

# **POSCO and Subsidiaries**

**Condensed Consolidated Interim Financial Statements  
(Unaudited)  
September 30, 2021**

**(With Independent Auditors' Review Report Thereon)**

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## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Shareholders  
POSCO:

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of POSCO and its subsidiaries (the "Company"), which comprise the condensed consolidated interim statement of financial position as of September 30, 2021, the condensed consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, the condensed consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 1034 "Interim Financial Reporting". The Company's management is also responsible for the internal controls determined necessary to prepare condensed consolidated interim financial statements free of material misstatements due to error or fraud.

### **Auditor's review responsibility**

Our responsibility is to issue a report on the condensed consolidated interim financial statements based on our reviews.

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No. 1034 "Interim Financial Reporting".

**Other matters**

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

The consolidated statement of financial position of the Company as of December 31, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 4, 2021, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Company as of December 31, 2020, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG Samjong Accounting Corp.

Seoul, Korea  
November 12, 2021

<p>This report is effective as of November 12, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.</p>
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**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Financial Position**  
**As of September 30, 2021 and December 31, 2020**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Assets</b>			
Cash and cash equivalents	21 ₩	5,480,045	4,754,644
Trade accounts and notes receivable, net	4,21,26,27,34	10,468,221	8,120,619
Other receivables, net	5,21,34	1,984,589	1,494,239
Other short-term financial assets	6,21	13,179,186	11,709,209
Inventories	7	13,809,620	9,051,790
Current income tax assets		33,741	49,481
Assets held for sale	8	12,256	34,210
Other current assets	14	737,955	616,623
<b>Total current assets</b>		<u>45,705,613</u>	<u>35,830,815</u>
Long-term trade accounts and notes receivable, net	4,21	80,636	86,423
Other receivables, net	5,21	1,340,277	1,195,962
Other long-term financial assets	6,21	2,395,620	1,561,807
Investments in associates and joint ventures	9	4,158,021	3,876,249
Investment property, net	11	1,090,937	994,781
Property, plant and equipment, net	12	29,414,128	29,400,141
Intangible assets, net	13	4,304,997	4,449,432
Defined benefit assets, net	19	9,120	86,149
Deferred tax assets		1,410,323	1,335,154
Other non-current assets	14	225,385	270,060
<b>Total non-current assets</b>		<u>44,429,444</u>	<u>43,256,158</u>
<b>Total assets</b>	₩	<u>90,135,057</u>	<u>79,086,973</u>

*See accompanying notes to the condensed consolidated interim financial statement*

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Financial Position, Continued**  
**As of September 30, 2021 and December 31, 2020**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Liabilities</b>			
Trade accounts and notes payable	21,34	₩ 5,216,238	3,755,513
Short-term borrowings and current installments of long-term borrowings	4,15,21	8,502,430	8,677,529
Other payables	16,21,34	1,746,273	1,845,266
Other short-term financial liabilities	17,21	136,346	141,404
Current income tax liabilities		1,634,024	366,476
Liabilities directly associated with the assets held for sale	8	7	25
Provisions	18,35	384,741	443,273
Other current liabilities	20,26,27	1,785,216	1,625,482
<b>Total current liabilities</b>		<u>19,405,275</u>	<u>16,854,968</u>
Long-term trade accounts and notes payable	21	2,305	22,323
Long-term borrowings, excluding current installments	15,21	14,338,622	11,820,078
Other payables	16,21	699,051	558,924
Other long-term financial liabilities	17,21	31,177	133,588
Defined benefit liabilities, net	19	216,877	141,785
Deferred tax liabilities		1,314,574	1,320,726
Long-term provisions	18,35	561,209	522,969
Other non-current liabilities	20,26	44,653	37,020
<b>Total non-current liabilities</b>		<u>17,208,468</u>	<u>14,557,413</u>
<b>Total liabilities</b>		<u>36,613,743</u>	<u>31,412,381</u>
<b>Equity</b>			
Share capital	22	482,403	482,403
Capital surplus	22	1,354,533	1,310,547
Hybrid bonds	23	199,384	199,384
Reserves	24	(704,995)	(1,380,918)
Treasury shares	25	(2,508,294)	(2,391,523)
Retained earnings		50,348,460	46,111,457
<b>Equity attributable to owners of the controlling company</b>		<u>49,171,491</u>	<u>44,331,350</u>
<b>Non-controlling interests</b>	23	<u>4,349,823</u>	<u>3,343,242</u>
<b>Total equity</b>		<u>53,521,314</u>	<u>47,674,592</u>
<b>Total liabilities and equity</b>		₩ <u>90,135,057</u>	<u>79,086,973</u>

See accompanying notes to the condensed consolidated interim financial statements.

# POSCO and Subsidiaries

## Condensed Consolidated Interim Statements of Comprehensive Income

### For the three-month and nine-month periods ended September 30, 2021 and 2020

#### (Unaudited)

(in millions of Won, except per share information)

	Notes	For the three-month period ended September 30		For the nine-month period ended September 30	
		2021	2020	2021	2020
<b>Revenue</b>	26,27,34,37	₩ 20,636,883	14,261,218	54,998,072	42,528,585
<b>Cost of sales</b>	7,27,31,34	(16,858,368)	(13,054,079)	(46,258,539)	(39,277,221)
<b>Gross profit</b>		3,778,515	1,207,139	8,739,533	3,251,364
Selling and administrative expenses	31,34				
Reversal of (impairment loss) on trade accounts and notes receivable		(16,431)	15,560	(8,908)	(19,764)
Other administrative expenses	28	(544,661)	(466,257)	(1,567,051)	(1,399,864)
Selling expenses	28	(100,700)	(89,734)	(293,821)	(292,061)
<b>Operating profit</b>		3,116,723	666,708	6,869,753	1,539,675
Share of profit of equity-accounted investees, net	9	287,056	88,894	552,925	109,028
Finance income and costs	21,29				
Finance income		925,999	341,431	2,101,487	1,871,524
Finance costs		(897,663)	(385,199)	(2,197,640)	(1,962,525)
Other non-operating income and expenses	34				
Reversal of (impairment loss) on other receivables		(3,001)	18,224	(15,750)	17,437
Other non-operating income	30	62,597	66,268	396,395	233,172
Other non-operating expenses	30,31	(132,298)	(84,170)	(390,359)	(301,605)
<b>Profit before income tax</b>	37	3,359,413	712,156	7,316,811	1,506,706
Income tax expense	32,37	(731,794)	(198,110)	(1,743,241)	(453,134)
<b>Profit</b>		2,627,619	514,046	5,573,570	1,053,572
<b>Other comprehensive income (loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	19	(3,447)	2,225	(6,225)	(427)
Net changes in fair value of equity investments at fair value through other comprehensive income	21	30,254	11,495	199,143	(154,471)
Items that are or may be reclassified subsequently to profit or loss:					
Capital adjustment arising from investments in equity-accounted investees		86,979	(12,539)	159,691	69,157
Foreign currency translation differences		204,121	(29,387)	350,890	36,755
Gains or losses on valuation of derivatives	21	108	111	333	(730)
<b>Other comprehensive income (loss), net of tax</b>		318,015	(28,095)	703,832	(49,716)
<b>Total comprehensive income</b>	₩	2,945,634	485,951	6,277,402	1,003,856
<b>Profit attributable to:</b>					
Owners of the controlling company	₩	2,429,721	465,457	5,118,800	901,132
Non-controlling interests		197,898	48,589	454,770	152,440
<b>Profit</b>	₩	2,627,619	514,046	5,573,570	1,053,572
<b>Total comprehensive income attributable to:</b>					
Owners of the controlling company	₩	2,715,538	436,989	5,784,574	849,730
Non-controlling interests		230,096	48,962	492,828	154,126
<b>Total comprehensive income</b>	₩	2,945,634	485,951	6,277,402	1,003,856
<b>Earnings per share (in Won)</b>	33				
Basic earnings per share		32,106	5,854	67,536	11,232
Diluted earnings per share	₩	31,571	5,854	67,115	11,232

See accompanying notes to the condensed consolidated interim financial statements.

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
**For the nine-month periods ended September 30, 2021 and 2020**  
**(Unaudited)**

(in millions of Won)

	Attributable to owners of the controlling company							Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal		
<b>Balance as of January 1, 2020</b>	₩ 482,403	1,376,251	199,384	(1,157,980)	(1,508,303)	45,080,117	44,471,872	3,322,835	47,794,707
<b>Comprehensive income:</b>									
Profit	-	-	-	-	-	901,132	901,132	152,440	1,053,572
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(1,433)	(1,433)	1,006	(427)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	69,304	-	-	69,304	(147)	69,157
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(151,486)	-	(2,985)	(154,471)	-	(154,471)
Foreign currency translation differences, net of tax	-	-	-	35,888	-	-	35,888	867	36,755
Gains or losses on valuation of derivatives, net of tax	-	-	-	(690)	-	-	(690)	(40)	(730)
<b>Total comprehensive income</b>	-	-	-	(46,984)	-	896,714	849,730	154,126	1,003,856
<b>Transactions with owners of the controlling company, recognized directly in equity:</b>									
Year-end dividends	-	-	-	-	-	(320,462)	(320,462)	(60,517)	(380,979)
Interim dividends	-	-	-	-	-	(160,062)	(160,062)	-	(160,062)
Changes in subsidiaries	-	-	-	-	-	-	-	24,197	24,197
Changes in ownership interest in subsidiaries	-	(27,716)	-	-	-	-	(27,716)	166,744	139,028
Repayment of redeemable convertible preferred shares	-	(33,581)	-	-	-	-	(33,581)	(245,000)	(278,581)
Interest of hybrid bonds	-	-	-	-	-	(6,906)	(6,906)	(5,496)	(12,402)
Acquisition of treasury shares	-	-	-	-	(329,677)	-	(329,677)	-	(329,677)
Others	-	1,410	-	5,368	-	(13,173)	(6,395)	(3,292)	(9,687)
<b>Total transactions with owners of the controlling company</b>	-	(59,887)	-	5,368	(329,677)	(500,603)	(884,799)	(123,364)	(1,008,163)
<b>Balance as of September 30, 2020</b>	₩ 482,403	1,316,364	199,384	(1,199,596)	(1,837,980)	45,476,228	44,436,803	3,353,597	47,790,400

See accompanying notes to the condensed consolidated interim financial statements.



