	(34,352)

17.3 Changes in the present values of defined benefit obligation for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Beginning balance	\ 185,762	\ 126,925	\$ 126,369
Current service cost	19,191	16,401	13,055
Interest cost	7,712	8,502	5,246
Benefits paid	(19,911)	(20,078)	(13,545)
Increase due to merger	-	38,417	-
Re-measurement loss(gain) in OCI:			
- Actuarial changes arising from changes in demographic assumptions	1,884	1	1,282
- Actuarial changes arising from changes in financial assumptions	8,368	11,843	5,693
- Others	5,029	4,177	3,421
Others	261	(426)	178
Ending balance	\ 208,296	\ 185,762	\$ 141,699

17.4 Changes in the fair values of plan assets for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Beginning balance	\ 227,180	\ 159,378	\$ 154,544
Contribution by the employer	40,500	29,100	27,551
Interest income	6,679	10,439	4,544
Benefits paid	(19,822)	(19,953)	(13,484)
Increase due to merger	-	48,901	-
Re-measurement gain (loss) in OCI:			
- Actuarial changes arising from changes in financial assumptions	3,993	(332)	2,716
Others	263	(353)	179
Ending balance	\ 258,793	\ 227,180	\$ 176,050

17.5 The components of plan assets as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Debt products	\ 70,758	\ 69,714	\$ 48,135
Deposit product	5,821	59,496	3,960
Others	182,214	97,970	123,955
	\ 258,793	\ 227,180	\$ 176,050

17.6 The gains and losses recognized in relation to defined benefit plans for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Current service cost	\ 19,191	\ 16,401	\$ 13,055
Net interest on net defined benefit	1,033	(1,936)	703
	<u>\ 20,224</u>	<u>\ 14,465</u>	<u>\$ 13,758</u>

17.7 Details of remeasurement gains (losses) recorded in other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Re-measurement of defined benefit obligation	\ (15,281)	\ (16,021)	\$ (10,395)
Re-measurement of plan assets	3,993	(332)	2,716
	\ (11,288)	\ (16,353)	\$ (7,679)
Income tax effect	2,768	4,029	1,883
Other comprehensive income	<u>\ (8,520)</u>	<u>\ (12,324)</u>	<u>\$ (5,796)</u>

17.8 The principal assumptions used in actuarial valuations as of December 31, 2024 and 2023 are as follows:

	Dec. 31, 2024	Dec. 31, 2023
Discount rate	3.70%	4.28%
Expected future salary growth rate	5.00%	5.00%

The sensitivity analysis of defined benefit obligations arising from changes in the principal assumptions as of December 31, 2024 is as follows:

	Discount rate		Expected future salary growth rate	
	1% point increase	1% point decrease	1% point increase	1% point decrease
Amount (Korean won in millions)	\ (16,638)	\ 17,246	\ 16,840	\ (16,605)
Amount (U.S. dollar in thousands)	\$ (11,318)	\$ 11,732	\$ 11,456	\$ (11,296)
Rate	(7.99%)	8.28%	8.08%	(7.97%)

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

There are no additional estimated contributions for the fiscal year ending December 31, 2025. The maturity profile of the Company's un-discounted pension benefit payments for the year ended December 31, 2024 is as follows:

Korean won in millions					
	Less than 1year	1year to 2years	2year to 5years	Over 5years	Total
Benefits paid	\ 13,128	\ 29,554	\ 55,707	\ 484,108	\ 582,497
U.S. dollar in thousands	\$ 8,931	\$ 20,105	\$ 37,896	\$ 329,325	\$ 396,257

The weighted average maturity of the Company's defined benefit obligations is 8.44 years.

18. Provisions

18.1 Details of provisions as of December 31, 2024 and 2023 are as follows: (Korean won in millions)

	Dec. 31, 2024		Dec. 31, 2023	
	Current	Non-current	Current	Non-current
Provision for bonus, etc.	\ 29,473	\ -	\ 23,994	\ -
Provision for REC (*1)	64,249	-	64,166	-
Provision for LTSA (*2)	-	-	6,963	8,406
Provision for emission rights (*3) (see Note 19)	-	5,750	2,945	5,750
Provision for contingency (see Note 20)	-	22,056	-	21,902
Provision for restoration (*4) (see Note 20)	-	59,378	-	50,583
	<u>\ 93,722</u>	<u>\ 87,184</u>	<u>\ 98,068</u>	<u>\ 86,641</u>
U.S. dollar in thousands	<u>\$ 63,756</u>	<u>\$ 59,309</u>	<u>\$ 66,713</u>	<u>\$ 58,939</u>

(*1) In accordance with Article 12-5 of the *Act on the Promotion of The Development, Use and Diffusion of New and Renewable Energy*, the Company has an obligation to supply more than a certain amount of power generation using new and renewable energy. In accordance with the Act, the amount required to fulfill its obligations, including the amount of insufficient supply among the supply using new and renewable energy that the Company had to bear during the current period, was estimated and set as a provision.

(*2) The Company terminated fuel cell long-term service agreement (the "LTSA") and returned the service fee according to the contract, using up the entire reserve liabilities.

(*3) The Company establishes the provision for emission rights for the obligation to submit emission rights that exceed the free emissions rights it holds.

(*4) The Company recorded provisions for restoration (see note 20) subject to the obligations to restore mining areas and office leases.

18.2 Changes in provisions for each of the two years in the period ended December 31, 2024 are as follows:

2024							
Korean won in millions							
	Provision for bonus	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Provision for LTSA	Total
Beginning balance	₩ 23,994	₩ 64,166	₩ 8,695	₩ 21,902	₩ 50,583	₩ 15,369	₩ 184,709
Increase	45,878	64,249	-	9,088	2,097	1,597	122,907
Reversal	-	-	(2,945)	(8,312)	-	-	(11,257)
Used	(40,399)	(64,166)	-	(2,654)	(278)	(16,966)	(124,463)
Foreign currency translation	-	-	-	2,034	6,976	-	9,010
Ending balance	₩ 29,473	₩ 64,249	₩ 5,750	₩ 22,056	₩ 59,378	₩ -	₩ 180,906
U.S. dollar in thousands	\$ 20,050	\$ 43,707	\$ 3,912	\$ 15,004	\$ 40,393	\$ -	\$ 123,065

2023							
Korean won in millions							
	Provision for bonus	Provision for REC	Provision for emission rights	Provision for contingency	Provision for restoration	Provision for LTSA (*1)	Total
Beginning balance	₩ 28,785	₩ -	₩ -	₩ 19,978	₩ 45,840	₩ -	₩ 94,581
Increase due to merger	-	123,073	13,402	-	-	82,956	219,431
Increase	33,393	64,166	2,945	3,740	4,182	123	108,549
Reversal	-	-	(7,652)	(42)	(80)	(15,993)	(23,767)
Used	(38,164)	(123,073)	-	(2,009)	(99)	(51,717)	(215,062)
Foreign currency translation	-	-	-	237	740	-	977
Ending balance	₩ 23,994	₩ 64,166	₩ 8,695	₩ 21,902	₩ 50,583	₩ 15,369	₩ 184,709
U.S. dollar in thousands	\$ 16,322	\$ 43,650	\$ 5,915	\$ 14,899	\$ 34,410	\$ 10,455	\$ 125,652

(*1) For the year ended December 31, 2023, provisions amounting to ₩ 15,993 million (\$10,839 thousand) were reversed due to the notice of termination of the long-term maintenance contract with CGN YULCHON GENERATION CO., LTD., and the amount used includes costs amounting to ₩ 46,217million (\$31,440 thousand) from facility replacement of Noeul Green Energy Co., Ltd.

19. Greenhouse gas emission rights and liabilities

19.1 Greenhouse gas emission rights held for the purpose of fulfilling obligations

19.1.1 The quantity of free emission rights allocated to the Company for the 3rd commitment period (compliance year 2022 to 2025) is as follows:

Ton (tCO2-eq)				
	For 2022 (KAU22)	For 2023 (KAU23)	For 2024 (KAU24)	For 2025 (KAU25)
Free emission rights (*1)	4,149,936	4,218,056	5,340,356	5,091,720
	Total			
	18,800,068			

(*1) Presenting the free emission rights succeeded due to the merger.

19.1.2 Changes in the quantity and book values of the emission rights for each of the two years in the period ended December 31, 2024 are as follows:

	Ton (tCO2-eq)			Total
	For 2023 (KAU23)	For 2024 (KAU24)	For 2025 (KAU25)	
<Quantity>				
Beginning balance	4,029,791	5,120,725	4,870,725	14,021,241
Additional allocation and cancellation	1,481,073	-	-	1,481,073
Purchase	-	-	220,995	220,995
Sell	(1,073,177)	-	-	(1,073,177)
Submit emission rights	(4,218,056)	-	-	(4,218,056)
Carried over	(219,631)	219,631	-	-
Ending balance	-	5,340,356	5,091,720	10,432,076
	Korean won in millions			Total
	For 2023 (KAU23)	For 2024 (KAU24)	For 2025 (KAU25)	
<Book value>				
Beginning balance	\ 5,923	\ -	\ -	\ 5,923
Additional allocation and cancellation	-	-	-	-
Purchase	-	-	5,923	5,923
Sell	(5,923)	-	-	(5,923)
Submit emission rights	-	-	-	-
Carried over	-	-	-	-
Ending balance	\ -	\ -	\ 5,923	\ 5,923
U.S. dollar in thousands	\$ -	\$ -	\$ 4,029	\$ 4,029

19.1.3 There are no emission permits provided as collateral as of December 31, 2024.

19.1.4 The Company did not hold greenhouse gas emission rights for short-term trading profits as of December 31, 2024.

19.2 Emission liabilities

19.2.1 The estimated quantity of the Company's greenhouse gas emissions as of December 31, 2024 is 4,825,109 tons (tCO2-eq), for the current compliance year 2024.

19.2.2 Changes in emission liabilities for the year ended December 31, 2024 are as follows:

	Korean won in millions			U.S. dollar in thousands
	Current	Non-current	Total	Total
Beginning balance	\ 2,945	\ 5,750	\ 8,695	\$ 5,915
Reversal	(2,945)	-	(2,945)	(2,003)
Ending balance	\ -	\ 5,750	\ 5,750	\$ 3,912
U.S. dollar in thousands	\$ -	\$ 3,912	\$ 3,912	

20. Commitments and contingencies

20.1 Provision for contingencies

Changes in provisions for contingencies for the year ended December 31, 2024 are as follows: (Korean won in millions)

	Beginning balance	Increase	Reversal	Used	Translation	Ending balance	Principal debt amount
Daewoo Corp. (EXIM India, etc.)	\ 4,178	\ 1,947	\ -	\ -	\ 561	\ 6,686	\ 322,160
Provision for litigation	581	-	(581)	-	-	-	-
Provision for loss	17,143	7,139	(7,731)	(2,654)	1,473	15,370	-
	<u>\ 21,902</u>	<u>\ 9,086</u>	<u>\ (8,312)</u>	<u>\ (2,654)</u>	<u>\ 2,034</u>	<u>\ 22,056</u>	<u>\ 322,160</u>
U.S. dollar in thousands	<u>\$ 14,899</u>	<u>\$ 6,181</u>	<u>\$ (5,654)</u>	<u>\$ (1,805)</u>	<u>\$ 1,384</u>	<u>\$ 15,004</u>	<u>\$ 219,156</u>

20.1.1 Contingent liabilities carried over from Daewoo Corporation prior to the spin-off

On July 22, 2000, Daewoo Corporation, prior to the spin-off, approved a proposal to divide the company into one surviving company and two newly incorporated companies, which each company engages in the trade and construction sector, respectively. On December 27, 2000, the Company was newly incorporated as Daewoo International Corporation through a spin-off of Daewoo Corporation's trade sector.

IDBI, a creditor of Daewoo Motor India (DMIL), to which Daewoo Corporation provided debt guarantees, filed a lawsuit against DMIL, Daewoo Corporation, Daewoo Engineering & Construction and the Company in Delhi in May 2002 with regards to the disposition of assets and confirmation of the debt.

As of December 31, 2024, the Company has recorded \ 6,686 million (\$4,548 thousand) as provision for contingent losses by reasonably estimating the enforceability and amount of the lawsuit.

20.2 Pending litigations

As of December 31, 2024, the Company is a defendant in its pending lawsuits involving 13 claims (domestic: 4 claims and overseas: 9 claims). The total litigation value is \ 968 million (\$659 thousand) in Korea and \ 187,105 million (\$127,282 thousand) in foreign countries (USD 74,569 thousand, INR 4,469,396 thousand and PKR 124,775). The Company records \ 6,686 million (\$4,548 thousand), an amount expected to be paid in accordance with some litigation cases, as a provision for contingent losses. Excluding these, the final results of pending litigation cases cannot be reasonably predicted, so the impact of the litigation results is not reflected in the Company's financial statements. Meanwhile, as of December 31, 2024, there are 17 lawsuits pending in which the Company is the plaintiff.

20.3 Credit facilities

As of December 31, 2024, the Company has entered into an agreement with Woori Bank and others for the opening of L/C as follows: (Korean won in millions, USD in thousands)

Description	Description	Currency	Credit line amount
Local L/C	Woori Bank and others	KRW	180,000
Import L/C	Woori Bank and others	USD	840,800
Export Bill Negotiation	Woori Bank and others	USD	1,540,680
Export Bill Negotiation without recourse	Woori Bank and others	USD	1,387,500
Credit line in Korean won	Woori Bank and others	KRW	350,000
Credit line in foreign currency	Woori Bank and others	USD	511,000
P bond and others	Woori Bank and others	USD	340,398
P bond and others	Woori Bank and others	KRW	49,973
Overdraft and others	Standard Chartered Bank Korea	KRW	5,000
Supply Chain Finance	Export-Import Bank of Korea	USD	120,000

20.4 Collateral

The Company has pledged 24 blank promissory notes and 18 blank checks as collateral to Korea Energy Agency for the contract performance guarantees and other purposes as of December 31, 2024.