## POSCO and Subsidiaries

### Condensed Consolidated Interim Statements of Changes in Equity, Continued For the nine-month periods ended September 30, 2021 and 2020 (Unaudited)

(in millions of Won)

	Attributable to owners of the controlling company							Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal		
<b>Balance as of January 1, 2021</b>	₩ 482,403	1,310,547	199,384	(1,380,918)	(2,391,523)	46,111,457	44,331,350	3,343,242	47,674,592
<b>Comprehensive income:</b>									
Profit	-	-	-	-	-	5,118,800	5,118,800	454,770	5,573,570
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(8,081)	(8,081)	1,856	(6,225)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	157,606	-	-	157,606	2,085	159,691
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	201,194	-	(2,067)	199,127	16	199,143
Foreign currency translation differences, net of tax	-	-	-	316,855	-	-	316,855	34,035	350,890
Gains or losses on valuation of derivatives, net of tax	-	-	-	267	-	-	267	66	333
<b>Total comprehensive income</b>	-	-	-	675,922	-	5,108,652	5,784,574	492,828	6,277,402
<b>Transactions with owners of the controlling company, recognized directly in equity:</b>									
Year-end dividends	-	-	-	-	-	(342,565)	(342,565)	(62,057)	(404,622)
Interim dividends	-	-	-	-	-	(529,379)	(529,379)	-	(529,379)
Changes in subsidiaries	-	-	-	-	-	-	-	16,800	16,800
Changes in ownership interest in subsidiaries	-	49,514	-	-	-	-	49,514	566,539	616,053
Interest of hybrid bonds	-	-	-	-	-	(6,881)	(6,881)	(5,456)	(12,337)
Acquisition of treasury shares	-	-	-	-	(116,771)	-	(116,771)	-	(116,771)
Others	-	(5,528)	-	1	-	7,176	1,649	(2,073)	(424)
<b>Total transactions with owners of the controlling company</b>	-	43,986	-	1	(116,771)	(871,649)	(944,433)	513,753	(430,680)
<b>Balance as of September 30, 2021</b>	₩ 482,403	1,354,533	199,384	(704,995)	(2,508,294)	50,348,460	49,171,491	4,349,823	53,521,314

See accompanying notes to the condensed consolidated interim financial statements.

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the nine-month periods ended September 30, 2021 and 2020**  
**(Unaudited)**

<i>(in millions of Won)</i>	<b>Notes</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>Cash flows from operating activities</b>			
Profit	₩	5,573,570	1,053,572
Adjustments for:			
Depreciation		2,333,660	2,348,977
Amortization		332,988	336,624
Finance income		(1,109,407)	(848,936)
Finance costs		1,145,436	972,462
Income tax expense		1,743,241	453,134
Impairment loss on property, plant and equipment		44,536	21,684
Gain on disposal of property, plant and equipment		(8,406)	(9,542)
Loss on disposal of property, plant and equipment		56,389	105,440
Impairment loss on other intangible assets		27,997	1,225
Gain on disposal of investments			
in subsidiaries, associates and joint ventures		(26,655)	(43,421)
Loss on disposal of investments			
in subsidiaries, associates and joint ventures		7,878	13,659
Share of profit of equity-accounted investees		(552,925)	(109,028)
Impairment loss on assets held for sale		-	5,030
Gain on disposal of assets held for sale		(46,703)	-
Expenses related to post-employment benefit		182,557	183,414
Impairment loss on trade and other receivables		24,658	2,327
Loss on valuation of inventories		44,936	65,575
Increase to provisions		115,351	33,787
Others, net		(60,054)	(28,398)
		<u>4,255,477</u>	<u>3,504,013</u>
Changes in operating assets and liabilities	36	(5,854,540)	2,023,340
Interest received		201,958	286,899
Interest paid		(343,757)	(463,028)
Dividends received		523,564	149,159
Income taxes paid		(548,146)	(566,782)
Net cash provided by operating activities	₩	<u>3,808,126</u>	<u>5,987,173</u>

*See accompanying notes to the condensed consolidated interim financial statements.*

# POSCO and Subsidiaries

## Condensed Consolidated Interim Statements of Cash Flows, Continued

### For the nine-month periods ended September 30, 2021 and 2020

#### (Unaudited)

(in millions of Won)

	Notes	September 30, 2021	September 30, 2020
<b>Cash flows from investing activities</b>			
Acquisitions of short-term financial instruments	₩	(28,919,763)	(32,406,269)
Proceeds from disposal of short-term financial instruments		27,375,607	30,171,470
Increase in loans		(736,125)	(589,994)
Collection of loans		769,622	574,267
Acquisitions of securities		(188,670)	(436,237)
Proceeds from disposal of securities		236,447	478,633
Acquisitions of long-term financial instruments		(292,201)	-
Acquisitions of investment in associates and joint ventures		(228,646)	(103,176)
Proceeds from disposal of investment in associates and joint ventures		46,178	11,841
Acquisitions of investment property		(91,737)	(908)
Proceeds from disposal of investment property		3,585	250
Acquisitions of property, plant and equipment		(1,906,519)	(2,175,383)
Proceeds from disposal of property, plant and equipment		(19,760)	(28,412)
Acquisitions of intangible assets		(236,668)	(241,819)
Proceeds from disposal of intangible assets		8,869	74,966
Proceeds from disposal of assets held for sale		59,320	36,514
Collection of lease receivables		79,460	45,805
Cash received from disposal of business, net of cash transferred		-	77,488
Others, net		776	(4,001)
Net cash used in investing activities		(4,040,225)	(4,514,965)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		3,650,451	3,686,119
Repayment of borrowings		(2,495,064)	(1,648,402)
Proceeds from short-term borrowings, net		262,380	918,477
Capital contribution from non-controlling interests		638,911	165,934
Payment of cash dividends		(934,029)	(540,709)
Acquisition of treasury shares		(116,771)	(329,677)
Payment of interest of hybrid bonds		(12,362)	(12,407)
Repayment of lease liabilities		(180,365)	(150,822)
Repayment of redeemable convertible preferred shares		-	(278,581)
Others, net		11,973	(18,195)
Net cash provided by financing activities		825,124	1,791,737
<b>Effect of exchange rate fluctuation on cash held</b>		132,376	(10,073)
<b>Net increase in cash and cash equivalents</b>		725,401	3,253,872
<b>Cash and cash equivalents at beginning of the period</b>	8	4,755,578	3,515,246
<b>Cash and cash equivalents at end of the period</b>	8	₩ 5,480,979	6,769,118

See accompanying notes to the condensed consolidated interim financial statements.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### As of September 30, 2021

#### (Unaudited)

#### 1. General Information

General information about POSCO, its 35 domestic subsidiaries including POSCO ENGINEERING & CONSTRUCTION CO., LTD., 131 foreign subsidiaries including POSCO America Corporation (collectively "the Company") and its 129 associates and joint ventures are as follows:

##### (a) The controlling company

POSCO, the controlling company, was incorporated on April 1, 1968, under the Commercial Code of the Republic of Korea, to manufacture and sell steel rolled products and plates in the domestic and foreign markets.

The shares of POSCO have been listed on the Korea Exchange since June 10, 1988. POSCO owns and operates two steel plants (Pohang and Gwangyang) and one office in Korea and it also operates internationally through five of its overseas liaison offices.

As of September 30, 2021, the shares of the POSCO are listed on the Korea Exchange, while its ADRs are listed on the New York Stock Exchange.

##### (b) Consolidated subsidiaries newly established during the nine-month period ended September 30, 2021, are as follows:

Company	Date of inclusion	Ownership (%)	Reason
Poland Legnica Sourcing Center Sp. z o.o	February 2021	100.00	New establishment
POSCO Lithium Solution Co., Ltd.	April 2021	100.00	New establishment
POSCO-HY Clean Metal Co., Ltd.	May 2021	65.00	New establishment

##### (c) Subsidiaries for which the Company lost control during the nine-month period ended September 30, 2021, are as follows:

Company	Date of exclusion	Reason
POSCO E&C Mongolia	January 2021	Liquidation
Suncheon Eco Trans Co. LTD	May 2021	Loss of control due to bankruptcy petition
POSCO AMERICA COMERCIALIZADORA S DE RL DE CV	July 2021	Merged into POSCO INTERNATIONAL MEXICO S.A. DE C.V

# **POSCO and Subsidiaries**

## **Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)**

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### **2. Statement of Compliance**

#### **Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in the *Act on External Audit of Stock Companies, etc. in the Republic of Korea*.

These condensed consolidated interim financial statements have been prepared in accordance with K-IFRS No. 1034 "Interim Financial Reporting" as part of the period covered by the Company's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as of and for the year ended December 31, 2020. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

#### **Use of estimates and judgments**

##### **(a) Judgments, assumptions and estimation uncertainties**

The preparation of the condensed consolidated interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

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

##### **(b) Measurement of fair value**

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

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

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

## **POSCO and Subsidiaries**

### **Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)**

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

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 - inputs for the assets or liabilities that are not based on observable market data.

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

### **3. Summary of Significant Accounting Policies**

Except as described in K-IFRS No. 1034 "Interim Financial Reporting" and below, the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2020.

#### **Changes in Accounting Policies**

The changes in accounting policies described below will be applied to the consolidated financial statements as of and for the year ended December 31, 2021.

- (a) K-IFRS No. 1109 "Financial Instruments", K-IFRS No. 1039 "Financial Instruments : Recognition and Measurement", K-IFRS No. 1107 "Financial Instruments : Disclosures", K-IFRS No. 1104 "Insurance Contracts", K-IFRS No. 1116 "Lease" – Interest Rate Benchmark Reform

Market-wide interest rate benchmark reform requires disclosure of exceptions to practical expedients and discontinuation of hedge accounting in accordance with K-IFRS No. 1109 "Financial Instruments", K-IFRS No. 1039 "Financial Instruments : Recognition and Measurement", K-IFRS No. 1107 "Financial Instruments : Disclosures", K-IFRS No. 1104 "Insurance Contracts", K-IFRS No. 1116 "Lease". The effect of the amendments to the consolidated financial statements is not significant.

#### **New and amended standards not yet adopted**

A number of new and amended standards are effective for annual periods beginning after January 1, 2021 and earlier application is permitted but the Company has not early adopted the new or amended standards in preparing these condensed consolidated financial statements.

## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

#### (a) K-IFRS No. 1016 "Property, Plant and Equipment"

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the Company is preparing the asset for its intended use. Instead, the Company will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

#### (b) K-IFRS No. 1103 "Business Combination"

The definition of assets and liabilities to be recognized is amended to refer to the revised Conceptual Framework for Financial Reporting. However, the amendments add an exception which allows K-IFRS No. 1037 "Provisions, Contingent Liabilities and Contingent Assets" and K-IFRS No. 2121 "Levies" to be applied to the liabilities and contingent liabilities included in the scope of these standards. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

## 4. Trade Accounts and Notes Receivable

Trade accounts and notes receivable as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Current</b>		
Trade accounts and notes receivable	₩ 9,788,906	7,471,916
Finance lease receivables	110	41,841
Due from customers for contract work	1,030,089	948,879
Less: Allowance for doubtful accounts	(350,884)	(342,017)
	<u>₩ 10,468,221</u>	<u>8,120,619</u>
<b>Non-current</b>		
Trade accounts and notes receivable	₩ 127,502	131,010
Finance lease receivables	-	46
Less: Allowance for doubtful accounts	(46,866)	(44,633)
	<u>₩ 80,636</u>	<u>86,423</u>

The Company sold trade accounts and notes receivable with recourse to financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position, because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of September 30, 2021, and December 31, 2020, the carrying amounts of such secured borrowings are ₩349,322 million and ₩328,807 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 5. Other Receivables

Other receivables as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>		
Loans	₩ 284,674	258,735
Other accounts receivable	1,230,271	835,791
Accrued income	362,424	298,157
Deposits	126,596	82,884
Others	15,490	18,015
Lease receivables	48,263	68,198
Less: Allowance for doubtful accounts	(83,129)	(67,541)
	<u>₩ 1,984,589</u>	<u>1,494,239</u>
<b>Non-current</b>		
Loans	₩ 901,493	798,287
Other accounts receivable	208,551	197,304
Accrued income	84,027	86,920
Deposits	324,006	284,588
Lease receivables	91,904	128,366
Less: Allowance for doubtful accounts	(269,704)	(299,503)
	<u>₩ 1,340,277</u>	<u>1,195,962</u>

### 6. Other Financial Assets

Other financial assets as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>		
Derivatives assets	₩ 91,818	99,324
Debt securities	53,144	154,154
Deposit instruments(*1,2)	3,028,331	2,322,327
Short-term financial instruments(*2)	10,005,893	9,133,404
	<u>₩ 13,179,186</u>	<u>11,709,209</u>
<b>Non-current</b>		
Derivatives assets	₩ 200,155	18,551
Equity securities(*3)	1,388,967	1,120,968
Debt securities	19,406	20,260
Other securities(*3)	459,297	364,404
Deposit instruments(*2)	35,594	37,624
Long-term financial instruments	292,201	-
	<u>₩ 2,395,620</u>	<u>1,561,807</u>

(\*1) As of September 30, 2021 and December 31, 2020, ₩3,599 million and ₩4,881 million, respectively, are restricted in use for government project.

(\*2) As of September 30, 2021 and December 31, 2020, financial instruments amounting to ₩87,317 million and ₩46,855 million, respectively, are restricted in use for financial arrangements, pledge and others.

(\*3) As of September 30, 2021 and December 31, 2020, ₩187,768 million and ₩113,674 million of equity and other securities, respectively, have been provided as collateral for borrowings, construction projects and others.



## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

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#### 7. Inventories

Inventories as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Finished goods	₩ 1,896,223	1,285,552
Merchandise	1,178,417	751,245
Semi-finished goods	2,381,455	1,626,855
Raw materials	3,403,100	1,980,518
Fuel and materials	906,202	876,593
Construction inventories	825,418	936,813
Materials-in-transit	3,267,200	1,664,770
Others	80,988	61,086
	<u>13,939,003</u>	<u>9,183,432</u>
Less: Allowance for inventories valuation	<u>(129,383)</u>	<u>(131,642)</u>
	<u>₩ 13,809,620</u>	<u>9,051,790</u>

The amounts of loss on valuation of inventories recognized in cost of sales during the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were ₩44,936 million and ₩54,014 million, respectively.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 8. Assets Held for Sale

Details of assets held for sale as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

(in millions of Won)		September 30, 2021			December 31, 2020		
		The controlling company (*1, *2, *3)	Subsidiaries	Total	The controlling company(*3)	Subsidiaries	Total
<b>Asset</b>							
Cash and cash equivalents(*4)	₩	-	934	934	-	934	934
Other financial assets		-	273	273	-	273	273
Property, plant and equipment		10,331	-	10,331	32,244	40	32,284
Others		-	718	718	-	719	719
	₩	10,331	1,925	12,256	32,244	1,966	34,210
<b>Liability</b>							
Others	₩	-	7	7	-	25	25

(\*1) During the nine-month period ended September 30, 2021, the Company sold the land in the Yanghak Neighborhood Park development reserve area that was classified as held for sale and the Company recognized ₩43,760 million of gain on disposal.

(\*2) During the nine-month period ended September 30, 2021, the Company decided to sell the emission rights and reclassified the emission rights to assets held for sale. Upon the sale, the Company recognized ₩1,316 million loss on disposal.

(\*3) During the year ended December 31, 2019, the Company decided to dispose individual assets for which use was discontinued, such as CEM plants, and classified the assets as held for sale. During the year ended December 31, 2020 the Company recognized ₩5,030 million of impairment loss for the difference between the fair value less cost to sell and the carrying amount of the assets. During the nine-month period ended September 30, 2021, the Company disposed of the assets held for sale for ₩20,793 million.

(\*4) Cash and cash equivalents in the statement of cash flows include cash and cash equivalents that are classified as assets held for sale.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 9. Investments in Associates and Joint ventures

(a) Details of investments in associates as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

Company	September 30, 2021			December 31, 2020	
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
<b>[Domestic]</b>					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	178,691,901,565	36.34	₩ 178,787	₩ 177,867	175,939
Samcheok Blue Power Co., Ltd.(*1)	4,507,138	34.00	199,410	155,967	145,092
SNNC	18,130,000	49.00	90,650	174,741	160,332
QSONE Co., Ltd.	200,000	50.00	84,395	86,209	86,004
Chun-cheon Energy Co., Ltd.(*1)	17,308,143	49.10	86,541	20,161	23,913
Western Inland highway CO., LTD.	10,988,115	26.55	53,967	52,423	45,070
NEXTRAIN Co., Ltd.(*2)	-	-	-	-	47,364
Metropolitan Outer Ring Expressway co., Ltd.(*1)	5,878,095	23.27	30,364	30,691	13,721
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	2,008,000	29.53	10,040	19,811	17,137
Daesung Steel(*3)	108,038	17.54	14,000	18,185	16,990
PCC Amberstone Private Equity Fund 1(*3)	8,459,847,946	8.80	8,342	9,443	9,230
Others (59 companies)(*1)				110,453	103,472
				855,951	844,264
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	135,219,000	25.04	132,907	240,225	199,342
AES-VCM Mong Duong Power Company Limited(*1)	-	30.00	164,303	190,347	158,777
9404-5515 Quebec Inc.(*3)	114,452,000	10.40	124,341	136,922	123,296
FQM Australia Holdings Pty Ltd(*4)	186,000,030	30.00	106,621	106,641	-
Eureka Moly LLC	-	20.00	240,123	47,396	43,520
AMCI (WA) PTY LTD	49	49.00	209,664	68,609	71,732
NCR LLC	-	22.10	84,218	88,808	46,608
KOREA LNG LTD.	2,400	20.00	135,205	26,451	42,229
Nickel Mining Company SAS	3,234,698	49.00	157,585	47,370	40,890
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	134,400,000	40.00	22,423	22,940	22,147
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	10,200,000	34.00	9,517	18,098	15,181
PT. Wampu Electric Power(*1)	8,708,400	20.00	10,054	15,716	12,716
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	50	25.00	4,723	8,860	7,110
Others (25 companies)(*1)				126,810	105,021
				1,145,193	888,569
				₩ 2,001,144	1,732,833

(\*1) As of September 30, 2021 and December 31, 2020, investments in associates amounting to ₩424,050 million and ₩410,573 million, respectively, are provided as collateral in relation to the associates' borrowings.