20.5 Derivatives

20.5.1 Details of unsettled derivatives: (Korean won in millions)

Contract	Currency unit	Unsettled contractual amount		Accumulated valuation gain(loss)
		Long position	Short position	
Currency forwards	USD	557,112	1,165,255	(40,396)
	EUR	71,278	868,852	20,618
	JPY	185,888	331,847	5,113
	CNY	91,736	18,195	(425)
	THB	265	6,394	(37)
	CAD	346	-	(2)
	GBP	2,259	106,370	310
	AUD	55,923	137,752	3,938
	SGD	52	-	-
	PLN	4,817	30,657	243
				(10,638)
Commodity futures	COPPER	5,735	19,916	670
	CORN	17,603	34,769	(1,391)
	GASOIL	79	-	2
	MARINE FUEL	711	-	3
	NICKEL	54,925	137,283	11,165
	PX	-	17,243	111
	SOYBEAN	31,891	-	45
	SOYBEAN MEAL	2,345	2,389	44
				10,649

Details of unsettled currency swaps as of December 31, 2024 are as follows: (Korean won in millions, USD in thousands, SGD in thousands, EUR in thousands and JPY in thousands)

Bank	Payment		Receipt		Expiration date	Interest rate	Accumulated valuation gain (loss)
Woori Bank	KRW	131,100	USD	100,000	Jul. 28, 2025	Receive USD TERM 3M SOFR 3M + 1.50%	₩ 16,867
Credit Agricole CIB	USD	50,936	SGD	68,000	Oct. 25, 2025	Receive SGD SORA + 1.55%	(1,530)
Credit Agricole CIB	KRW	2,281	EUR	1,733	Apr. 22, 2025	Receive Euribor(6M) + 0.86%	462
Credit Agricole CIB	KRW	32,710	EUR	23,748	Oct. 22, 2026	Receive Euribor(6M) + 0.86%	4,175
KB Bank	USD	76,427	SGD	102,000	Oct. 25, 2025	Receive SGD SORA + 1.55%	(2,382)
Korea Development Bank	KRW	3,419	EUR	2,600	Apr. 22, 2025	Receive Euribor(6M) + 0.86%	703
MUFG Bank	KRW	47,700	JPY	5,000,000	Jul. 15, 2025	Receive JPY 3M D-TIBOR+0.85%	(1,226)
Sumitomo Mitsui Banking Corporation	KRW	47,640	JPY	5,000,000	Jul. 15, 2025	Receive 0.9%	(1,389)
ING	KRW	149,817	USD	111,000	Jun. 25, 2027	Receive USD TERM 3M SOFR 3M + 1.15%	13,078
							28,758
U. S. dollar in thousands							\$ 19,563

As of December 31, 2024, the Company has entered into currency forward contracts and commodity futures contracts with financial institutions for the purpose of hedging foreign exchange risks related to foreign currency debt obligations and fair value risks associated with the purchase and sale of inventory assets.

20.5.2 Derivatives trading and valuation gains and losses

Changes in the book values of derivative financial assets (liabilities) for the year ended December 31, 2024 are as follows:

	Korean won in millions			
	Beginning balance	Settlement	Valuation gain (loss)	Ending balance
Currency forwards	\ (3,953)	\ 670	\ (7,355)	\ (10,638)
Commodity futures	6,322	(6,322)	10,649	10,649
Firm commitment contracts	(16,638)	2,349	6,535	(7,754)
Currency swap	315	-	28,444	28,759
Options	(11,308)	8,790	2,518	-
	<u>\ (25,262)</u>	<u>\ 5,487</u>	<u>\ 40,791</u>	<u>\ 21,016</u>
U.S. dollar in thousands	<u>\$ (17,185)</u>	<u>\$ 3,733</u>	<u>\$ 27,749</u>	<u>\$ 14,297</u>

The Company has entered into product futures and other commitments for fair value hedges when hedging the exposure to changes in the fair value of firm sales and purchase contracts arising from fluctuations in product price, and applied fair value hedges using firm commitments as hedging methods and product futures and other commitments as hedging targets.

20.6 Guarantee obligations

20.6.1 Details of guarantees provided by the Company to certain creditors on behalf of associates/debtors as of December 31, 2024 are as follows: (Korean won in millions, U.S. dollar in thousands and Indonesian rupiah in millions)

Debtor	Creditor	Limit amount		outstanding balance		Year of expiration
		Foreign currency amounts	Korean won equivalent	Foreign currency amounts	Korean won equivalent	
PT. BIO INTI AGRINDO	Hana Bank (Indonesia)	IDR 380,000	32,798	IDR 380,000	32,798	2025
	BTPN	IDR 542,400	49,413	IDR 542,400	49,413	2025
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	POSCO-ASIA	USD 13,200	19,404	USD 11,000	18,170	2025
GLOBAL KOMSCO DAEWOO LLC.	Hana Bank (Bahrain)	USD 8,650	9,776	USD 8,300	9,281	2025
POSCO ASSAN TST STEEL INDUSTRY	Citi Bank and others	USD 13,650	20,088	USD 13,650	20,088	2028
PT.POSCO INTERNATIONAL ENP INDONESIA	BNI	USD 750	1,103	USD 750	1,103	2027
POSCO INTERNATIONAL E&P Malaysia	SC. (Malaysia)	USD 5,000	7,350	USD 5,000	7,350	2025
POSCO INTERNATIONAL SINGAPORE PTE., LTD.				USD -	-	
POSCO INTERNATIONAL DEUTSCHLAND GmbH				USD 18,719	27,517	2025
POSCO INTERNATIONAL AMERICA CORP.				USD -	-	
POSCO INTERNATIONAL JAPAN CORP.				USD 8,371	9,385	2025
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	BMG			USD -	-	
POSCO INTERNATIONAL ITALIA S.R.L.	(Amsterdam) (*1)	USD 50,000	73,500	USD -	-	
POSCO INTERNATIONAL MEXICO S.A. de C.V.				USD -	-	
POSCO INTERNATIONAL AUSTRALIA HOLDINGS				USD -	-	
POSCO INTERNATIONAL MEXICO E-MOBILITY				USD -	-	
POSCO International POLAND E-MOBILITY Sp.z o.o.				USD -	-	
POSCO INTERNATIONAL MEXICO E-MOBILITY	Export-Import Bank of Korea	USD 27,000	39,890	USD 27,000	39,890	2028
	POSCO-ASIA	USD 4,055	5,980	USD 3,379	4,987	2025
PT.KRAKATAU POSCO ENERGY	Shinhan Bank (Indonesia)	USD 18,903	27,787	USD 8,301	9,282	2028
	POSCO-ASIA	USD 84,000	123,480	USD 35,000	51,450	2028
		IDR 902,400	82,209	IDR 902,400	82,209	
		<u>USD 223,208</u>	<u>328,118</u>	<u>IDR 133,470</u>	<u>198,201</u>	

20.6.1 Guarantees provided by the Company to certain creditors on behalf of associates/debtors as of December 31, 2024 are as follows: (Korean won in millions, U.S. dollar in thousands and Indonesian rupiah in millions) (cont'd)

(*1) As of December 31, 2024 and 2023, the Company's cash and cash equivalents amounting to \ 36,882 million (\$25,090 thousand) and \ 57,201 million (\$38,912 thousand), respectively, are restricted in use except for the purposes of financial agreements and collateral provisions.

20.7 Other commitments

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

The Company invested in the Ambatovy Nickel Project ("DMSA / ASMA") in Madagascar through Korea Ambatovy Consortium ("KAC"), which is composed of Korea Mine Rehabilitation and Mineral Resources Corporation ("KOMIR") and STX Co., Ltd. Sherritt International Corp., the operator, transferred part of the project shares to Sumitomo and Ambatovy Holdings Limited ("AHL") in December 2017, and in August 2020 and the remaining shares were transferred to Sumitomo and Ambatovy Holdings II Limited ("AHL2"). KAC has the rights and obligations for the 15.33% stake in the project held by AHL and AHL2.

20.7.2 Environmental restoration expenses of Peru Block 8 and termination of mining contract

The Operator entered into a contract on the ratio of paying for environmental restoration cost with former operators. However, as the cost of environment restoration is expected to increase due to the revision of the local environmental law, the former operator refused to pay, and the Company applied for an arbitration. As a result of the arbitration in June 2018, the former operator is obligated for 94% of the cost for the pollution-prone areas where the responsibility of the former operator has already been proven and areas where the responsibility for pollution is proven in the future. As the procedure to obtain approval from the Peruvian government is in progress, the environmental restoration cost to be borne by the Company, the other participant and the former operator has not yet been determined.

The Peruvian Environmental Supervision Authority (El Organismo de Evaluación Fiscalización Ambiental, OEFA) has been imposing fines for environmental pollution on operators from 2020, and the fines imposed are shared by the participating companies if the operator makes a claim to the participating companies in proportion to their shares. The operator is not responsible for the pollution and is taking legal action arguing that the Environmental Supervision Administration unreasonably demands restoration and imposes a fine, but the fine continues to be imposed.

Perupetro, a mining rights management agency under the Peruvian government, opposed the termination of the mining rights contract and filed an international arbitration against mining concession participants at the International Chamber of Commerce (ICC). And, in February 2023, the International Chamber of Commerce's arbitration tribunal notified an interim partial ruling acknowledging the liquidation of the operator and the resulting termination of mining rights in Peru Block 8, and in December, notified a partial ruling ordering the return of Peru Block 8 to Perupetro. Korean participating companies are continuing to respond by jointly appointing an arbitration agent. In addition, the Korean participating companies additionally initiated a separate international arbitration with the International Chamber of Commerce (ICC) to force the operator and its parent company to jointly bear environmental restoration obligations.

The Company recognizes loss provisions and restoration provisions respectively in relation to environmental pollution fines and restoration costs for Peru Block 8.

20.7.3 Transfer of contract status on ship purchase agreement

The Company operates the chartered ship. The Company, the ship owner, and the shipping company have entered into a ship purchase agreement, under which, the shipping company is obliged to pay the contract amount to the ship owner and take over the ownership of the ship from the ship owner at the end of the contract period due to the expiration or termination of the agreement. If the shipping company fails to fulfill its obligation to purchase ships, such as payment of the acquisition price of ships, the Company is obliged to take over the ship with the transfer of the shipping company's contractual obligations and rights. In December 2024, the ship purchase agreement was terminated earlier as the shipping company purchased one of the four chartered ships.

Details of the ship purchase arrangements concluded as of December 31, 2024 are as follows:

Ship	Ship owner	Shipping company	Arrangement period	U.S. dollar in thousands Purchase arrangement amount
Containership Heung-A Haiphong	D&M Shipping SA	Heung A Line Co., Ltd.	Dec. 29, 2014 - Mar. 16, 2025	7,700
Containership Heung-A Xiamen	D&F Shipping SA	Heung A Line Co., Ltd.	Feb. 5, 2015 - Mar. 17, 2025	7,700
Containership Heung-A Akita	D&S Shipping SA	Heung A Line Co., Ltd.	Mar. 5, 2015 - May 16, 2025	7,700
				\$ 23,100

The Company records lease liabilities and lease receivables for charter-in and charter-out contracts, respectively.

20.7.4 Deferred Premium Agreement

In relation to the equity investment in AES Mong Duong Power Co., Ltd. located in Vietnam, the Company pays a certain percentage of dividends to AES Mong Duong Holdings B.V. when it receives dividends from AES Mong Duong Power Co., Ltd. A premium agreement is being concluded, and related costs are accounted for as paid commissions.

20.7.5 Capital investment agreement

In the case of basic capital investment obligation according to the investor agreement, investment obligation of disallowed investment cost, investment obligation of excess project cost, and loss of profits within the deadline in financial documents, the Company provides the obligation to provide funds for the burden of the investment obligation under the investor agreement signed with Samcheok Blue Power Co., Ltd. for the construction of Samcheok Thermal Power Plant. Of these, the basic capital commitment obligation of \ 250,495 million (\$170,405 thousand) was completed during 2021.

20.7.6 Long-term purchase contract

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

20.7.7 Cash deficiency support

The Company has agreed upon to be replenish the entire facility loan amounting to \ 550,000 million (\$374,150 thousand) which is provided to NEH Co., Ltd. from the Industrial Bank of Korea and the Export-Import Bank of Korea in relation to the Gwangyang 2nd LNG Terminal project.