(\*2) During the nine-month period ended September 30, 2021, investment in this associate was transferred to equity security at fair value through other comprehensive income due to decline in ownership upon capital increase in the associate in which the Company did not participate.

(\*3) As of September 30, 2021, it was classified as an associate even though the Company's ownership percentage is less than 20% since the Company has significant influence over the investee when considering the structure of its Board of Directors and others.

(\*4) During the nine-month period ended September 30, 2021, the Company acquired shares of FQM Australia Holdings Pty Ltd and classified the investment as investment in an associate.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(b) Details of investments in joint ventures as of September 30, 2021 and December 31, 2020 are as follows:

Company	September 30, 2021				December 31, 2020
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
<b>[Domestic]</b>					
POSCO MITSUBISHI CARBON TECHNOLOGY	11,568,000	60.00	₩ 115,680	₩ 166,381	153,457
Others (5 companies)				8,064	14,014
				<u>174,445</u>	<u>167,471</u>
<b>[Foreign]</b>					
Roy Hill Holdings Pty Ltd(*1)	13,117,972	12.50	1,528,672	1,356,576	1,418,056
POSCO-NPS Niobium LLC	325,050,000	50.00	364,609	385,218	353,725
KOBRASCO	2,010,719,185	50.00	32,950	83,863	54,400
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	25.00	61,961	105,035	91,270
DMSA/AMSA(*1,2)	-	3.87	391,816	21,063	31,104
CSP - Companhia Siderurgica do Pecem	1,578,377,432	20.00	676,060	-	-
Others (10 companies)				30,677	27,390
				<u>1,982,432</u>	<u>1,975,945</u>
				<u>₩ 2,156,877</u>	<u>2,143,416</u>

(\*1) As of September 30, 2021 and December 31, 2020, the investments in joint ventures are provided as collateral in relation to the joint ventures' borrowings.

(\*2) All of the shareholders of the joint venture entered into supplemental funding agreement to extend the maturity of the loans to the joint venture by the lenders. However, the Company believed the shareholders' supplemental funding agreement was invalid and was in arbitration process for annulment. Pursuant to the final judgement from the arbitration, the Company received a refund of the previously provided supplement funding which was subsequently converted to shares. Upon receipt of such capital distribution, the Company recognized decrease in the investment on joint venture, which also resulted in decrease in the Company's ownership in the investee.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

(c) The movements of investments in associates and joint ventures for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

#### 1) For the nine-month period ended September 30, 2021

(in millions of Won)

Company	December 31, 2020 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*1)	September 30, 2021 Book value
<b>[Domestic]</b>						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 175,939	-	-	1,928	-	177,867
Samcheok Blue Power Co., Ltd.	145,092	20,000	(206)	(3,568)	(5,351)	155,967
SNNC	160,332	-	(18,243)	32,652	-	174,741
QSONE Co., Ltd.	86,004	-	(1,140)	1,345	-	86,209
Chun-cheon Energy Co., Ltd.	23,913	-	-	(383)	(3,369)	20,161
Western Inland highway CO., LTD.	45,070	4,031	-	(1,255)	4,577	52,423
NEXTRAIN Co., Ltd.	47,364	-	-	(127)	(47,237)	-
Metropolitan Outer Ring Expressway co., Ltd.	13,721	13,954	-	(1,775)	4,791	30,691
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	17,137	-	-	2,674	-	19,811
Daesung Steel	16,990	-	-	1,195	-	18,185
PCC Amberstone Private Equity Fund 1	9,230	-	(508)	919	(198)	9,443
POSCO MITSUBISHI CARBON TECHNOLOGY	153,457	-	-	12,924	-	166,381
Others (64 companies)	117,486	33,831	(5,956)	(6,090)	(20,754)	118,517
	1,011,735	71,816	(26,053)	40,439	(67,541)	1,030,396
<b>[Foreign]</b>						
South-East Asia Gas Pipeline Company Ltd.	199,342	-	(12,544)	34,545	18,882	240,225
AES-VCM Mong Duong Power Company Limited	158,777	-	(28,623)	26,497	33,696	190,347
9404-5515 Quebec Inc.	123,296	-	(16,999)	19,060	11,565	136,922
FQM Australia Holdings Pty Ltd	-	106,621	-	-	20	106,641
Eureka Moly LLC	43,520	-	-	-	3,876	47,396
AMCI (WA) PTY LTD	71,732	-	-	(4,379)	1,256	68,609
NCR LLC	46,608	30,278	-	(1,264)	13,186	88,808
KOREA LNG LTD.	42,229	-	(6,692)	6,671	(15,757)	26,451
Nickel Mining Company SAS	40,890	-	-	5,289	1,191	47,370
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	22,147	-	-	(1,273)	2,066	22,940
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	15,181	-	-	1,134	1,783	18,098
PT. Wampu Electric Power	12,716	-	-	1,400	1,600	15,716
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	7,110	-	-	622	1,128	8,860
Roy Hill Holdings Pty Ltd	1,418,056	-	(480,130)	379,002	39,648	1,356,576
POSCO-NPS Niobium LLC	353,725	-	(20,479)	20,434	31,538	385,218
KOBRASCO	54,400	-	(7,422)	33,888	2,997	83,863
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	91,270	-	-	5,290	8,475	105,035
DMSA/AMSA	31,104	-	-	(13,080)	3,039	21,063
CSP - Companhia Siderurgica do Pecem	-	19,176	-	(27,816)	8,640	-
Others (35 companies)	132,411	755	(3,440)	26,466	1,295	157,487
	2,864,514	156,830	(576,329)	512,486	170,124	3,127,625
₩	3,876,249	228,646	(602,382)	552,925	102,583	4,158,021

(\*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals and change in capital adjustments effect from translations of financial statements of foreign investees and others.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

## 2) For the year ended December 31, 2020

(in millions of Won)

Company	December 31, 2019 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*1)	December 31, 2020 Book value
<b>[Domestic]</b>						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 175,907	-	-	34	(2)	175,939
Samcheok Blue Power Co., Ltd.	161,280	-	-	(5,262)	(10,926)	145,092
SNNC	142,602	-	(2,901)	18,701	1,930	160,332
QSONE Co., Ltd.	85,887	-	(1,140)	1,257	-	86,004
Chun-cheon Energy Co., Ltd.	56,679	-	-	(33,173)	407	23,913
Western Inland highway CO., LTD.	5,115	42,246	-	(2,294)	3	45,070
NEXTRAIN Co., Ltd.	41,447	7,910	-	(2,786)	793	47,364
Metropolitan Outer Ring Expressway co., Ltd.	8,343	5,573	-	(195)	-	13,721
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	17,824	-	-	(687)	-	17,137
Daesung Steel	15,375	-	-	(514)	2,129	16,990
PCC Amberstone Private Equity Fund 1	9,570	-	(715)	589	(214)	9,230
POSCO MITSUBISHI CARBON TECHNOLOGY	182,648	-	(19,401)	(9,794)	4	153,457
Others (65 companies)	135,890	22,145	(1,328)	(28,128)	(11,093)	117,486
	1,038,567	77,874	(25,485)	(62,252)	(16,969)	1,011,735
<b>[Foreign]</b>						
South-East Asia Gas Pipeline Company Ltd.	225,933	-	(56,760)	45,941	(15,772)	199,342
AES-VCM Mong Duong Power Company Limited	178,892	-	(16,053)	37,092	(41,154)	158,777
9404-5515 Quebec Inc.	131,529	-	(11,672)	10,963	(7,524)	123,296
Eureka Moly LLC	85,349	-	-	(39,801)	(2,028)	43,520
AMCI (WA) PTY LTD	72,937	-	-	(6,561)	5,356	71,732
NCR LLC	46,391	4,196	-	(1,452)	(2,527)	46,608
KOREA LNG LTD.	46,557	-	(7,755)	7,681	(4,254)	42,229
Nickel Mining Company SAS	37,940	-	-	1,473	1,477	40,890
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	22,356	-	-	(384)	175	22,147
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	15,128	-	-	(80)	133	15,181
PT. Wampu Electric Power	13,363	-	(559)	1,411	(1,499)	12,716
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	6,755	-	-	279	76	7,110
Roy Hill Holdings Pty Ltd	1,235,682	-	(113,985)	234,693	61,666	1,418,056
POSCO-NPS Niobium LLC	376,410	-	(11,244)	11,449	(22,890)	353,725
KOBRASCO	115,641	-	(37,922)	8,443	(31,762)	54,400
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	88,935	-	-	1,790	545	91,270
DMSA/AMSA	12,189	60,278	-	(33,305)	(8,058)	31,104
CSP - Companhia Siderurgica do Pecem	-	62,711	-	(60,708)	(2,003)	-
Others (37 companies)	177,201	-	(12,114)	(23,375)	(9,301)	132,411
	2,889,188	127,185	(268,064)	195,549	(79,344)	2,864,514
	₩ 3,927,755	205,059	(293,549)	133,297	(96,313)	3,876,249

(\*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals, change in capital adjustments effect from translations of financial statements of foreign investees and others.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(d) Summarized financial information of associates and joint ventures as of and for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 are as follows:

### 1) September 30, 2021

(in millions of Won)

Company	Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
<b>[Domestic]</b>					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 463,280	560	462,720	-	6,372
Samcheok Blue Power Co., Ltd.	1,965,409	1,504,154	461,255	-	(3,637)
SNNC	591,775	213,790	377,985	624,524	61,618
QSONE Co., Ltd.	251,190	78,773	172,417	13,412	2,690
Chun-cheon Energy Co., Ltd.	606,961	519,179	87,782	224,051	(5,069)
Western Inland highway CO., LTD.	234,421	32,900	201,521	-	(1,531)
Metropolitan Outer Ring Expressway co., Ltd.	191,235	68,067	123,168	-	(644)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	60,688	23,911	36,777	45,543	9,056
Daesung Steel	171,037	98,750	72,287	80,557	6,810
PCC Amberstone Private Equity Fund 1	107,356	-	107,356	8,825	10,447
POSCO MITSUBISHI CARBON TECHNOLOGY	464,505	185,430	279,075	112,063	23,297
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	1,620,063	660,709	959,354	328,175	137,954
AES-VCM Mong Duong Power Company Limited	1,766,927	1,149,039	617,888	285,157	88,322
9404-5515 Quebec Inc.	1,336,516	7,804	1,328,712	-	183,272
FQM Australia Holdings Pty Ltd	1,258,404	894,850	363,554	-	-
KOREA LNG LTD.	132,593	335	132,258	34,911	33,357
Nickel Mining Company SAS	472,172	316,976	155,196	217,245	15,073
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	130,982	73,982	57,000	20,246	(3,344)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	110,865	52,136	58,729	118,566	3,406
PT. Wampu Electric Power	205,956	130,394	75,562	14,512	7,001
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	79,610	45,110	34,500	80,303	2,386
Roy Hill Holdings Pty Ltd	10,517,930	3,873,916	6,644,014	7,138,591	3,194,345
POSCO-NPS Niobium LLC	770,233	-	770,233	-	35,862
KOBRASCO	219,311	51,585	167,726	108,588	68,048
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	627,186	233,913	393,273	1,588,495	21,160
DMSA/AMSA	2,612,473	2,073,889	538,584	362,965	(2,220,123)
CSP - Companhia Siderurgica do Pecem	3,720,116	3,809,008	(88,892)	1,971,873	332,704

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2021**  
**(Unaudited)**

2) December 31, 2020

(in millions of Won)

Company	Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
<b>[Domestic]</b>					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 473,415	575	472,840	-	8,534
Samcheok Blue Power Co., Ltd.	1,169,343	700,266	469,077	-	(5,994)
SNNC	592,568	238,971	353,597	698,712	39,826
QSONE Co., Ltd.	251,190	79,182	172,008	17,075	2,513
Chun-cheon Energy Co., Ltd.	609,815	516,963	92,852	222,066	(24,617)
Western Inland highway CO., LTD.	158,679	2,534	156,145	-	(1,714)
NEXTRAIN Co., Ltd.	303,359	74,738	228,621	-	(2,636)
Metropolitan Outer Ring Expressway co., Ltd.	98,510	34,360	64,150	-	(920)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	54,832	27,111	27,721	6,672	(2,326)
Daesung Steel	172,088	106,611	65,477	85,158	(2,930)
PCC Amberstone Private Equity Fund 1	104,933	5	104,928	12,280	6,694
POSCO MITSUBISHI CARBON TECHNOLOGY	446,067	190,289	255,778	112,173	(15,603)
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	1,515,828	719,745	796,083	458,806	183,465
AES-VCM Mong Duong Power Company Limited	1,599,095	1,086,440	512,655	336,174	121,644
9404-5515 Quebec Inc.	1,197,702	3	1,197,699	-	105,411
KOREA LNG LTD.	211,497	353	211,144	40,086	38,370
Nickel Mining Company SAS	445,140	308,885	136,255	223,427	(8,353)
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	72,001	16,812	55,189	3,236	(1,086)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	71,805	21,486	50,319	104,537	(237)
PT. Wampu Electric Power	199,841	139,264	60,577	20,272	7,057
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	68,036	38,843	29,193	78,954	1,156
Roy Hill Holdings Pty Ltd	9,271,788	2,161,353	7,110,435	5,993,950	2,299,529
POSCO-NPS Niobium LLC	707,247	-	707,247	-	25,406
KOBRASCO	118,676	9,875	108,801	32,854	16,887
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	873,174	534,961	338,213	1,252,189	7,856
DMSA/AMSA	4,924,371	2,294,881	2,629,490	204,820	(772,396)
CSP - Companhia Siderurgica do Pecem	3,142,831	3,657,314	(514,483)	1,402,742	(623,381)



# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 10. Joint Operations

Details of significant joint operations that the Company is participating in as a party to a joint arrangement as of September 30, 2021 are as follows:

Joint operations	Operation	Ownership (%)	Location
Myanmar A-1/A-3 mine	Mine development and gas production	51.00	Myanmar
Offshore Midstream	Gas transportation facility	51.00	Myanmar
Greenhills Mine	Mine development	20.00	Canada
Arctos Anthracite Coal Project	Mine development	50.00	Canada
Mt. Thorley J/V	Mine development	20.00	Australia
POSMAC J/V	Mine development	20.00	Australia
Hanam-Gamil package public housing project	Construction	7.70	Korea
Hanam-Gamil district B6, C2, C3 Block public housing lot development project	Construction	27.00	Korea
Yongsan-Sasong district public housing project(private-participation)	Construction	19.92	Korea
Yongsan-Sasong district public housing project	Construction	49.00	Korea
Sejong 2-1 P3 Block public housing project	Construction	37.00	Korea
Yongin-Giheung Station area city development project	Construction	61.00	Korea
Korean wave world complex land multi-purpose building development project	Construction	33.30	Korea
Sejong 4-1 P3 Block public housing project	Construction	60.00	Korea

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 11. Investment Property, Net

Changes in the carrying amount of investment property for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

#### (a) For the nine-month period ended September 30, 2021

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Others(*1)</b>	<b>Ending</b>
Land	₩	279,397	83,497	(1,057)	-	(19,977)	341,860
Buildings		559,584	11,235	(2,077)	(15,894)	29,575	582,423
Structures		1,199	-	-	(453)	198	944
Right-of-use assets		154,601	-	-	(3,405)	14,514	165,710
	₩	<u>994,781</u>	<u>94,732</u>	<u>(3,134)</u>	<u>(19,752)</u>	<u>24,310</u>	<u>1,090,937</u>

(\*1) Includes reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences, and others.

#### (b) For the year ended December 31, 2020

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Depreciation(*1)</b>	<b>Others(*2)</b>	<b>Ending</b>
Land	₩	278,465	2,814	(183)	-	(1,699)	279,397
Buildings		598,159	385	-	(9,681)	(29,279)	559,584
Structures		1,178	-	-	(610)	631	1,199
Right-of-use assets		425	-	(56)	(3,206)	157,438	154,601
	₩	<u>878,227</u>	<u>3,199</u>	<u>(239)</u>	<u>(13,497)</u>	<u>127,091</u>	<u>994,781</u>

(\*1) Includes reversal of impairment loss on investment property recognized by POSCO(Dalian) IT Center Development Co., Ltd., a subsidiary, in relation to its office lease amounting to ₩14,953 million.

(\*2) Includes reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences, and others.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 12. Property, Plant and Equipment, Net

(a) Changes in the carrying amount of property, plant and equipment for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

1) For the nine-month period ended September 30, 2021

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment loss(*1,3)	Others(*2)	Ending
Land	₩	2,590,087	60,872	(116)	-	-	50,054	2,700,897
Buildings		4,161,400	6,122	(2,907)	(237,681)	(595)	262,392	4,188,731
Structures		3,025,226	11,664	(1,183)	(172,340)	(4)	110,174	2,973,537
Machinery and equipment		16,857,307	136,525	(14,366)	(1,703,112)	(18,313)	663,655	15,921,696
Vehicles		37,156	7,694	(585)	(11,089)	-	3,275	36,451
Tools		60,301	16,241	(150)	(22,568)	-	13,915	67,739
Furniture and fixtures		127,459	16,897	(1,096)	(35,447)	-	32,493	140,306
Lease assets		773,700	169,913	(7,976)	(124,714)	-	68,894	879,817
Bearer plants		149,965	-	(24,596)	(6,956)	-	38,148	156,561
Construction-in-progress		1,617,540	1,651,089	(4,627)	-	(25,624)	(889,985)	2,348,393
	₩	29,400,141	2,077,017	(57,602)	(2,313,907)	(44,536)	353,015	29,414,128

(\*1) During the nine-month period ended September 30, 2021, the Company recognized impairment losses on individual assets for which operations were discontinued due to fire or other loss.