20.7.8 Supplier finance arrangement

The Company entered into a supplier finance arrangement for trade payables through digital supply chain factoring, and the carrying amount of the financial liabilities related thereto is as follows: (Korean won in millions)

	December 31, 2024	
	Korean won in millions	U.S. dollar in thousands
Trade payable	\ 4,622	\$ 3,144

20.8 Assets provided as collateral

Details of assets provided as collateral in relation to borrowings as of December 31, 2024 are as follows: (Korean won in millions)

Collateral provided by	Assets provided as collateral	Collateral amount	Creditor	Reason for providing collateral
POSCO INTERNATIONAL	Property, plant and equipment (Land, Buildings, etc.)	\ 366,212	Korea Development Bank, Nord LB and KfW-IPEX Bank	Raising facility funds and operating funds

21. Issued capital, capital surplus and other capital components

21.1 Details of issued capital as of December 31, 2024 are as follows (Korean won in millions, Korean won for Par Value amount):

	Number of shares authorized	Number of shares issued	Par value	Issued capital	Paid-in capital in excess of par value (capital surplus)
Ordinary shares	500,000,000	175,922,788	\ 5,000	\ 879,614	\ 517,586
U.S. dollar in thousands				\$ 598,377	\$ 352,099

21.2 Changes in the number of issued shares of the Company for each of the two years in the period ended December 31, 2024 are as follows:

	2024			2023		
	Number of shares issued	Treasury stock	Number of outstanding shares	Number of shares issued	Treasury stock	Number of outstanding shares
Beginning	175,922,788	5,769,021	170,153,767	123,375,149	20,518	123,354,631
Increase due to merger	-	-	-	52,547,639	-	52,547,639
Acquisition of treasury stock	-	-	-	-	5,767,304	(5,767,304)
Disposal of treasury stock	-	(290,720)	290,720	-	(18,801)	18,801
Ending	175,922,788	5,478,301	170,444,487	175,922,788	5,769,021	170,153,767

21.3 Details of capital surplus as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Paid-in capital in excess of par value	\ 517,586	\ 517,586	\$ 352,099
Loss on disposal of hybrid bonds	(429)	(429)	(292)
Other capital surplus	1,364,051	1,353,970	927,926
	\ 1,881,208	\ 1,871,127	\$ 1,279,733

21.4 Other capital components as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Treasury stock	\ (27,695)	\ (29,164)	\$ (18,840)
Other capital adjustments	2,222	16,970	1,512
	<u>\ (25,473)</u>	<u>\ (12,194)</u>	<u>\$ (17,328)</u>

21.5 Treasury stock

The Company holds its treasury stock for purposes such as stabilizing the stock price in accordance with the resolution of the Board of Directors. Changes in the treasury stock of the Company for each of the two years in the period ended December 31, 2024 are as follows:

	Number of Shares	Amount (Korean won in millions)	Amount (U.S. dollar in thousands)
Beginning	5,769,021	\ (29,164)	\$ (19,839)
Acquisition of treasury stock	-	-	-
Disposal of treasury stock	(290,720)	1,469	999
Ending	<u>5,478,301</u>	<u>\ (27,695)</u>	<u>\$ (18,840)</u>

	2023		
	Number of Shares	Amount (Korean won in millions)	Amount (U.S. dollar in thousands)
Beginning	20,518	\ (423)	\$ (288)
Acquisition of treasury stock	5,767,304	(28,836)	(19,616)
Disposal of treasury stock	(18,801)	95	65
Ending	<u>5,769,021</u>	<u>\ (29,164)</u>	<u>\$ (19,839)</u>

21.6 Hybrid bonds

For the year ended December 31, 2023, the Company acquired hybrid bonds through the business combination, and the hybrid bonds are bond-type hybrid securities classified as equity. For the year ended December 31, 2023, the entire amount of hybrid bonds amounting to \ 139,571 million (\$94,946 thousand) was repaid.

22. Accumulated other comprehensive income

Changes in equity instrument valuation gains and losses for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Beginning balance	\ (36,931)	\ (13,107)	\$ (25,123)
Decrease due to merger		(20,731)	
Loss on valuation of financial assets at FVOCI	(17,286)	(4,476)	(11,759)
Reclassification due to disposal of financial assets at FVOCI	42,621		28,993
Corporate tax effect	(6,212)	1,383	(4,225)
Ending balance	\ (17,808)	\ (36,931)	\$ (12,114)

23. Retained earnings

23.1 Details of retained earnings as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Legal reserve (*1)	\ 109,266	\ 92,222	\$ 74,331
Voluntary reserve (*2)	2,412,400	1,984,400	1,641,088
Unappropriated retained earnings	471,210	616,647	320,551
	\ 2,992,876	\ 2,693,269	\$ 2,035,970

(*1) In accordance with the *Commercial Act* of the Republic of Korea, the Company is required to accumulate at least 10% of the dividend from cash dividends in the consolidated statement of financial position as reserve for profits until the balance reaches 50% of the paid-in capital. It can be used to transfer capital or to protect deficits.

(*2) The voluntary reserve for the Company is the full amount of the business expansion reserves.

23.2 The statements of appropriation of retained earnings for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in thousands		U.S. dollar
	2024	2023	2024
Unappropriated retained earnings:			
Unappropriated retained earnings carried forward from prior years	\ 1,158,038	\ 1,267,667	\$ 787,781
Remeasurement of net defined benefit liabilities (assets)	(8,520,007)	(12,323,160)	(5,795,923)
Loss on disposal of equity securities	(32,358,047)	-	(22,012,277)
Dividend on hybrid bonds	-	(4,816,038)	-
Net income	510,929,797	632,518,505	347,571,290
	<u>\ 471,209,781</u>	<u>\ 616,646,974</u>	<u>\$ 320,550,871</u>
Appropriations of retained earnings:			
Legal reserve	\ 26,418,896	\ 17,044,449	\$ 17,972,038
Business expansion reserves	-	428,000,000	-
Dividends:			
Cash dividends	264,188,955	170,444,487	179,720,378
	<u>\ 290,607,851</u>	<u>\ 615,488,936</u>	<u>\$ 197,692,416</u>
Unappropriated retained earnings to be carried forward to subsequent year	<u>\ 180,601,930</u>	<u>\ 1,158,038</u>	<u>\$ 122,858,455</u>

The expected date of appropriations of the above retained earnings for the year ended December 31, 2024 is March 24, 2025, and the final date of appropriations for the year ended December 31, 2023 is March 25, 2024.

23.3 Details of dividends declared for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in thousands		U.S. dollar
	2024	2023	2024
Dividends per share (Korean won and %)	\ 1,550(31%)	\ 1,000(20%)	\$ 1.05(31%)
Number of shares	170,444,487	170,444,487	170,444,487
Dividends	<u>\ 264,188,955</u>	<u>\ 170,444,487</u>	<u>\$ 179,720,378</u>

24. Revenue

24.1 Revenue from the contract with customers

Details of classification of sales except for rental revenue from investment properties of \ 11,921 million (\$8,110 thousand) for the year ended December 31, 2024 (2023: \ 12,310 million (\$8,374 thousand)) for each of the two years in the period ended December 31, 2024 are as follows:

24.1.1 Categorization of sales based on the geographical locations

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Domestic	\ 6,241,526	\ 7,678,224	\$ 4,245,936
Asia (excluding China)	10,843,349	10,017,601	7,376,428
China	2,591,178	3,014,678	1,762,706
Europe	2,906,428	2,908,776	1,977,162
North America	2,393,516	2,043,491	1,628,242
Others	2,400,821	2,862,261	1,633,212
Total sales	\ 27,376,818	\ 28,525,031	\$ 18,623,686

24.1.2 Categorization of sales based on the major product and services

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Steel	\ 19,765,637	\ 21,102,416	\$ 13,446,012
Energy	3,777,284	3,893,273	2,569,581
Food material	3,808,927	3,527,760	2,591,107
Others	24,970	1,582	16,986
Total sales	\ 27,376,818	\ 28,525,031	\$ 18,623,686

24.1.3 Categorization of sales based on the type of transactions

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Export	\ 12,416,073	\ 12,574,872	\$ 8,446,308
Domestic	5,983,048	7,289,004	4,070,101
Triangular (*1)	8,977,697	8,661,155	6,107,277
Total sales	\ 27,376,818	\ 28,525,031	\$ 18,623,686

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

24.1.4 Categorization of sales based on the timing of revenue recognition

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Temporary sales	\ 23,909,547	\ 24,875,660	\$ 16,264,998
Sales for the period	3,467,271	3,649,371	2,358,688
Total sales	\ 27,376,818	\ 28,525,031	\$ 18,623,686

24.2 Information about key customers

There are no external customers accounting for more than 10% of the Company's sales for each of the two years in the period ended December 31, 2024.

24.3 Details of contract assets and liabilities arising from revenue from contracts with customers for each of the two years in the period ended December 31, 2024 are as follows:

		Korean won in millions				U.S. dollar in thousands	
		2024				2024	
		Beginning balance	Increase due to merger	Increase (Decrease)	Ending balance	Ending balance	
Contract assets	Due from customers	\ 14,855	\ -	\ (11,485)	\ 3,370	\$	2,293
Contract liabilities	Advances received	51,367	-	2,587	53,954		36,703
	Unearned revenues	34,395	-	10,238	44,633		30,363

		Korean won in millions				U.S. dollar in thousands	
		2023				2023	
		Beginning balance	Increase due to merger	Increase (Decrease)	Ending balance	Ending balance	
Contract assets	Due from customers - global	\ 29,441	\ -	\ (14,586)	\ 14,855	\$	10,105
Contract liabilities	Advances received - global	81,767	-	(30,400)	51,367		34,944
(*1)	Unearned revenues - global	31,528	-	2,867	34,395		23,398
	Unearned revenues - energy	-	6,121	(6,121)	-		-

(*1) Due to the increase in POSCO Energy's unearned revenues from the merger in 2023, the increase and decrease in trading and energy were separated.

25. Expenses disclosed by nature

The classifications of expenses by nature for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Merchandise purchase amount	\ 25,196,726	\ 26,393,598	\$ 17,140,630
Changes in inventory	264,905	242,839	180,207
Depreciation (*1)	143,639	137,995	97,714
Amortization	166,201	198,354	113,062
Water cost for electricity	27,788	24,735	18,903
Commissions	120,340	119,977	81,864
Transportation and storage costs	257,932	237,179	175,464
Others	329,691	231,211	224,280
	<u>\ 26,507,222</u>	<u>\ 27,585,888</u>	<u>\$ 18,032,124</u>

(*1) Including the depreciation of investment property.

26. Selling and administrative expenses

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Salaries	\ 197,690	\ 183,067	\$ 134,483
Retirement benefits	17,328	13,062	11,788
Employee welfare	48,051	40,983	32,688
Travel	9,426	8,134	6,412
Communication	5,416	4,689	3,684
Utilities	127	127	86
Taxes and dues	4,096	4,448	2,786
Rents	13,466	13,237	9,161
Depreciation	7,084	6,450	4,819
Amortization	6,705	5,122	4,561
Depreciation of right-of-use assets	5,281	5,030	3,593
Repairs	1,163	790	791
Insurance	20,237	21,266	13,767
Entertainment	843	1,025	573
Advertisement	4,586	3,604	3,120
Packaging	5,385	2,893	3,663
Shipping	22,366	22,577	15,215
Commissions	108,396	107,684	73,739
Bad debt expenses (reversal)	(15,412)	(37,554)	(10,484)
Supplies expenses	574	617	390
Vehicles maintenance	2,139	3,033	1,455
Publication	412	547	280
Education and training	3,407	2,955	2,318
Sales promotional	2,352	2,224	1,600
Others	4,575	1,613	3,112
	<u>\ 475,693</u>	<u>\ 417,623</u>	<u>\$ 323,600</u>

27. Finance income and costs

27.1 Details of finance income for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
<Finance income>			
Interest income	\ 36,760	\ 47,337	\$ 25,007
Financial guarantee income	1,308	784	890
Dividends income	129,673	158,119	88,213
Gains on foreign currency transactions	584,966	708,774	397,936
Gains on foreign currency translation	236,581	69,493	160,939
Gains on valuation of derivatives	162,515	46,209	110,554
Gains on settlement of derivatives	277,164	292,802	188,547
Gains on valuation of trade receivables	38	-	26
Gains on valuation of trade payable	-	1,867	-
Gains on valuation of financial assets at FVPL	3,175	6,528	2,160
Gains on disposal of financial assets at FVPL	7,811	4,863	5,314
	<u>\ 1,439,991</u>	<u>\ 1,336,776</u>	<u>\$ 979,586</u>
<Finance cost>			
Losses on disposal of trade receivables	\ 60,919	\ 65,583	41,441
Interest expenses	199,414	190,978	135,656
Losses on foreign currency transactions	502,052	676,993	341,532
Losses on foreign currency translation	329,267	100,492	223,991
Losses on valuation of derivatives	121,723	89,587	82,805
Losses on settlement of derivatives	282,048	271,284	191,869
Losses on valuation on trade receivables	1,657	5,405	1,127
Losses on valuation on financial assets at FVPL	259	1,731	176
Losses on disposal of financial assets at FVPL	26	-	18
	<u>\ 1,497,365</u>	<u>\ 1,402,053</u>	<u>\$ 1,018,615</u>

27.2 Details of interest income for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Interest income on cash equivalents	\ 14,174	\ 27,581	\$ 9,642
Other interest income	22,586	19,756	15,365
	<u>\ 36,760</u>	<u>\ 47,337</u>	<u>\$ 25,007</u>

27.3 Details of interest expenses for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Interest on borrowings and bonds	\ 194,196	\ 185,886	\$ 132,106
Interest on lease liability	6,329	5,020	4,305
Interest on others	1,024	2,182	697
Less: amount included in the cost of qualifying assets	(2,135)	(2,110)	(1,452)
	<u>\ 199,414</u>	<u>\ 190,978</u>	<u>\$ 135,656</u>

28. Other income and expenses

Details of other income for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
<Other income>			
Commission income	\ 263	\ 169	\$ 179
Reversal of allowance for doubtful accounts	316	124	215
Gain on disposal of lease liabilities	-	338	-
Gain on disposal of intangible assets	241	144	164
Gain on disposal of intangible assets	927	-	631
Reversal of impairment loss of intangible asset	764	-	520
Reversal of provisions	8,481	122	5,769
Gain on disposal of investments in subsidiaries	13,837	28,595	9,413
Gain from disposal of carbon emissions rights	-	7	-
Miscellaneous income	9,894	3,897	6,730
	<u>\ 34,723</u>	<u>\ 33,396</u>	<u>\$ 23,621</u>
<Other expenses>			
Contribution to provisions for restoration	\ 2,098	\ 2,897	\$ 1,427
Other bad debt expenses	70,406	5,159	47,895
Loss on disposal of property, plant and equipment	297	1,427	202
Loss on impairment of property, plant and equipment	-	8,371	-
Loss on disposal of intangible assets	13	33	9
Donations	16,603	3,749	11,295
Contingencies	10,683	3,740	7,267
Loss on disposal of investments in subsidiaries and associates	105,283	37,368	71,621
Impairment loss on investment in subsidiaries and associates	-	6,157	-
Miscellaneous expenses	3,383	17,074	2,301
	<u>\ 208,766</u>	<u>\ 85,975</u>	<u>\$ 142,017</u>

29. Income taxes

29.1 The major components of income tax expenses for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Current income taxes	\ 144,334	\ 181,660	\$ 98,186
Changes in deferred income tax arising from temporary differences and others	(6,915)	(4,596)	(4,704)
Tax deficit carryforwards and others	(1,871)	(3,197)	(1,273)
Income tax charged directly to equity	3,622	26,788	2,464
Income tax expenses	<u>\ 139,170</u>	<u>\ 200,655</u>	<u>\$ 94,673</u>

29.2 A reconciliation between income tax expenses at the effective income tax rates of the Company and income before income taxes at the statutory tax rate of the Republic of Korea for each of the two years in the period ended December 31, 2024 is as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Accounting profit before income tax	\ 650,100	\ 833,173	\$ 442,245
Tax at the statutory tax rate	\ 156,546	\ 204,785	\$ 106,494
Adjustments:			
Non-taxable income	(22,206)	(21,815)	(15,106)
Non-deductible expenses	284	284	193
Tax credits	(63,809)	(78,470)	(43,407)
Others (*1)	68,355	95,871	46,500
Income tax expense	<u>\ 139,170</u>	<u>\ 200,655</u>	<u>\$ 94,674</u>
Effective income tax rates	<u>21.41%</u>	<u>24.08%</u>	<u>21.41%</u>

(*1) Including direct foreign taxes paid.

29.3 Details of income taxes charged directly to equity for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Loss (gain) on valuation of financial assets at FVOCI	\ (6,212)	\ 1,383	\$ (4,226)
Remeasurement loss on defined benefit liabilities	2,768	4,029	1,883
Loss on disposal of financial assets at FVOCI	10,263	-	6,982
Gain from disposal of treasury stock	(3,197)	(72)	(2,175)
Business combination under common control	-	21,448	-
	<u>\ 3,622</u>	<u>\ 26,788</u>	<u>\$ 2,464</u>

29.4 Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2024 are as follows: (Korean won in millions)

	2024				
	Beginning balance	Recognized in profit or loss	Recognized directly to equity	Merger effect	Ending balance
Valuation of derivatives	\ 5,381	\ (14,407)	\ -	\ -	\ (9,026)
Loss on impairment of investments	48,368	(16,632)	-	-	31,736
Equity in subsidiaries and associates	169,416	36,764	-	-	206,180
Provisions of retirement benefits	44,711	3,595	2,768	-	51,074
Retirement insurance deposits	(47,250)	(16,205)	-	-	(63,455)
Debt restructuring	(4,007)	19	-	-	(3,988)
Extraordinary loss	5,397	11	-	-	5,408
Allowance for doubtful accounts	30,959	8,284	-	-	39,243
Depreciation	94,982	5,971	-	-	100,953
Capitalized borrowing costs	(7,855)	3,313	-	-	(4,542)
Accrued expenses	15,372	4,188	-	-	19,560
Foreign currency translation	(517)	438	-	-	(79)
Equity instruments valuation at FVOCI	12,039	222	(6,212)	-	6,049
Financial guarantee liabilities	1,797	1,024	-	-	2,821
Borrowings with low interest rates	-	-	-	-	-
Contingent loans	17,593	6,676	-	-	24,269
Accrued revenue	(7,748)	1,219	-	-	(6,529)
Provisions	34,204	(2,481)	-	-	31,723
Treasury stock(merger of energy)	21,448	(1,244)	-	-	20,204
Others	34,541	(7,236)	-	-	27,305
	\ 468,831	\ 13,519	\ (3,444)	\ -	\ 478,906
Tax credit carryforwards (*1)	(75,153)	(3,160)	-	-	(78,313)
	\ 393,678	\ 10,359	\ (3,444)	\ -	\ 400,593
U.S. dollar in thousands	\$ 267,808	\$ 7,047	\$ (2,343)	\$ -	\$ 272,512

	2023				
	Beginning balance	Recognized in profit or loss	Recognized directly to equity	Merger effect	Ending balance
Valuation of derivatives	\ 217	\ 6,336	\ -	\ (1,172)	\ 5,381
Loss on impairment of investments	48,368	-	-	-	48,368
Equity in subsidiaries and associates	163,989	5,427	-	-	169,416
Provisions of retirement benefits	31,274	1,137	4,029	8,271	44,711
Retirement insurance deposits	(31,274)	(4,632)	-	(11,344)	(47,250)
Debt restructuring	(4,007)	-	-	-	(4,007)
Extraordinary loss	4,891	506	-	-	5,397
Allowance for doubtful accounts	30,413	(7,108)	-	7,654	30,959
Depreciation	75,574	4,678	-	14,730	94,982
Capitalized borrowing costs	(10,902)	3,047	-	-	(7,855)
Accrued expenses	17,079	(1,707)	-	-	15,372
Foreign currency translation	640	473	-	(1,630)	(517)
Equity instruments valuation at FVOCI	4,284	109	1,383	6,263	12,039
Financial guarantee liabilities	1,888	(91)	-	-	1,797
Borrowings with low interest rates	(60)	60	-	-	-
Contingent loans	14,806	2,787	-	-	17,593
Accrued revenue	8,289	19,580	-	(35,617)	(7,748)
Provisions	11,295	(27,999)	-	50,908	34,204
Treasury stock(merger of energy)	-	-	21,448	-	21,448
Others	10,888	17,754	-	5,899	34,541
	\ 377,652	\ 20,357	\ 26,860	\ 43,962	\ 468,831
Tax credit carryforwards (*1)	(34,711)	(39,424)	-	(1,018)	(75,153)
	\ 342,941	\ (19,067)	\ 26,860	\ 42,944	\ 393,678
U.S. dollar in thousands	\$ 233,293	\$ (12,971)	\$ 18,272	\$ 29,214	\$ 267,808

*1) As of December 31, 2024 and 2023, the amounts related to investments in subsidiaries and associates that are not recognized as deferred tax assets and liabilities are deductible temporary differences of \ 319,386 million (\$217,269 thousand) and \ 305,005 million (\$207,486 thousand), respectively.

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

29.6 The Global Anti-Base Erosion Model Rules (Pillar Two Model Rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements. Under the Minimum Top-up tax subject to Pillar Two Model Rules, such taxes shall be paid to the authorities in the Jurisdiction where the parent company is domiciled. The Pillar Two Model Rules were adopted in the Republic of Korea where the Company is located at the end of 2023 and are applicable starting from January 1, 2024.

The Company does not recognize deferred tax assets and liabilities related to the Pillar Two income taxes and does not disclose the information related to deferred taxes by applying the temporary exception provisions for recognition and disclosure of deferred tax assets and liabilities related thereto. Meanwhile, the Company reviewed its corporate structure in consideration of the introduction of the Pillar Two legislation in various jurisdictions and found that the Pillar Two income tax has no impact on the financial statements.

30. Earnings per share

30.1 Earnings per share

Details of earnings per share for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions, except for per share amounts):

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Profit for the year attributable to ordinary equity holders (*1)	\ 510,930	\ 628,868	\$ 347,571
Weighted average number of ordinary shares outstanding (*2)	170,411,495	170,149,543	170,411,495
Basic earnings per share (Korean won, U.S dollar)	2,998	3,696	2.04

(*1) The amount for the year ended December 31, 2023 is the amount after deducting the after-tax interest amount on hybrid bonds from the parent company's owner's net profit.

(*2) The weighted average number of ordinary shares outstanding used to calculate basic earnings per share is as follows:

	2024	2023
Number of shares issued	175,922,788	175,922,788
Weighted average number of treasury stock	(5,511,293)	(5,773,245)
Weighted average number of ordinary shares outstanding	170,411,495	170,149,543

30.2 Diluted earnings per share

Diluted earnings per share are consistent with basic earnings per share because there is no potential common stock that can be converted into common stock for each of the two years in the period ended December 31, 2024.

31. Fair value measurement

31.1 Fair value hierarchy

The following are the criteria for classifying fair value from Level 1 to Level 3, depending on how observable it is in the market.

- Level1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level2 - Input variables for assets or liabilities observable either directly (e.g., price) or indirectly (e.g., derived from the price), except for the quoted prices included in Level
- Level3 - Input variables for assets or liabilities that are not based on observable market data (unobservable inputs)

31.2 Assumption used for fair value valuation technique

The fair value of financial instruments that are traded in active markets is determined based on quoted market prices at the end of reporting period. These instruments are included in Level 1, mostly are classified into financial assets at fair value which are listed stocks.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. This valuation technique fully makes use of observable market information as possible and internal information at minimum. When every significant input variable required for measuring fair value of the instrument is observable, the instrument is classified into Level 2.

When one or more significant input variables are not based on observable market information, the instrument is classified into Level 3.

Valuation techniques used to measure fair values of instruments are:

- quoted prices or dealer prices of similar instrument;
- present value discounted by forward exchange rate as the end of reporting period is used for fair value of derivative instrument; and
- discounted cash flow and other techniques are used for other instruments.

Book values of instruments which are classified into same category with trade and other receivables are estimated as reasonable approximate values of fair value.

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

31.3 Financial instruments by category

The carrying amounts and fair values of financial instruments of the Company as of December 31, 2024 and 2023 are as follows:

	December 31, 2024						U.S. dollar in thousand
	Korean won in millions						
	Book value	Level 1	Level 2	Level 3	Total	Total	
<u><Financial assets></u>							
Financial assets at FVPL							
Trade and other receivables	\ 39,445	\ -	\ 39,445	\ -	\ 39,445	\$ 26,833	
Long-term investment (*1)	310	-	-	310	310	211	
Other financial assets	67,391	-	67,391	-	67,391	45,844	
Derivative financial assets	119,862	-	119,862	-	119,862	81,539	
Financial assets at FVOCI							
Equity instruments (*1)	37,270	7,282	-	29,988	37,270	25,354	
Financial assets at amortized costs (*2)							
Cash and Cash equivalents	457,192	-	-	-	-	-	
Trade and other receivables (*3)	4,532,346	-	-	-	-	-	
Other securities	5,888	-	-	-	-	-	
<u><Financial liabilities></u>							
Financial liabilities at FVPL							
Derivative financial liabilities	\ 98,847	\ -	\ 98,847	\ -	\ 98,847	\$ 67,243	
Financial liabilities at amortized costs (*2)							
Trade and other receivables (*4)	2,273,175	-	-	-	-	-	
Borrowings	1,497,235	-	-	-	-	-	
Bonds	2,684,832	-	-	-	-	-	

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the current period and there was no clear evidence of value changes for each of the two years in the period ended December 31, 2024.

(*2) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value.

(*3) Trade and other receivables and long-term trade and other receivables include \ 17,488 million (\$11,896 thousand) of current portion of lease receivables and \ 67,825 million (\$46,139 thousand) of long-term lease receivables, respectively.

(*4) Trade and other payables and long-term trade and other payables include \ 39,129 million (\$26,618 thousand) of current portion of lease liabilities and \ 62,231 million (\$42,334 thousand) of long-term lease liabilities, respectively.

31.3 Financial instruments by category (cont'd)

	December 31, 2023							
	Korean won in millions							U.S. dollar in thousand
	Book value	Level 1	Level 2	Level 3	Total		Total	
<Financial assets>								
Financial assets at FVPL								
Trade and other receivables	\ 6,419	\ -	\ 6,419	\ -	\ 6,419		\$ 4,367	
Long-term investment (*1)	610	-	-	-	-		-	
Other securities (*1)	4,832	-	-	-	-		-	
Other financial assets	146,760	-	146,760	-	146,760		99,837	
Derivative financial assets	38,893	-	38,893	-	38,893		26,458	
Financial assets at FVOCI								
Equity instruments (*1)	48,524	12,109	-	-	12,109		8,237	
Financial assets at amortized costs (*2)								
Cash and Cash equivalents	588,745	-	-	-	-		-	
Trade and other receivables (*3)	4,414,036	-	-	-	-		-	
Other securities	13,408	-	-	-	-		-	
<Financial liabilities>								
Financial liabilities at FVPL								
Derivative financial liabilities	\ 64,155	\ -	\ 64,155	\ -	\ 64,155		\$ 43,643	
Financial liabilities at amortized costs (*2)								
Trade and other receivables (*4)	2,508,109	-	-	-	-		-	
Borrowings	1,398,329	-	-	-	-		-	
Bonds	2,740,823	-	-	-	-		-	

(*1) For some of the financial assets, the acquisition cost was measured at fair value because sufficient information was not available to measure fair value during the current period and there was no clear evidence of value changes for each of the two years in the period ended December 31, 2024.

(*2) In the case of financial assets and financial liabilities measured at amortized cost, the book value is similar to the fair value, so the fair value is not separately disclosed.

(*3) Trade and other receivables and long-term trade and other receivables include \ 23,276 million (\$15,834 thousand) of current portion of lease receivables and \ 69,741 million (\$47,443 thousand) of long-term lease receivables, respectively.