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

(\*3) During the nine-month period ended September 30, 2021, evidence of impairment has occurred due to changes in the quality of bituminous coal and changes in production plans at Narrabri Coal Mine where POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD, a subsidiary of the Company, participates as a non-operating party. The Company recognized an impairment loss of ₩27,643 million since recoverable amounts are less than their carrying amounts.

2) For the year ended December 31, 2020

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment loss(*1)	Others(*2)	Ending
Land	₩	2,526,059	29,639	(2,633)	-	3,490	33,532	2,590,087
Buildings		4,215,454	13,825	(6,296)	(319,774)	(3,778)	261,969	4,161,400
Structures		2,904,506	85,958	(6,661)	(231,737)	(883)	274,043	3,025,226
Machinery and equipment		17,218,264	138,533	(27,966)	(2,298,951)	(8,080)	1,835,507	16,857,307
Vehicles		32,285	6,475	(546)	(14,599)	-	13,541	37,156
Tools		70,751	20,230	(211)	(38,838)	-	8,369	60,301
Furniture and fixtures		130,132	23,352	(2,908)	(43,832)	(519)	21,234	127,459
Lease assets		774,582	204,699	(9,300)	(172,029)	-	(24,252)	773,700
Bearer plants		124,193	118	(155)	(7,971)	-	33,780	149,965
Construction-in-progress		1,929,747	2,835,921	(7,001)	-	(17,270)	(3,123,857)	1,617,540
	₩	29,925,973	3,358,750	(63,677)	(3,127,731)	(27,040)	(666,134)	29,400,141

(\*1) The Company estimated the recoverable amount of individual assets that it ceased their use due to the disposal plan and others at fair value less costs to sell based on sale price or scrap value and recognized an impairment loss since recoverable amounts are less than their carrying amounts for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized impairment losses on damaged assets due to fire.

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

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(b) Changes in the carrying amount of right of use assets presented as investment property and property, plant and equipment for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

1) For the nine-month period ended September 30, 2021

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Depreciation</b>	<b>Others</b>	<b>Ending</b>
Land	₩	371,719	6,008	(11,006)	30,444	397,165
Buildings and structures		171,760	19,817	(47,458)	8,392	152,511
Machinery and equipment		239,181	10,856	(31,153)	37,540	256,424
Vehicles		11,456	9,050	(5,295)	(1,590)	13,621
Ships		106,555	120,217	(12,536)	-	214,236
Others		27,630	3,965	(20,671)	646	11,570
	₩	<u>928,301</u>	<u>169,913</u>	<u>(128,119)</u>	<u>75,432</u>	<u>1,045,527</u>

2) For the year ended December 31, 2020

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Depreciation</b>	<b>Others</b>	<b>Ending</b>
Land	₩	341,767	18,962	(16,397)	27,387	371,719
Buildings and structures		171,112	47,374	(57,593)	10,867	171,760
Machinery and equipment		215,828	86,373	(38,909)	(24,111)	239,181
Vehicles		14,105	6,186	(9,486)	651	11,456
Ships		24,082	111,537	(29,064)	-	106,555
Others		8,113	45,803	(23,786)	(2,500)	27,630
	₩	<u>775,007</u>	<u>316,235</u>	<u>(175,235)</u>	<u>12,294</u>	<u>928,301</u>

(c) The amounts recognized in profit or loss related to leases for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	₩ 7,386	9,720	24,519	27,550
Expenses relating to short-term leases	4,317	2,672	14,247	11,522
Expenses relating to leases of low-value assets	5,822	2,035	13,567	9,959
	₩ <u>17,525</u>	<u>14,427</u>	<u>52,333</u>	<u>49,031</u>

## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

#### 13. Goodwill and Other Intangible Assets, Net

Changes in the carrying amount of goodwill and other intangible assets for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

##### (a) For the nine-month period ended September 30, 2021

(in millions of Won)

		<b>Beginning</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Impairment loss(*2,4)</b>	<b>Others(*3)</b>	<b>Ending</b>
Goodwill	₩	903,893	-	-	-	-	2,996	906,889
Intellectual property rights		2,170,738	174,994	(485)	(201,495)	(19,985)	58,650	2,182,417
Membership(*1)		138,703	5,711	(3,619)	(101)	57	591	141,342
Development expense		227,111	822	-	(55,033)	(480)	(26,856)	145,564
Port facilities usage rights		236,272	-	-	(16,881)	-	328	219,719
Exploration and evaluation assets		57,140	2,809	-	-	258	1,079	61,286
Customer relationships		330,247	-	-	(33,359)	-	(92)	296,796
Other intangible assets		385,328	45,696	(14,834)	(26,111)	(7,180)	(31,915)	350,984
	₩	<u>4,449,432</u>	<u>230,032</u>	<u>(18,938)</u>	<u>(332,980)</u>	<u>(27,330)</u>	<u>4,781</u>	<u>4,304,997</u>

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

(\*2) During the nine-month period ended September 30, 2021, the Company decided to sell a portion of emission rights and recognized ₩7,180 million of impairment loss since book value exceeded fair value less costs to sell.

(\*3) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

(\*4) During the nine-month period ended September 30, 2021, evidence of impairment has occurred due to changes in the quality of bituminous coal and changes in production plans at Narrabri Coal Mine where POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD, a subsidiary of the Company, participates as a non-operating party. The Company recognized an impairment loss of ₩19,985 million since recoverable amounts are less than their carrying amounts.

##### (b) For the year ended December 31, 2020

(in millions of Won)

		<b>Beginning</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Impairment loss(*2)</b>	<b>Others(*3)</b>	<b>Ending</b>
Goodwill	₩	1,097,809	-	-	-	(189,379)	(4,537)	903,893
Intellectual property rights		2,279,210	136,195	(3,617)	(282,594)	(7,727)	49,271	2,170,738
Membership(*1)		148,078	3,416	(12,340)	(107)	244	(588)	138,703
Development expense		94,339	1,315	(16)	(56,329)	(206)	188,008	227,111
Port facilities usage rights		281,398	-	-	(44,893)	-	(233)	236,272
Exploration and evaluation assets		77,271	14,886	-	-	-	(35,017)	57,140
Customer relationships		374,875	-	-	(44,478)	-	(150)	330,247
Other intangible assets		555,493	159,590	(61,692)	(37,157)	-	(230,906)	385,328
	₩	<u>4,908,473</u>	<u>315,402</u>	<u>(77,665)</u>	<u>(465,558)</u>	<u>(197,068)</u>	<u>(34,152)</u>	<u>4,449,432</u>

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

(\*2) During the year ended December 31, 2020, the Company recognized ₩188,619 million of impairment loss on goodwill allocated to POSCO INTERNATIONAL Corporation CGU, a subsidiary included in trading segment since the recoverable amount calculated on the basis of value in use is less than the carrying amount of the CGU.

(\*3) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 14. Other Assets

Other assets as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Current</b>			
Advance payments	₩	458,214	348,753
Prepaid expenses		210,584	181,985
Firm commitment asset		23,098	23,506
Others		46,059	62,379
	₩	<u>737,955</u>	<u>616,623</u>
<b>Non-current</b>			
Advance payments	₩	22,068	21,587
Prepaid expenses		78,843	92,774
Others(*1)		124,474	155,699
	₩	<u>225,385</u>	<u>270,060</u>

(\*1) As of September 30, 2021 and December 31, 2020, the Company recognized tax assets amounting to ₩67,464 million and ₩121,225 million, respectively, based on the Company's best estimate of the tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

### 15. Borrowings

(a) Short-term borrowings and current portion of long-term borrowings and others as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	<u>Lenders</u>	<u>Interest rate (%)</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Short-term borrowings</b>				
Bank overdrafts	JP Morgan and others	0.51 ~ 6.00	₩ 125,209	146,762
Short-term borrowings	HSBC and others	0.17 ~ 19.00	5,602,479	5,047,633
			<u>5,727,688</u>	<u>5,194,395</u>
<b>Current portion of long-term liabilities</b>				
Current portion of long-term borrowings	Export-Import Bank of Korea and others	0.19 ~ 8.50	960,103	1,067,338
Current portion of debentures	Merrill Lynch and others	0.90 ~ 4.30	1,815,942	2,417,339
Less: Current portion of discount on debentures issued			(1,303)	(1,543)
			<u>2,774,742</u>	<u>3,483,134</u>
			₩ <u>8,502,430</u>	<u>8,677,529</u>

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(b) Long-term borrowings, excluding current portion and others as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>Lenders</b>	<b>Interest rate (%)</b>		<b>September 30, 2021</b>	<b>December 31, 2020</b>
Long-term borrowings	Export-Import Bank of Korea and others	0.45 ~ 4.50	₩	3,993,877	3,366,400
Less: Present value discount				(14,215)	(16,058)
Bonds	KB Securiest Co., Ltd. and others	0.50 ~ 4.00		8,880,270	8,505,485
Less: Discount on debentures issued				(29,459)	(35,749)
Exchangeable bonds(*1)	Foreign currency exchangeable bonds	-		1,508,149	-
			₩	<u>14,338,622</u>	<u>11,820,078</u>

(\*1) The major conditions of the exchangeable bonds issued by the Company on September 1, 2021 are as follows.