(*4) Trade and other payables and long-term trade and other payables include \ 41,033 million (\$27,914 thousand) of current portion of lease liabilities and \ 77,164 million (\$52,493 thousand) of long-term lease liabilities, respectively.

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

The Company's financial income and losses by category of financial instruments for each of the two years in the period ended December 31, 2024 are as follows: (Korean won in millions)

31.4. Financial income (loss) by category of financial instruments (cont'd)

	Financial income (loss)								Other comprehensive income
	Interest income (expenses) (*1)	Foreign exchange gain (loss)	Disposal gain (loss)	Valuation gain (loss)	Dividend income	Others	Total		
<2024>									
Financial assets at FVPL	₩ -	₩ -	₩ 284,949	₩ 165,469	₩ 1	₩ -	₩ 450,419	₩ -	
Financial assets at FVOCI	-	-	-	-	301	-	301	(17,286)	
Financial assets at amortized costs	38,760	434,743	(80,919)	-	-	-	410,584	-	
Financial liabilities at FVPL	-	-	(282,048)	(123,380)	-	-	(405,428)	-	
Financial liabilities at amortized costs	(199,414)	(436,110)	-	-	-	1,308	(634,216)	-	
Total	₩ (162,654)	₩ (1,367)	₩ (58,018)	₩ 42,089	₩ 302	₩ 1,308	₩ (178,340)	₩ (17,286)	
U.S. dollar in thousands	\$ (110,649)	\$ (930)	\$ (39,468)	\$ 28,632	\$ 206	\$ 890	\$ (121,320)	\$ (11,759)	
<2023>									
Financial assets at FVPL	₩ 42	₩ -	₩ 292,803	₩ 46,199	₩ 1	₩ -	₩ 339,045	₩ -	
Financial assets at FVOCI	-	-	-	-	376	-	376	(4,476)	
Financial assets at amortized costs	47,044	21,588	(80,720)	(598)	-	-	7,312	-	
Financial liabilities at FVPL	-	-	(271,283)	(89,587)	-	-	(360,870)	-	
Financial liabilities at amortized costs	(190,727)	(20,804)	-	1,867	-	784	(208,880)	-	
Total	₩ (143,641)	₩ 782	₩ (39,200)	₩ (42,119)	₩ 377	₩ 784	₩ (223,017)	₩ (4,476)	
U.S. dollar in thousands	\$ (97,715)	\$ 532	\$ (26,667)	\$ (28,652)	\$ 257	\$ 533	\$ (151,712)	\$ (3,045)	

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

32. Financial instruments risk management

32.1 Capital risk management

The purpose of the Company's capital management is to maintain an optimal capital structure to protect the ability to continue to provide benefits to shareholders and stakeholders as a continuing entity and to reduce capital costs. In order to maintain or adjust the capital structure, the Company applies policies such as adjusting dividends.

Capital structure of the Company is composed of net borrowings, which are borrowings less cash and cash equivalents and equity. For the year ended December 31, 2024, the Company maintains the same capital risk management policies as those for the year ended December 31, 2023. Details of the capital components managed by the Company as of December 31, 2024 and 2023 are as follows:

	Korean won in millions		U.S. dollar in thousands
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Total borrowings	\ 4,182,068	\ 4,139,152	\$ 2,844,944
Less: cash and cash equivalents	(457,192)	(588,745)	(311,015)
Net borrowings	\ 3,724,876	\ 3,550,407	\$ 2,533,929
Total equity	\ 5,710,417	\ 5,394,884	\$ 3,884,637
Gearing ratio	65.23%	65.81%	65.23%

32.2 Financial risk management

The Company is exposed to market risk (foreign currency risk and interest rate risk), credit risk, and liquidity risk. The purpose of Company's financial risk management is to detect potential risk which could decrease the Company's profit and to eliminate, reduce and hedge such risk to an acceptable level. The Company uses derivative financial instruments for hedging special risk such as foreign currency risk. Financial risk management policy of the Company for the year ended December 31, 2024 is consistent with that for the year ended December 31, 2023

32.2.1 Market risk

Market risk is the risk that the fair value of financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: foreign currency risk, interest rate risk and other price risk.

32.2.1.1 Foreign currency risk

The Company is exposed to the risk of exchange rate fluctuations because it has transactions denominated in foreign currency. The book values of monetary assets and liabilities denominated in major foreign currencies other than functional currencies as of December 31, 2024 and 2023 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	Dec. 31, 2024		Dec. 31, 2023		Dec. 31, 2024	
	Asset	Liability	Asset	Liability	Asset	Liability
USD	\ 2,876,606	\ 3,173,703	\ 2,724,724	\ 2,908,720	\$ 1,956,875	\$ 2,158,982
JPY	227,509	194,496	320,355	252,135	154,768	132,310
EUR	642,089	311,956	492,863	300,252	436,795	212,215
CNY	114,363	180,853	220,850	230,391	77,798	123,029

The effect that fluctuation in the exchange rate of 10% of the functional currency on each foreign currency has on profit or loss as of December 31, 2024 is as follows:

	Korean won in millions		U.S. dollar in thousands	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	\ (29,710)	\ 29,710	\$ (20,211)	\$ 20,211
JPY	3,301	(3,301)	2,246	(2,246)
EUR	33,013	(33,013)	22,458	(22,458)
CNY	(6,649)	6,649	(4,523)	4,523

32.2.1.2 Interest rate risk

The interest rate risk of the Company arises from borrowings and bonds. Due to short-term borrowings issued at floating interest rates, the Company is exposed to cash flow interest rate risk.

As of December 31, 2024, with all other variables remain constant, a change of 1% in the floating interest rate on borrowings will have an effect of \ 15,915 million (\$10,827 thousand) decrease or increase in the Company's income before income taxes.

32.2.2 Credit risk

Credit risk is the risk that counterparties will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to the credit risk relates to operating and financial activities.

32.2.2.1 Trade and other receivables

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

32.2.2.2 Other assets

Credit risks associated with the Company's other assets which consist of cash, short-term deposits and short-term and long-term loans arise from the default by the counterparties. Maximum exposure to credit risks will be the book value of the other assets. The Company deposits cash and cash equivalents and short-term financial products at financial institutions such as Woori Bank, and deals with financial institutions with excellent credit ratings. So, credit risk from financial institutions is limited.

32.2.2.3 Maximum exposure to credit risk

The book value of a financial asset represents the maximum exposure to a credit risk. If a financial guarantee is provided, the maximum exposure to credit risk is the maximum amount due on the claims of the assured. For borrowing arrangements, the maximum exposure to credit risk is the total commitment amount. In addition, in the case of a borrowing agreement, the maximum exposure amount of credit risk is the balance of the applicable borrowing as of the end of the current year, and the limit of the agreement amount is detailed in Note 20.

32.2.2.4 Aging analysis of non-derivative financial instruments

The aging analysis of non-derivative financial instruments as of December 31, 2024 is as follows: (Korean won in millions)

	Not Past due	Past due				Total
		Within 1 month	1 to 3 months	3 to 12 months	Over 12 months	
Trade and other receivables (*1)	\ 4,334,871	\ 198,951	\ 48,340	\ 41,588	\ 156,697	\ 4,780,447
Other financial assets	110,859	-	-	-	-	110,859
	<u>\ 4,445,730</u>	<u>\ 198,951</u>	<u>\ 48,340</u>	<u>\ 41,588</u>	<u>\ 156,697</u>	<u>\ 4,891,306</u>
U.S. dollar in thousands	<u>\$ 3,024,306</u>	<u>\$ 135,341</u>	<u>\$ 32,884</u>	<u>\$ 28,291</u>	<u>\$ 106,597</u>	<u>\$ 3,327,419</u>

(*1) Trade and other receivables and long-term trade and other receivables include ₩17,488 million (\$11,896 thousand) of current lease receivables and ₩67,825 million (\$46,139 thousand) of long-term lease receivables, respectively.

32.2.3 Liquidity risk

The Company establishes short and long-term capital management plans and analyzes and reviews cash flow budgets against actual cash outflows in order to match the maturity of financial liabilities and financial assets. The Company believes that it has sufficient cash inflows from operating activities and financial assets to redeem financial liabilities that become due.

32.2.3.1 The maturity analysis based on the maturity of the remaining contract of financial liabilities outstanding as of December 31, 2024 is as follows. The maturity amount is an undiscounted contractual cash flow that includes interest payments. (Korean won in millions)

	Within 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables (*1)	\ 2,201,529	\ 76,795	\ 369	\ 2,278,693
Derivative financial liabilities (*2)	98,847	-	-	98,847
Borrowings and bonds	2,122,605	1,855,000	204,463	4,182,068
	<u>\ 4,422,981</u>	<u>\ 1,931,795</u>	<u>\ 204,832</u>	<u>\ 6,559,608</u>
U.S. dollar in thousand	<u>\$ 3,008,831</u>	<u>\$ 1,314,146</u>	<u>\$ 139,341</u>	<u>\$ 4,462,318</u>

(*1) The Trade and other payables and the long-term trade and other payables include \ 36,437 million (\$24,787 thousand) of current portion of lease liabilities and \ 70,411 million (\$47,899 thousand) of long-term lease liabilities, respectively.

(*2) Derivative financial liabilities are settled on a net basis.

32.2.3.2 The maturity analysis based on the guarantee period of the financial guarantee contract as of December 31, 2024 is as follows: (Korean won in millions)

	Within 1 year	1 to 5 years	Over 5 years	Total
Financial guarantee contract (*1)	\ 156,839	\ 121,571	\ -	\ 278,410
U.S. dollar in thousand	\$ 106,693	\$ 82,701	\$ -	\$ 189,395

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

33. Related party transactions

33.1 Details of related parties as of December 31, 2024 are as follows:

	Company Name
Parent	POSCO Holdings Inc.
Subsidiaries	DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD., PT. BIO INTI AGRINDO, POSCO INTERNATIONAL VIETNAM CO., LTD., SUZHOU POSCO-CORE TECHNOLOGY CO., LTD., POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD., GOLDEN LACE POSCO INTERNATIONAL CO., LTD., POSCO SOUTH EAST ASIA PTE. LTD., POSCO INTERNATIONAL UKRAINE LLC., GRAIN TERMINAL HOLDING PTE. LTD., MYKOLAIV MILLING WORKS PJSC., POSCO INTERNATIONAL (THAILAND) CO., LTD., PT POSCO INTERNATIONAL INDONESIA, POSCO MOBILITY SOLUTION CO., LTD., POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD., SENEX HOLDINGS PTY LTD, POSCO INTERNATIONAL MEXICO E-MOBILITY S.A DE C.V., ESTEEL4U, POSCO INTERNATIONAL AMERICA CORP., POSCO INTERNATIONAL DEUTSCHLAND GMBH, POSCO INTERNATIONAL JAPAN CORP., POSCO INTERNATIONAL SINGAPORE PTE. LTD., POSCO INTERNATIONAL ITALIA S.R.L., POSCO INTERNATIONAL (CHINA) CO., LTD., POSCO INTERNATIONAL TEXTILE LLC., POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD., POSCO INTERNATIONAL MEXICO S.A. DE C.V., POSCO INTERNATIONAL MALAYSIA SDN. BHD., POSCO INTERNATIONAL SHANGHAI CO., LTD., POSCO INTERNATIONAL INDIA PVT. LTD., POHANG SRDC CO., LTD., Tracheon E&E, Korea Fuel Cell, NEH Co., Ltd., Shinan green energy Co., Ltd., PT. KRAKATAU POSCO ENERGY, POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED., POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O., etc.
Associates and joint ventures	POSCO MEXICO PROCESSING CENTER HOLDING LLC., HUNCHUN POSCO HMM INTERNATIONAL LOGISTICS CO., LTD, POSCO-MALAYSIA SDN. BHD., POSCO-ITPC S.P.A, YULCHON MEXICO S.A. DE C.V., HYUNSON ENGINEERING & CONSTRUCTION, POSCO-ESDC LTD., POSCO IJPC, Inco tech Inc., SHINPOONG DAEWOO PHARMA VIETNAM CO., LTD., Shanghai Lansheng DAEWOO Corp, Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd., GENERAL MEDICINES CO., LTD., KOREA LNG LTD., DMSA/AMSA, SOUTH-EAST ASIA GAS PIPELINE CO., LTD., GLOBAL KOMSCO DAEWOO LLC., Blue Ocean Recovery PEF No.1, Gyeonggi Green Energy Co., Ltd., Noeul Green Energy Co., Ltd., Samcheok Blue Power Co., Ltd., MONG DUONG FINANCE HOLDINGS B.V (*1), ECO ENERGY SOLUTION CO., LTD., AES MONG DUONG Power Co., LTD (*1)
Other related parties(*2)	POSCO, PT. KRAKATAU POSCO, POSCO-THAINOX, POSCO ASSAN TST STEEL INDUSTRY, POSCO STEELEON Co., Ltd., POSCO-CSPC, POSCO VST CO., LTD., POSCO FLOW CO., LTD., POSCO YAMATO VINA STEEL JOINT STOCK COMPANY, POSCO-MKPC, POSCO ASIA CO., LTD., POSCO-TNPC, POSCO-FOSHAN STEEL PROCESSING CENTER CO., LTD., POSCO VIETNAM HOLDINGS, POSCO-CTPC, POSCO Eco & Challenge Co., Ltd., ZHANGJIAGANG POHANG STAINLESS STEEL CO., LTD., POSCO-VIETNAM CO., LTD., COMPANHIA SIDERURGICA DO PECÉM, POSCO MAHARASHTRA STEEL PVT. LTD., POSCO-IPPC, POSCO-ICPC, etc.

(*1) Investments in the associates and joint ventures marked above are reclassified as assets held for sale for the year ended December 31, 2024.

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

33.2 Details of significant transactions with the related parties for each of the two years in the period ended December 31, 2024 are as follows: (Korean won in millions)

	2024					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1) (*2)	₩ 47	₩ 6	₩ 53	₩ 150	₩ 6,499	₩ 6,649
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD.	₩ 5,779	₩ -	₩ 5,779	₩ 54	₩ -	₩ 54
PT. BIO INTI AGRINDO	792	2,076	2,868	-	-	-
POSCO INTERNATIONAL VIETNAM CO. LTD.	11,454	-	11,454	-	3,982	3,982
SUZHOU POSCO-CORE TECHNOLOGY CO.LTD.	18,073	-	18,073	-	8	8
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	2	-	2	-	89	89
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE.LTD.	-	1,338	1,338	-	-	-
POSCO INTERNATIONAL POWER (PNG) LAE LTD. (*3)	281	-	281	-	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	53	53	12,407	-	12,407
Traschean E&E	-	2,301	2,301	-	-	-
POSCO INTERNATIONAL UKRAINE, LLC.	288	-	288	-	176	176
GRAIN TERMINAL HOLDING PTE. LTD.	-	1,342	1,342	-	-	-
Korea Fuel Cell	-	-	-	-	1	1
POSCO INTERNATIONAL (THAILAND) CO., LTD.	75,128	-	75,128	-	2,381	2,381
PT. POSCO INTERNATIONAL INDONESIA	10	-	10	-	6,417	6,417
POSCO MOBILITY SOLUTION CO., LTD.	-	-	-	404,746	104	404,850
NEH Co., Ltd.	46,335	-	46,335	-	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	59	16	75	-	-	-
Shinan green energy Co., Ltd.	-	-	-	-	746	746
SENEX HOLDINGS PTY LTD	-	8,909	8,909	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY ESTEEL4U	30,930	120	31,050	-	-	-
PT.KRAKATAU POSCO ENERGY	43	138	181	4,805	20	4,825
POSCO INTERNATIONAL AMERICA CORP.	-	639	639	-	-	-
POSCO INTERNATIONAL DEUTSCHLAND GMBH	2,208,226	-	2,208,226	123,456	5,375	128,831
POSCO INTERNATIONAL JAPAN CORP.	1,099,399	-	1,099,399	-	1,097	1,097
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	2,679,362	-	2,679,362	153,261	1,613	155,074
POSCO INTERNATIONAL ITALY S.R.L.	2,147,958	-	2,147,958	422,833	10,128	432,961
POSCO INTERNATIONAL (CHINA) CO.,LTD.	835,579	-	835,579	-	1,431	1,431
POSCO INTERNATIONAL TEXTILE LLC.	141,448	-	141,448	1,800	3,062	4,862
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	2,945	-	2,945	8,391	44	8,435
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	60	-	60	-	-	-
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	174,589	-	174,589	-	7,217	7,217
POSCO INTERNATIONAL SHANGHAI CO.,LTD.	62,151	-	62,151	-	2,700	2,700
POSCO INTERNATIONAL INDIA PVT. LTD.	10,265	-	10,265	-	8,396	8,396
POHANG SRDC CO., LTD.	12	902	914	-	3,094	3,094
Associates and joint venture:	-	77	77	71	7,206	7,277
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	₩ 409,924	₩ -	₩ 409,924	₩ -	₩ -	₩ -
Gyeonggi Green Energy Co., Ltd.	-	-	-	-	5,259	5,259
POSCO-MALAYSIA SDN. BHD.	107,399	-	107,399	9,993	-	9,993
POSCO-ITPC S.P.A	114,707	-	114,707	-	-	-
Noeul Green Energy Co., Ltd.	-	82	82	-	2,658	2,658
YULCHON MEXICO S.A. DE C.V.	1,279	-	1,279	-	-	-
POSCO-ESDC LTD.	-	89	89	-	1,307	1,307
POSCO UPC	287,584	-	287,584	16	-	16
Samcheok Blue Power Co., Ltd.	179,072	10,048	189,120	-	-	-
GENERAL MEDICINES CO., LTD.	329	-	329	-	-	-
KOREA LNG LTD.	-	17,829	17,829	-	-	-
AES MONG DUONG Power Co., LTD	2,152	34,820	36,972	-	969	969
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	64,208	64,208	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	26	26	32,814	-	32,814
Others:						
POSCO	₩ 1,196,876	₩ 2	₩ 1,196,878	₩ 10,298,864	₩ 489,936	₩ 10,788,800
PT. KRAKATAU POSCO	1,152,156	-	1,152,156	242,489	3,400	245,889
POSCO STEELEON Co., Ltd.	52,272	-	52,272	255,051	674	255,725
POSCO-THAINOX	180,070	-	180,070	66,978	-	66,978
POSCO VST CO. LTD.	190,558	-	190,558	46,747	1,182	47,929
POSCO FLOW CO., LTD.	-	-	-	124	237,503	237,627
POSCO-CSPC	206,566	-	206,566	-	-	-
POSCO INDIA PC	202,787	-	202,787	-	-	-
POSCO VIETNAM PC	186,266	-	186,266	-	-	-
POSCO-MKPC	175,191	-	175,191	-	-	-
Others	1,099,858	1,017	1,100,875	492,466	64,315	556,781
	₩ 15,296,261	₩ 148,038	₩ 15,442,299	₩ 12,577,456	₩ 879,189	₩ 13,456,685
U.S. dollar in thousands	\$ 10,405,620	\$ 89,348	\$ 10,504,966	\$ 8,556,120	\$ 598,088	\$ 9,154,208

33.2 Details of significant transactions with related parties for each of the two years in the period ended December 31, 2024 are as follows: (Korean won in millions) (cont'd)

	2023					
	Sales and others			Purchase and others		
	Sales	Others	Total	Purchase	Others	Total
Parent company:						
POSCO Holdings Inc. (*1) (*2)	₩ 14	₩ -	₩ 14	₩ -	₩ 78,831	₩ 78,831
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO., LTD.	₩ 11,285	₩ -	₩ 11,285	₩ 31,526	₩ -	₩ 31,526
PT. BIO INTI AGRINDO	-	1,842	1,842	-	-	-
POSCO INTERNATIONAL VIETNAM CO., LTD.	3,609	-	3,609	-	4,162	4,162
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	27,242	-	27,242	-	-	-
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED.	2	-	2	-	-	-
POSCO INTERNATIONAL POWER (PNG) LTD.	1,187	-	1,187	-	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	-	-	15,537	-	15,537
Trachean E&E	-	2,400	2,400	-	-	-
POSCO INTERNATIONAL UKRAINE LLC.	122	-	122	-	86	86
GRAIN TERMINAL HOLDING PTE. LTD.	-	257	257	-	-	-
MYKOLAIV MILLING WORKS PJSC.	-	-	-	-	1,652	1,652
Korea Fuel Cell	1	-	1	64,000	14,677	78,677
POSCO INTERNATIONAL (THAILAND) CO., LTD.	33,562	-	33,562	3,634	3,101	6,735
PT POSCO INTERNATIONAL INDONESIA	474	-	474	-	7,979	7,979
POSCO MOBILITY SOLUTION CO., LTD.	19,668	-	19,668	162,629	1,582	164,211
NEH Co., Ltd.	19,350	-	19,350	-	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	64	-	64	-	-	-
Shinani green energy Co., Ltd.	-	-	-	-	93	93
SENEK HOLDINGS PTY LTD	-	5,863	5,863	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY S.A DE C.V.	11,196	-	11,196	-	-	-
ESTEEL4U	1,736	-	1,736	3,492	-	3,492
PT. KRAKATAU POSCO ENERGY	2	8,669	8,661	-	-	-
POSCO INTERNATIONAL AMERICA CORP.	1,883,586	-	1,883,586	207,383	4,798	212,181
POSCO INTERNATIONAL DEUTSCHLAND GMBH	869,231	-	869,231	-	2,065	2,065
POSCO INTERNATIONAL JAPAN CORP.	2,446,473	-	2,446,473	262,737	918	263,655
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	2,366,029	-	2,366,029	301,270	2,105	303,375
POSCO INTERNATIONAL ITALIA S.R.L.	798,136	-	798,136	-	2,723	2,723
POSCO INTERNATIONAL (CHINA) CO., LTD.	133,073	-	133,073	-	3,609	3,609
POSCO INTERNATIONAL TEXTILE LLC.	5,357	-	5,357	15,592	55	15,647
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD.	92	19,761	19,853	-	-	-
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	198,419	-	198,419	-	6,355	6,355
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	91,002	-	91,002	-	3,372	3,372
POSCO INTERNATIONAL SHANGHAI CO., LTD.	14,878	-	14,878	504	13,641	14,145
POSCO INTERNATIONAL INDIA PVT., LTD.	12	1,094	1,106	-	3,691	3,691
POHANG SRDC CO., LTD.	-	172	172	6,738	140	6,878
Associates and joint venture:						
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	₩ 330,289	₩ -	₩ 330,289	₩ -	₩ -	₩ -
Gyeonggi Green Energy Co., Ltd.	-	-	-	-	7,776	7,776
POSCO-MALAYSIA SDN. BHD.	89,813	-	89,813	5,987	-	5,987
POSCO-ITPC S.P.A	78,469	-	78,469	1,009	24	1,033
Noeul Green Energy Co., Ltd.	6,499	28	6,527	-	10,321	10,321
YULCHON MEXICO S.A. DE C.V.	2,119	-	2,119	-	-	-
POSCO-ESDC LTD.	-	84	84	-	1,231	1,231
POSCO LPC	295,244	-	295,244	13	-	13
Samcheok Blue Power Co., Ltd.	118,420	10,020	128,440	-	-	-
Mang Duang Finance Holdings B.V	-	2,031	2,031	-	-	-
GENERAL MEDICINES CO., LTD.	1,354	426	1,782	-	-	-
KOREA LNG LTD.	-	21,106	21,106	-	-	-
AES Mang Duang Power CO., LTD.	2,666	33,839	36,505	-	-	-
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	-	59,295	59,295	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	-	-	26,431	-	26,431
Blue Ocean Recovery PEF No.1	-	-	-	-	2,783	2,783
Others:						
POSCO	₩ 1,510,023	₩ -	₩ 1,510,023	₩ 10,642,003	₩ 418,732	₩ 11,060,735
PT. KRAKATAU POSCO	938,818	-	938,818	255,673	1,291	256,964
POSCO STEELEON Co., Ltd.	210,862	-	210,862	75,843	-	75,843
POSCO-THAINOX	61,106	-	61,106	221,916	169	222,085
POSCO VST CO. LTD.	243,129	-	243,129	-	-	-
POSCO FLOW CO., LTD.	183,817	-	183,817	54,267	-	54,267
POSCO-CSPC	326	-	326	1,506	215,240	216,746
POSCO INDIA PC	123,692	-	123,692	62,194	-	62,194
POSCO VIETNAM PC	177,230	-	177,230	75	-	75
POSCO-MKPC	103,388	-	103,388	53,433	18	53,451
Others	1,491,953	213	1,492,166	259,114	81,060	340,174
	₩ 14,905,019	₩ 187,092	₩ 15,072,111	₩ 12,734,526	₩ 894,280	₩ 13,628,806
U. S. dollar in thousands	\$ 10,139,469	\$ 113,888	\$ 10,253,137	\$ 8,662,943	\$ 608,354	\$ 9,271,297

33.2 Details of significant transactions with related parties for each of the two years in the period ended December 31, 2024 are as follows: (Korean won in millions) (cont'd)

(*1) In addition to the above transactions, dividends paid to POSCO Holdings Inc. for each of the two years in the period ended December 31, 2024 amount to ₩124,396 million (\$84,623 thousand) and ₩77,616 million (\$52,800 thousand), respectively.

(*2) For the year ended December 31, 2023, the Company acquired investment shares in NEH Co., Ltd. from POSCO Holdings for ₩69,553 million (\$47,315 thousand), and the transaction was included in other purchase amounts.

(*3) The amount before being excluded from subsidiaries.