	<b>Foreign currency exchangeable bonds</b>
Type of bond	Exchangeable bonds
Aggregate principal amount	EUR 1,065,900,000
Interest rate	- Coupon rate : - - Yield to maturity : (0.78%)
Maturity date	September 1, 2026
Redemption	- Redemption at maturity: Outstanding bond principal, which is not repaid early or which call option is not exercised on, is repaid at maturity as a lump sum - Prepayment: The issuer has call option and the bondholders have put option
Exchange rate	100%
Exchange price (Won/share)	494,450
Underlying shares	Registered common shares(treasury shares)
Exchange period	From October 12, 2021 to August 22, 2026
Adjustments for exchange price	Adjusting the exchange price according to the terms and conditions of the bond in the events of reason for adjusting the exchange price such as, bonus issue, share split, share consolidation, change of share type, issuance of options or warranties to shareholders, share dividend, cash dividend, rights issue under the market price
Put option by bondholders	- 3 years(September 1, 2024) from the closing date - In the event of a change of control of the Company - Where the shares issued by the Company are delisted (or suspended for more than 30 consecutive trading days)
Call option by the issuer	- Share price(based on closing price) is higher than 130% of exchange price for more than 20 trading days during 30 consecutive trading days in a row, after 3 years (September 1, 2024) from the closing day to 30 business days before the maturity of bonds - When the outstanding balance of outstanding bonds is less than 10% of the total issuance(Clean Up Call) - Where additional reasons for tax burden arise due to the amendment of relevant laws and regulations, etc

The Company has designated exchangeable bonds listed on the Singapore Stock Exchange as financial liabilities measured at fair value through profit or loss. The quoted transaction price is used in fair value valuation, and changes in fair value are recognized in profit or loss.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(c) Assets pledged as collateral in regard to the borrowings as of September 30, 2021 are as follows:

<i>(in millions of Won)</i>	<b>Lenders</b>	<b>Book value</b>	<b>Pledged amount</b>
Cash and cash equivalents	Shinhan Bank and others	₩ 39,619	39,817
Property, plant and equipment and Investment property	Korea Development Bank and others	4,463,168	5,300,893
Trade accounts and notes receivable	Korea Development Bank and others	350,218	349,851
Inventories	Export-Import Bank of Korea and others	106,231	12,650
Financial instruments	KB Kookmin Bank and others	25,638	25,637
		₩ <u>4,984,874</u>	<u>5,728,848</u>

### 16. Other Payables

Other payables as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>		
Accounts payable	₩ 728,800	800,439
Accrued expenses	731,158	697,087
Dividend payable	2,650	2,703
Lease liabilities	157,317	244,548
Withholdings	126,348	100,489
	₩ <u>1,746,273</u>	<u>1,845,266</u>
<b>Non-current</b>		
Accounts payable	₩ 19,445	5,572
Accrued expenses	5,000	4,953
Lease liabilities	621,072	495,127
Withholdings	53,534	53,272
	₩ <u>699,051</u>	<u>558,924</u>



## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

#### 17. Other Financial Liabilities

Other financial liabilities as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Current</b>			
Derivative liabilities	₩	116,786	82,859
Financial guarantee liabilities		19,560	58,545
	₩	<u>136,346</u>	<u>141,404</u>
<b>Non-current</b>			
Derivative liabilities	₩	23,722	129,505
Financial guarantee liabilities		7,455	4,083
	₩	<u>31,177</u>	<u>133,588</u>

#### 18. Provisions

(a) Provisions as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		<u>September 30, 2021</u>		<u>December 31, 2020</u>	
		<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Provision for bonus payments	₩	58,601	54,763	73,441	48,510
Provision for construction warranties		13,232	223,678	9,662	217,435
Provision for legal contingencies and claims(*1)		26,116	73,657	24,275	63,175
Provision for the restoration(*2)		6,492	149,353	5,307	134,438
Others(*3,*4)		<u>280,300</u>	<u>59,758</u>	<u>330,588</u>	<u>59,411</u>
	₩	<u>384,741</u>	<u>561,209</u>	<u>443,273</u>	<u>522,969</u>

(\*1) The Company recognized probable outflow of resources amounting to ₩69,424 million and ₩59,211 million as provisions for legal contingencies and asserted claim in relation to lawsuits against the Company as of September 30, 2021 and December 31, 2020, respectively.

(\*2) Due to contamination of lands near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery, ₩14,141 million as provisions for restoration as of September 30, 2021. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials available for now to recover the land. In addition, the Company has applied a discount rate of 1.73%~2.01% to measure present value of these costs.

(\*3) As of September 30, 2021 and December 31, 2020, POSCO ENERGY CO., LTD., and Korea Fuel Cell recognized ₩75,438 million and ₩80,842 million of provisions for warranties, respectively, for the service contract on fuel cell based on its estimate of probable outflow of resources.

(\*4) The Company has recognized emission liabilities of ₩73,888 million and ₩78,646 million for greenhouse gas emissions exceeding the quantity of free quota emission rights expected to be submitted as of September 30, 2021 and December 31, 2020, respectively.

## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(b) Changes in provisions for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

1) For the nine-month period ended September 30, 2021

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Increase</b>	<b>Utilization</b>	<b>Reversal</b>	<b>Others(*1)</b>	<b>Ending</b>
Provision for bonus payments	₩	121,951	71,073	(76,341)	(2,454)	(865)	113,364
Provision for construction warranties		227,097	56,438	(44,010)	(2,821)	206	236,910
Provision for legal contingencies and claims		87,450	34,234	(22,757)	(2,913)	3,759	99,773
Provision for the restoration		139,745	25,996	(4,729)	(10,813)	5,646	155,845
Others		389,999	224,671	(174,393)	(102,600)	2,381	340,058
	₩	<u>966,242</u>	<u>412,412</u>	<u>(322,230)</u>	<u>(121,601)</u>	<u>11,127</u>	<u>945,950</u>

(\*1) Includes adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2020

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Increase</b>	<b>Utilization</b>	<b>Reversal</b>	<b>Others(*1)</b>	<b>Ending</b>
Provision for bonus payments	₩	123,669	106,855	(109,835)	(6,334)	7,596	121,951
Provision for construction warranties		170,428	86,691	(23,916)	(5,311)	(795)	227,097
Provision for legal contingencies and claims		84,484	30,894	(16,444)	(9,087)	(2,397)	87,450
Provision for the restoration		87,303	67,501	(6,525)	(15,811)	7,277	139,745
Others		352,765	349,639	(142,440)	(133,294)	(36,671)	389,999
	₩	<u>818,649</u>	<u>641,580</u>	<u>(299,160)</u>	<u>(169,837)</u>	<u>(24,990)</u>	<u>966,242</u>

(\*1) Includes adjustments of foreign currency translation differences and others.

## 19. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Expense related to post-employment benefit plans under defined contribution plans	₩	13,212	10,682	37,762	35,729

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### (b) Defined benefit plans

- 1) The amounts recognized in relation to net defined benefit liabilities in the statements of financial position as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Present value of funded obligations	₩ 2,477,916	2,439,938
Fair value of plan assets(*1)	(2,276,352)	(2,397,717)
Present value of non-funded obligations	6,193	13,415
Net defined benefit liabilities	₩ <u>207,757</u>	<u>55,636</u>

(\*1) As of September 30, 2021 and December 31, 2020, the Company recognized net defined benefit assets amounting to ₩9,120 million and ₩86,149 million respectively, since there are consolidated entities whose fair value of plan assets exceeded the present value of defined benefit obligations.

- 2) Changes in present value of defined benefit obligations for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Defined benefit obligation at the beginning of period	₩ 2,453,353	2,431,880
Current service costs	182,339	245,047
Interest costs	38,576	47,485
Remeasurements	2,679	(52,732)
Benefits paid	(194,468)	(225,293)
Others	1,630	6,966
Defined benefit obligation at the end of period	₩ <u>2,484,109</u>	<u>2,453,353</u>

- 3) Changes in fair value of plan assets for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Fair value of plan assets at the beginning of period	₩ 2,397,717	2,255,149
Interest on plan assets	38,358	44,208
Remeasurement of plan assets	(7,004)	(600)
Contributions to plan assets	26,306	307,367
Benefits paid	(178,530)	(213,246)
Others	(495)	4,839
Fair value of plan assets at the end of period	₩ <u>2,276,352</u>	<u>2,397,717</u>

## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

- 4) The amounts recognized in condensed consolidated interim statements of comprehensive income for the three-month and nine-month period ended September 30, 2021 and 2020 were as follows:

(in millions of Won)	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Current service costs	₩ 61,934	58,693	182,339	181,204
Net interest costs	28	733	218	2,211
	₩ 61,962	59,426	182,557	183,415