33.3 Details of significant outstanding balances of receivables from and payables to the related parties as of December 31, 2024 and 2023 are as follows: (Korean won in millions)

	2024					
	Receivables (*1)			Payables		
	Trade	Others	Total	Trade	Others	Total
Parent company:						
POSCO Holdings Inc.	\	-	\ 364	\	-	\ 6,664
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO. LTD.	\	1,892	\	-	-	-
PT. BIO INTI AGRINDO	-	39,271	39,271	-	179	179
POSCO INTERNATIONAL VIETNAM CO. LTD.	4,000	61	4,061	-	311	311
SUZHOU POSCO-CORE TECHNOLOGY CO.LTD.	1,714	-	1,714	-	-	-
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED	-	-	-	-	49	49
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE.LTD.	-	221,862	221,862	-	-	-
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	5,370	5,370	-	31	31
POS-SEA PTE LTD	-	14,700	14,700	-	-	-
POSCO INTERNATIONAL UKRAINE, LLC.	543	5,100	5,643	-	2	2
GRAIN TERMINAL HOLDING PTE. LTD.	-	70,112	70,112	-	-	-
POSCO INTERNATIONAL UKRAINE LLC.	-	882	882	642	-	642
POSCO INTERNATIONAL (THAILAND) CO., LTD.	25,023	-	25,023	-	188	188
PT. POSCO INTERNATIONAL INDONESIA	-	-	-	-	753	753
POSCO MOBILITY SOLUTION CO., LTD.	-	282	282	100,801	342	101,143
NEH Co., Ltd.(株)	5,545	-	5,545	-	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	-	15	15	-	6	6
Shinan green energy Co., Ltd.	-	62	62	-	-	-
SENEX HOLDINGS PTY LTD	-	137,077	137,077	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY ESTEEL4U	28,277	234	28,511	-	153	153
PT.KRAKATAU POSCO ENERGY	4	-	4	417	82	499
POSCO INTERNATIONAL AMERICA CORP.	-	1,400	1,400	-	863	863
POSCO INTERNATIONAL DEUTSCHLAND GMBH	407,181	10,375	417,556	16,175	3,252	19,427
POSCO INTERNATIONAL JAPAN CORP.	441,080	-	441,080	-	350	350
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	233,874	11,197	245,071	8,932	1,010	9,942
POSCO INTERNATIONAL ITALIA S.R.L.	115,594	160	115,754	-	202	202
POSCO INTERNATIONAL (CHINA) CO.,LTD.	264,058	-	264,058	-	87	87
POSCO INTERNATIONAL TEXTILE LLC.	1,368	645	2,013	1,601	129	1,730
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY LTD	164	33,349	33,513	-	-	-
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	62	-	62	-	-	-
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	64,914	-	64,914	-	539	539
POSCO INTERNATIONAL SHANGHAI CO.,LTD.	14,240	-	14,240	-	112	112
POHANG SRDC CO., LTD.	1,887	5,768	7,655	-	1,203	1,203
Korea Fuel Cell	-	18,767	18,767	-	353	353
Associates and joint venture:	-	-	-	-	821	821
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	-	-	-	-	3	3
DMSA/AMSA	\	31,399	\	-	-	-
Gyeonggi Green Energy Co., Ltd.	-	117,444	117,444	-	-	-
POSCO-MALAYSIA SDN. BHD.	-	10,706	10,706	-	567	567
POSCO-ITPC S.P.A	19,635	-	19,635	-	-	-
Noeul Green Energy Co., Ltd.	15,690	-	15,690	-	-	-
YULCHON MEXICO S.A. DE C.V.	-	3,039	3,039	-	-	-
POSCO-ESDC LTD.	402	-	402	-	-	-
POSCO IJPC	-	-	-	-	103	103
Samcheok Blue Power Co., Ltd. (주)	76,914	-	76,914	-	-	-
Shanghai Lansheng DAEWOO Corp	-	144	144	-	-	-
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	2,627	-	2,627	-	437	437
GENERAL MEDICINES CO., LTD.	-	-	-	-	721	721
GLOBAL KOMSCO DAEWOO LLC.	577	485	1,062	-	-	-
	-	1,719	1,719	100	12	112

33.3 Details of significant outstanding balances of receivables from and payables to the related parties as of December 31, 2024 and 2023 are as follows: (Korean won in millions) (cont'd)

	2024					
	Receivables (*1)			Payables		
	Trade	Others	Total	Trade	Others	Total
Others:						
POSCO	₩ 35,188	₩ 4,040	₩ 39,228	₩ 888,920	₩ 38,829	₩ 927,749
PT. KRAKATAU POSCO	493,048	-	493,048	16,884	13	16,897
POSCO INDIA PC	75,431	-	75,431	-	-	-
POSCO-TNPC	65,368	-	65,368	-	-	-
POSCO-ICPC	44,631	-	44,631	-	-	-
POSCO-MKPC	37,309	-	37,309	-	-	-
POSCO VIETNAM PC	34,960	-	34,960	-	-	-
POSCO-CSPC	30,890	-	30,890	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	24,716	181	24,897	3,824	100	3,924
POSCO-Poland Wrocław Processing Center Sp. z o.o.	19,726	-	19,726	-	-	-
Others	73,672	553	74,225	52,189	14,444	66,633
	<u>₩ 2,693,601</u>	<u>₩ 715,384</u>	<u>₩ 3,408,985</u>	<u>₩ 1,090,485</u>	<u>₩ 72,910</u>	<u>₩ 1,163,395</u>
U.S. dollar in thousands	<u>\$ 1,832,382</u>	<u>\$ 488,842</u>	<u>\$ 2,319,024</u>	<u>\$ 741,827</u>	<u>\$ 49,599</u>	<u>\$ 791,426</u>

	2023					
	Receivables (*1)			Payables		
	Trade	Others (*2)	Total	Trade	Others	Total
Parent company:						
POSCO Holdings Inc.	\	\ 163	\ 163	\	\ 6,449	\ 6,449
Subsidiaries:						
DAEWOO INTERNATIONAL SHANGHAI WAIGAOQIAO CO., LTD.	\ 1,404	\ -	\ 1,404	\ -	\ -	\ -
PT. BIO INTI AGRINDO	-	38,464	38,464	-	226	226
POSCO INTERNATIONAL VIETNAM CO., LTD.	10	54	64	-	234	234
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	7,469	-	7,469	-	-	-
POSCO INTERNATIONAL MYANMAR CORPORATION LIMITED.	2	-	2	-	-	-
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	-	525	525	-	525	525
POSCO INTERNATIONAL POWER (PNGLA) LTD.	367	842	1,209	-	73	73
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	-	8,986	8,986	-	29	29
POSCO SOUTH EAST ASIA PTE. LTD.	-	12,894	12,894	-	-	-
POSCO INTERNATIONAL UKRAINE LLC.	207	5,079	5,286	-	2	2
GRAIN TERMINAL HOLDING PTE. LTD.	-	6,344	6,344	-	51	51
MYKOLAIV MILLING WORKS PJSC.	-	-	-	563	-	563
POSCO INTERNATIONAL (THAILAND) CO., LTD.	3,380	1	3,381	-	244	244
PT POSCO INTERNATIONAL INDONESIA	9	-	9	-	473	473
POSCO MOBILITY SOLUTION CO., LTD.	-	-	-	110,384	3,110	113,494
NEH Co., Ltd.	1,913	-	1,913	-	-	-
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	-	22	22	-	1	1
Shinan green energy Co., Ltd.	-	40	40	-	-	-
SENEX HOLDINGS PTY LTD	-	121,451	121,451	-	-	-
POSCO INTERNATIONAL MEXICO E-MOBILITY SA DE C.V.	7,911	314	8,225	-	256	256
ESTEEL 4U	-	-	-	279	-	279
POSCO INTERNATIONAL AMERICA CORP.	398,741	58	398,799	3,875	1,332	5,207
POSCO INTERNATIONAL DEUTSCHLAND GMBH	324,618	-	324,618	-	1,893	1,893
POSCO INTERNATIONAL JAPAN CORP.	337,321	147	337,468	6,988	155	7,143
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	177,769	1,591	179,360	77,360	209	77,569
POSCO INTERNATIONAL ITALIA S.R.L.	200,447	-	200,447	-	133	133
POSCO INTERNATIONAL (CHINA) CO., LTD.	28,672	580	29,252	-	244	244
POSCO INTERNATIONAL TEXTILE LLC.	487	41,437	41,924	-	-	-
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD.	98	-	98	-	-	-
POSCO INTERNATIONAL MEXICO S.A. DE C.V.	48,157	-	48,157	-	651	651
POSCO INTERNATIONAL MALAYSIA SDN. BHD.	124	-	124	-	211	211
POSCO INTERNATIONAL SHANGHAI CO., LTD.	3,293	5,181	8,474	-	1,507	1,507
POSCO INTERNATIONAL INDIA PVT., LTD.	11	16,235	16,246	-	289	289
POHANG SRDC CO., LTD.	-	-	-	-	582	582

33.3 Details of significant outstanding balances of receivables from and payables to the related parties as of December 31, 2024 and 2023 are as follows: (Korean won in millions) (cont'd)

	2023					
	Receivables (*1)			Payables		
	Trade	Others (*2)	Total	Trade	Others	Total
Associates and Joint venture:						
POSCO MEXICO PROCESSING CENTER HOLDING LLC.	₩ 29,095	₩ -	₩ 29,095	₩ -	₩ -	₩ -
Gyeonggi Green Energy Co., Ltd.	-	8,450	8,450	-	149	149
POSCO-MALAYSIA SDN. BHD.	18,756	-	18,756	75	-	75
POSCO-ITPC S.P.A	1,819	-	1,819	-	61	61
Noeul Green Energy Co., Ltd.	-	1,808	1,808	-	-	-
YULCHON MEXICO S.A. DE C.V.	961	-	961	-	-	-
POSCO UPC	71,441	-	71,441	-	-	-
Samcheok Blue Power Co., Ltd.	7,870	-	7,870	-	-	-
Shanghai Lansheng DAEWOO Corp	-	-	-	-	383	383
Shanghai Waigaoqiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	-	-	-	-	633	633
GENERAL MEDICINES CO., LTD.	807	428	1,233	-	78	78
KOREA LNG LTD.	-	1,289	1,289	-	-	-
DMSA/AMSA	-	103,016	103,016	-	-	-
GLOBAL KOMSCO DAEWOO LLC.	-	2,177	2,177	-	38	38
Blue Ocean Recovery PEF No.1	-	-	-	-	10	10
Others:						
POSCO	₩ 45,048	₩ 2,821	₩ 47,869	₩ 984,109	₩ 30,751	₩ 1,014,860
PT. KRAKATAU POSCO	557,931	-	557,931	7,067	201	7,268
POSCO-CSPC	43,637	-	43,637	-	-	-
POSCO-ICPC	51,845	-	51,845	-	-	-
POSCO Eco & Challenge Co., Ltd.	37,701	557	38,258	-	7,760	7,760
POSCO-TNPC	48,362	-	48,362	-	-	-
POSCO-CTPC	7,773	-	7,773	-	-	-
POSCO-FOSHAN STEEL PROCESSING CENTER CO., LTD.	17,503	-	17,503	-	65	65
POSCO VIETNAM HOLDINGS	40,721	-	40,721	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	14,877	306	14,983	-	1,632	1,632
Others	164,564	601	165,165	34,922	17,554	52,476
	<u>₩ 2,702,721</u>	<u>₩ 381,869</u>	<u>₩ 3,084,590</u>	<u>₩ 1,225,622</u>	<u>₩ 78,194</u>	<u>₩ 1,303,816</u>
U.S. dollar in thousands	<u>\$ 1,838,586</u>	<u>\$ 269,788</u>	<u>\$ 2,098,354</u>	<u>\$ 833,756</u>	<u>\$ 53,193</u>	<u>\$ 886,949</u>

(*1) Allowance for doubtful accounts for the above receivables as of December 31, 2024 and 2023 amounts to \ 190,409million (\$129,530 thousand) and \ 137,083 million (\$93,254 thousand), respectively.

(*2) Including amounts related to investment loans under contractual agreement, and its movements for the year ended December 31, 2024, are as follows:

	Korean won in millions				
	Beginning balance	Increase	Decrease	Others	Ending balance
POSCO SOUTH EAST ASIA PTE. LTD.	\ 12,894	\ -	\ -	\ 1,806	\ 14,700
PT. BIO INTI AGRINDO	37,417	-	(3,318)	4,175	38,274
SENEX HOLDINGS PTY LTD	121,451	10,698	-	4,903	137,052
POSCO INTERNATIONAL INDIA PVT. LTD.	16,190	-	-	2,268	18,458
GRAIN TERMINAL HOLDING PTE. LTD.	5,931	21,078	-	2,391	29,400
POSCO INTERNATIONAL POWER (PNGLAE) LTD.	-	9,136	(9,136)	-	-
(*1)	<u>\ 193,883</u>	<u>\ 40,912</u>	<u>\ (12,454)</u>	<u>\ 15,543</u>	<u>\ 237,884</u>
U.S. dollar in thousands	<u>\$ 131,893</u>	<u>\$ 27,831</u>	<u>\$ (8,472)</u>	<u>\$ 10,573</u>	<u>\$ 161,826</u>

(*1) The amount before being excluded from subsidiaries.

33.4 Details of fund transactions with the related parties for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions				U.S. dollar in thousands	
	2024		2023		2024	
	Investment	Recovery	Investment		Investment	Recovery
Subsidiaries:						
NEH Co., Ltd.	\ 115,700	\ -	\ 124,992		\$ 78,707	\$ -
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	5,501	-	6,822		3,742	-
SENEX HOLDINGS PTY LTD	247,427	-	2,799		168,318	-
POSCO INTERNATIONAL MEXICO E-MOBILITY S.A DE C.V.	33,947	-	-		23,093	-
PT POSCO INTERNATIONAL E&P INDONESIA	15,072	-	1,848		10,253	-
POSCO INTERNATIONAL E&P USA Inc.	1,514	1,390	983		1,030	946
POSCO INTERNATIONAL POLAND E-MOBILITY SP. Z.O.O.,	37,170	-	-		25,286	-
Korea Fuel Cell	-	60,000	-		-	40,816
Investments in associates and joint venture:						
SOUTH-EAST ASIA GAS PIPELINE CO., LTD.	\ -	\ 28,667	\ -		\$ -	\$ 19,501

33.5 Key management personnel compensation

Compensations for key management personnel for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Short-term employee benefits	\ 24,378	\ 24,278	\$ 16,584
Long-term employee benefits	17	12	12
Retirement benefits	2,417	1,688	1,644
	<u>\ 26,812</u>	<u>\ 25,978</u>	<u>\$ 18,240</u>

33.6 Guarantees provided to the related parties

Guarantees provided to the related parties as of December 31, 2024 and 2023 are disclosed in Note 20.6.

34. Statement of Cash Flows

34.1 Changes in assets and liabilities resulting from operating activities for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Reconciliation of profit for the year to net cash flows			
Depreciation	\ 140,796	\ 135,153	\$ 95,780
Amortization	166,201	198,354	113,062
Depreciation of investment properties	2,843	2,843	1,934
Retirement benefits	20,224	14,465	13,758
Reversal of Allowance for Doubtful Accounts	(15,412)	(37,554)	(10,484)
Interest expenses	199,414	190,978	135,656
Loss on valuation of financial assets at FVPL	259	1,731	176
Loss on disposal of financial assets at FVPL	26	-	18
Loss on disposal of investment of subsidiaries and associates	-	6,157	-
Gain on disposal of investment of subsidiaries and associates	(13,837)	(28,595)	(9,413)
Impairment loss on investment in subsidiaries and associates	105,283	37,368	71,621
Loss on foreign currency translation	329,267	100,492	223,991
Loss on settlement of derivatives	-	3,309	-
Loss on valuation of derivatives	123,380	94,992	83,932
Reversal of other allowance for doubtful accounts	(316)	(124)	(215)
Other bad debt expenses	70,406	5,159	47,895
Loss on disposal of property, plant and equipment	297	1,427	202
Impairment loss on property, plant and equipment	-	8,371	-
Loss on disposal of intangible assets	13	33	9
Impairment loss on intangible assets	(764)	-	(520)
Income tax expense	139,170	200,655	94,673
Loss on valuation of inventories	2,530	1,051	1,721
Other expenses	120,968	94,630	82,291
Gain on valuation of financial assets at FVPL	(3,175)	(6,528)	(2,160)
Interest income	(36,760)	(47,337)	(25,007)
Dividends income	(129,673)	(158,119)	(88,213)
Gain on foreign currency translation	(236,581)	(69,493)	(160,939)
Gain on disposal on financial assets at FVPL	(7,811)	(4,863)	(5,314)
Gain on settlement of derivatives	(1,936)	(3,633)	(1,317)
Gain on valuation of derivatives	(162,553)	(48,076)	(110,580)
Gain on disposal of property, plant and equipment	(241)	(144)	(164)
Gain on disposal of intangible assets	(927)	-	(631)
Reversal of loss on valuation of inventories	(1,322)	(13,613)	(899)
Financial guarantee income	(1,308)	(784)	(890)
Other income	(8,481)	(128)	(5,769)
Stock compensation cost	-	16,970	-
	\ 799,980	\ 695,147	\$ 544,204

34.1 Changes in assets and liabilities resulting from operating activities for each of the two years in the period ended December 31, 2024 are as follows: (cont'd)

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Changes in operating assets and liabilities:			
Trade receivables	141,720	(117,905)	96,408
Other current receivables	(5,619)	38,747	(3,822)
Other current assets	(79,143)	(10,143)	(53,839)
Inventories	30,602	60,309	20,818
Derivative Liabilities	3,304	(17,246)	2,248
Other non-current assets	(3,767)	3,333	(2,563)
Trade payables	(386,852)	22,650	(263,165)
Other current payables	164,021	(14,118)	111,579
Other current liabilities	12,816	(24,547)	8,718
Other non-current payables	(2,573)	(5,469)	(1,750)
Provisions	(60,007)	(92,067)	(40,821)
Retirement benefits paid	(90)	(125)	(61)
Increase in plan assets	(40,500)	(29,100)	(27,551)
	<u>\ (226,088)</u>	<u>\ (185,681)</u>	<u>\$ (153,801)</u>

34.2 Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2024 are as follows: (Korean won in millions)

	2024						
	Beginning balance	Increase due to merger	Cash flows arising from financing activities	Non-cash flows			Ending balance
				Reclassification	Exchange rate fluctuation	Others	
Current portion of lease liabilities	₩ 41,033	₩ -	₩ (35,914)	₩ 32,558	₩ 3,200	₩ (1,748)	₩ 39,129
Short-term borrowings	610,294	-	(67,156)	-	19,336	-	562,474
Current portion of long-term borrowings	106,411	-	(105,291)	406,975	35,389	(1,088)	442,396
Current portion of bonds	876,709	-	(877,380)	1,027,215	89,980	1,211	1,117,735
Long-term lease liabilities	77,164	-	-	(32,558)	6,527	11,098	62,231
Bonds	1,864,114	-	701,936	(1,027,215)	26,939	1,323	1,567,097
Long-term borrowings	661,624	-	162,623	(406,975)	31,646	23,448	492,366
	<u>₩ 4,257,349</u>	<u>₩ -</u>	<u>₩ (221,182)</u>	<u>₩ -</u>	<u>₩ 213,017</u>	<u>₩ 34,244</u>	<u>₩ 4,283,428</u>
U.S. dollar in thousands	<u>\$ 2,896,156</u>	<u>\$ -</u>	<u>\$ (150,464)</u>	<u>\$ -</u>	<u>\$ 144,910</u>	<u>\$ 23,295</u>	<u>\$ 2,913,897</u>

	2023						
	Beginning balance	Increase due to merger	Cash flows arising from financing activities	Non-cash flows			Ending balance
				Reclassification	Exchange rate fluctuation	Others	
Current portion of lease liabilities	₩ 49,928	₩ 4,036	₩ (64,904)	₩ 48,253	₩ (232)	₩ 3,950	₩ 41,033
Short-term borrowings	1,037,974	17,742	(440,981)	-	(4,441)	-	610,294
Current portion of long-term borrowings	72,012	336,087	(408,694)	102,886	4,120	-	106,411
Current portion of bonds	399,841	199,907	(600,000)	872,158	4,378	425	876,709
Long-term lease liabilities	23,282	-	-	(48,253)	(1,239)	103,374	77,164
Bonds	1,363,593	958,403	398,613	(872,158)	13,448	2,215	1,864,114
Long-term borrowings	508,553	262,234	(3,023)	(102,886)	6,077	10,669	661,624
	<u>₩ 3,455,183</u>	<u>₩ 1,778,411</u>	<u>₩ (1,118,389)</u>	<u>₩ -</u>	<u>₩ 22,111</u>	<u>₩ 120,633</u>	<u>₩ 4,257,349</u>
U.S. dollar in thousands	<u>\$ 2,350,465</u>	<u>\$ 1,209,803</u>	<u>\$ (761,217)</u>	<u>\$ -</u>	<u>\$ 15,041</u>	<u>\$ 82,063</u>	<u>\$ 2,896,155</u>

34.3 Major investing activities and financing activities that are accompanied by non-cash transactions for each of the two years in the period ended December 31, 2024 are as follows:

	Korean won in millions		U.S. dollar in thousands
	2024	2023	2024
Reclassification of non-current portion of accounts receivable	\ 18,268	\ -	\$ 12,427
Reclassification of increase in plan assets	(9,079)	1,519	(6,176)
Actuarial gains and losses remeasurement component	11,288	(16,352)	7,679
Reclassification of non-current portion of short-term loans	19,000	-	12,925
Reclassification of current portion of long-term loans	3,318	10,692	2,257
Other accounts payable related to the acquisition of property, plant and equipment and intangible assets	11,147	34,770	7,583
Reclassification of financial assets at FVOCI as investments in associates	-	(14,006)	-
Reclassification of current portion of long-term borrowings	406,975	102,886	276,854
Reclassification of current portion of long-term bonds	1,027,215	872,158	698,786
Reclassification of current portion of lease receivables	15,909	25,766	10,822
Reclassification of current portion of lease liabilities	32,558	48,253	22,148
Recognition of right-of-use assets and lease liabilities through acquisition	10,473	107,324	7,124

In connection with the merger and absorption of POSCO Energy Co., Ltd. For the year ended December 31, 2023, non-cash transactions amounting to \ 233,902 million (\$159,117 thousand) occurred due to the issuance of new shares and the acquisition of treasury stocks (see Note 37).

35. Uncertainty of the impact of the Myanmar coup

The military government of Myanmar declared a state of emergency in February 2021, announcing the establishment of a transitional government, and has maintained its military rule by repeatedly extending the period of emergency. Meanwhile, February 2022 and November 2023, economic and financial sanctions were announced by the European Union and the U.S. government against Myanmar State Oil and Gas Company (MOGE), which holds a 15% stake in Myanmar's A-1/A-3 gas field project. The business, in which the Company holds a 51% stake, is operating normally, and the Company is continuously monitoring situations that may have an impact, such as additional economic and financial sanctions from the international community. As of December 31, 2024, the impact on the business of the Company such as Myanmar gas field in the future could not be estimated reasonably, and the impact from this was not reflected in the financial statements.

36. Business combination

36.1 Business combination overview

The Company absorbed and merged with POSCO Energy Co., Ltd. for the year ended December 31, 2023. The purpose of this business combination is to strengthen competitiveness and improve management efficiency by integrating the Company's energy business and completing the LNG business value chain, and to lay the foundation for sustainable growth.

	Information
Surviving corporation after merger	POSCO INTERNATIONAL
Extinct corporation after merger	POSCO Energy Co., Ltd.
Board resolution date	August 12, 2022
Date of merger	January 1, 2023
Ratio of merger	POSCO INTERNATIONAL : POSCO Energy Co., Ltd. = 1 : 1.1626920

36.2 Accounting for business combination

The business combination is a business combination under the common control, and the assets acquired and liabilities assumed through this business combination were recognized at the book amount in the financial statements of the top controlling company. The Company recorded the difference between the issue price of new merged shares and the book value of the acquired net assets in capital surplus.

The book amounts of identifiable assets and liabilities acquired through a merger under the common control are as follows:

	Korean won in millions	U.S. dollar in thousands
<Consideration transferred>		
Issuance of new shares (number of shares issued: 52,547,639 shares)	\ 262,738	\$ 178,733
Treasury stock	(28,836)	(19,616)
	\ 233,902	\$ 159,117
<Identifiable assets acquired and liabilities assumed>		
Current assets		
Cash and cash equivalents	\ 503,346	\$ 342,412
Trade and other receivables	621,598	422,856
Other current financial assets	28,714	19,533
Derivative financial assets	3,382	2,301
Other current assets	136,981	93,184
Inventory	142,297	96,801
	\ 1,436,318	\$ 977,087
Non-current assets		
Long-term trade and other receivables	\ 8,456	\$ 5,752
Other non-current financial assets	12,687	8,631
Long-term derivative financial assets	3,426	2,331
Subsidiaries and associates	937,861	638,001
Property, plant and equipment	1,777,100	1,208,912
Right-of-use assets	31,922	21,716
Intangible assets	5,854	3,982
Net defined benefit assets	10,485	7,133
Deferred tax assets	42,944	29,214
Other non-current assets	31,640	21,524
	\ 2,862,375	\$ 1,947,196

36.2 Accounting for business combination (cont'd)

	Korean won in millions	U.S. dollar in thousands
Current liabilities		
Trade and other payables	\ 460,411	\$ 313,205
Borrowings	353,829	240,700
Current portion of bonds	199,907	135,991
Derivative financial liabilities	1,585	1,078
Current portion of provisions	130,725	88,929
Other current liabilities	124,345	84,588
Current income tax liability	45,305	30,820
	\ 1,316,107	\$ 895,311
Non-current liabilities		
Long-term trade and other payables	7,083	\$ 4,818
Long-term borrowings	262,234	178,390
Bonds	958,403	651,975
Other non-current liabilities	6,104	4,152
Provisions	88,706	60,344
Long-term derivative financial liabilities	170	116
	\ 1,322,700	\$ 899,795
Equity		
Accumulated other comprehensive income	\ -20,731	\$ (14,103)
Hybrid bonds	139,571	94,946
	\ 118,840	\$ 80,843
<Equity arising from business combination>		
Capital surplus	\ 1,307,144	\$ 889,214

37. Assets held for sale

37.1. Outline

The Company have classified the shares of AES Mong Duong Power Co., Ltd. and Mong Duong Finance Holdings B.V. as assets held for sale, as it believes that all of the shares will be recovered through sale transactions, and measured them at the lower of the fair value less costs to sell and the book value.

37.2. Assets held for sale as of December 31, 2024 and 2023 are as follows:

	Korean won in millions	U.S. dollar in thousands
Investment in associates (*1) (*2)	\ 135,138	\$ 91,931

(*1) The current book value as of December 31, 2024 reflected the impairment loss on investments in related companies of \ 46,949 million (\$31,938 thousand).

(*2) As of December 31, 2024, the Company are providing \ 134,277 million (\$91,345 thousand) worth of investment stocks in associates as collateral in relation to the borrowings of associates.

38. Events after the reporting period

On February 3, 2025, the Company's Board of Directors resolved to absorb and merge its subsidiary, NEH Co., Ltd. with the merger date of April 28, 2025.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of POSCO INTERNATIONAL Corporation (the "Company") and the financial statements of the Company for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

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

Independent auditor's report on internal control over financial reporting

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors POSCO International Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of POSCO International Corporation (the "Company") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2024.

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with KSA, the statement of financial position as of December 31, 2024, and the statement of income (or statement of profit or loss and other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, of the Company, and our report dated March 12, 2025 expressed *an unqualified opinion thereon*.

Basis for opinion on ICFR

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

Responsibility of management and those charged with governance for ICFR

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

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

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Company's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.



ICFR definition and inherent limitations

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

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

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

March 12, 2025

This audit report is effective as of March 12, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

Report on Operating Status of Internal Control over Financial Reporting
English translation of a report originally issued in Korean

To the Shareholders, Board of Directors and Audit Committee of POSCO International Corporation

We, as the Chief Executive Officer and the Internal Control Officer of POSCO International Corporation (the "Company"), assessed operating status of the Company's Internal Control over Financial Reporting ("ICFR") for Purposes as of December 31, 2024.

Design and operation of ICFR for Purposes is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Control Officer (collectively, "We").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting' for evaluating design and operation of the Company's ICFR, established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee").

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2024, in all material respects, in accordance with the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

February 3, 2025

/s/ Lee, Kye-in Chief Executive Officer

/s/ Chung, Kyung-jin, Internal Control Officer