## 20. Other Liabilities

Other liabilities as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)	September 30, 2021	December 31, 2020
<b>Current</b>		
Due to customers for contract work	₩ 883,604	807,465
Advances received	443,986	416,960
Unearned revenue	55,949	24,433
Withholdings	374,696	332,327
Firm commitment liability	16,378	35,993
Others	10,603	8,304
	₩ 1,785,216	1,625,482
<b>Non-current</b>		
Unearned revenue	₩ 22,779	17,953
Others	21,874	19,067
	₩ 44,653	37,020

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 21. Financial Instruments

#### (a) Classification and fair value of financial instruments

- 1) The carrying amount and fair values of financial assets and financial liabilities by fair value hierarchy as of September 30, 2021 and December 31, 2020 are as follows:

#### ① September 30, 2021

(in millions of Won)

(in millions of Won)

		Book value	Fair value			
			Level 1	Level 2	Level 3	Total
<b>Financial assets</b>						
Fair value through profit or loss						
Derivative assets	₩	251,009	-	251,009	-	251,009
Short-term financial instruments		10,005,893	-	10,005,893	-	10,005,893
Long-term financial instruments		292,201	-	292,201	-	292,201
Debt securities		8,361	-	-	8,361	8,361
Other securities		459,297	43,969	1,898	413,430	459,297
Other receivables		2,000	-	-	2,000	2,000
Derivative hedging instruments(*2)		40,964	-	40,964	-	40,964
Fair value through other comprehensive income						
Equity securities		1,388,967	1,223,602	-	165,365	1,388,967
Debt securities		13,044	-	-	13,044	13,044
Financial assets measured at amortized cost(*1)						
Cash and cash equivalents		5,480,045	-	-	-	-
Trade accounts and notes receivable		9,593,618	-	-	-	-
Other receivables		2,829,439	-	-	-	-
Debt securities		51,145	-	-	-	-
Deposit instruments		3,063,925	-	-	-	-
	₩	33,479,908	1,267,571	10,591,965	602,200	12,461,736
<b>Financial liabilities</b>						
Fair value through profit or loss						
Derivative liabilities	₩	109,558	-	109,558	-	109,558
Borrowings		1,508,149	1,508,149	-	-	1,508,149
Derivative hedging instruments(*2)		30,950	-	30,950	-	30,950
Financial liabilities measured at amortized cost(*1)						
Trade accounts and notes payable		5,218,543	-	-	-	-
Borrowings		21,332,903	-	21,483,857	-	21,483,857
Financial guarantee liabilities		27,015	-	-	-	-
Others		2,178,628	-	-	-	-
	₩	30,405,746	1,508,149	21,624,365	-	23,132,514

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

(\*2) The Company applies hedge accounting which uses forward contracts as hedging instrument in order to hedge the risk of changes in fair value of product prices regarding firm commitments or purchase commitments. Also, the Company applies cash flow hedge accounting which uses currency swap as hedging instrument in order to hedge the risk of interest rate and foreign exchange rate changes in foreign currency which influences cash flow from borrowings.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

② December 31, 2020

(in millions of Won)

(in millions of Won)	Fair value				
	Book value	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Fair value through profit or loss					
Derivative assets	₩ 79,995	-	79,995	-	79,995
Short-term financial instruments	9,133,404	-	9,133,404	-	9,133,404
Debt securities	20,797	-	-	20,797	20,797
Other securities	364,404	47,321	2,242	314,841	364,404
Other receivables	2,000	-	-	2,000	2,000
Derivative hedging instruments	37,880	-	37,880	-	37,880
Fair value through other comprehensive income					
Equity securities	1,120,968	729,342	-	391,626	1,120,968
Debt securities	2,471	-	-	2,471	2,471
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	4,754,644	-	-	-	-
Trade accounts and notes receivable	7,332,890	-	-	-	-
Other receivables	2,300,515	-	-	-	-
Debt securities	151,146	-	-	-	-
Deposit instruments	2,359,951	-	-	-	-
	₩ 27,661,065	776,663	9,253,521	731,735	10,761,919
<b>Financial liabilities</b>					
Fair value through profit or loss					
Derivative liabilities	₩ 180,773	-	180,773	-	180,773
Derivative hedging instruments	31,591	-	31,591	-	31,591
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	3,777,836	-	-	-	-
Borrowings	20,497,607	-	20,821,353	-	20,821,353
Financial guarantee liabilities	62,629	-	-	-	-
Others	2,347,244	-	-	-	-
	₩ 26,897,680	-	21,033,717	-	21,033,717

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

2) Finance income and costs by category of financial instrument for the nine-month periods ended September 30, 2021 and 2020 were as follows:

① For the nine-month period ended September 30, 2021

(in millions of Won)

(in millions of Won)		Finance income and costs						Other comprehensive income(loss)
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩	106,930	(7,961)	-	10,788	13,085	122,842	-
Derivatives assets		-	148,865	-	253,494	-	402,359	-
Financial assets at fair value through other comprehensive income		-	-	-	-	30,247	30,247	199,143
Financial assets measured at amortized cost		101,534	-	649,801	(11,096)	(199)	740,040	-
Financial liabilities at fair value		-	15,311	(1,141)	-	(15,876)	(1,706)	-
Derivatives liabilities		-	108,154	-	(323,390)	-	(215,236)	333
Financial liabilities measured at amortized cost		(324,159)	-	(856,068)	(15)	5,543	(1,174,699)	-
	₩	(115,695)	264,369	(207,408)	(70,219)	32,800	(96,153)	199,476

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2021**  
**(Unaudited)**

② For the nine-month period ended September 30, 2020

(in millions of Won)

(in millions of Won)		Finance income and costs					Other comprehensive income (loss)	
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others		Total
Financial assets at fair value through profit or loss	₩	127,564	33,765	-	10,591	985	172,905	-
Derivatives assets		-	185,405	-	195,304	-	380,709	-
Financial assets at fair value through other comprehensive income		-	-	-	-	31,075	31,075	(154,471)
Financial assets measured at amortized cost		168,721	-	229,538	(12,309)	(203)	385,747	-
Derivatives liabilities		-	(29,170)	-	(255,418)	-	(284,588)	(730)
Financial liabilities measured at amortized cost		(505,797)	-	(265,300)	-	(5,752)	(776,849)	-
	₩	(209,512)	190,000	(35,762)	(61,832)	26,105	(91,001)	(155,201)

3) Finance income and costs by category of financial instrument for the three-month periods ended September 30, 2021 and 2020 were as follows:

① For the three-month period ended September 30, 2021

(in millions of Won)

(in millions of Won)		Finance income and costs						Other comprehensive income(loss)
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩	30,036	2,131	-	8,954	5,251	46,372	-
Derivatives assets		-	62,568	-	74,268	-	136,836	-
Financial assets at fair value through other comprehensive income		-	-	-	-	8,556	8,556	30,254
Financial assets measured at amortized cost		62,041	-	421,940	(4,679)	(110)	479,192	-
Financial liabilities at fair value		-	15,311	(1,141)	-	(15,876)	(1,706)	-
Derivatives liabilities		-	63,654	-	(93,104)	-	(29,450)	108
Financial liabilities measured at amortized cost		(88,546)	-	(514,814)	(15)	(8,089)	(611,464)	-
	₩	3,531	143,664	(94,015)	(14,576)	(10,268)	28,336	30,362

② For the three-month period ended September 30, 2020

(in millions of Won)

(in millions of Won)		Finance income and costs						Other comprehensive income (loss)
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩	45,561	25,961	-	7,737	(13)	79,246	-
Derivatives assets		-	(79,082)	-	57,127	-	(21,955)	-
Financial assets at fair value through other comprehensive income		-	-	-	-	5,507	5,507	11,495
Financial assets measured at amortized cost		46,722	-	(67,335)	(2,689)	(43)	(23,345)	-
Derivatives liabilities		-	9,899	-	(78,551)	-	(68,652)	111
Financial liabilities measured at amortized cost		(158,998)	-	150,310	-	(5,882)	(14,570)	-
	₩	(66,715)	(43,222)	82,975	(16,376)	(431)	(43,769)	11,606

## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

#### (b) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2020.

## 22. Share Capital and Capital Surplus

#### (a) Share capital as of September 30, 2021 and December 31, 2020 are as follows:

(in Won, except share information)

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Authorized shares	200,000,000	200,000,000
Par value	₩ 5,000	5,000
Issued shares(*1)	87,186,835	87,186,835
Shared capital(*2)	₩ 482,403,125,000	482,403,125,000

(\*1) As of September 30, 2021, total shares of ADRs of 25,453,740 outstanding in overseas stock market are equivalent to 6,363,435 of common stock.

(\*2) As of September 30, 2021, the difference between the ending balance of common stock and the par value of issued common stock is ₩46,469 million due to retirement of 9,293,790 treasury stocks.

#### (b) Capital surplus as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	796,623	796,623
Other capital surplus	94,085	50,099
	₩ 1,354,533	1,310,547



# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 23. Hybrid Bonds

- (a) Hybrid bonds classified as equity as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>Date of issue</b>	<b>Date of maturity</b>	<b>Interest rate (%)</b>		<b>September 30, 2021</b>	<b>December 31, 2020</b>
Hybrid bond 1-2(*1)	2013-06-13	2043-06-13	4.60	₩	200,000	200,000
Issuance cost					(616)	(616)
				₩	<u>199,384</u>	<u>199,384</u>

- (\*1) Details of issuance of hybrid bonds as of September 30, 2021 are as follows:

	<b>Hybrid bond 1-2</b>
Maturity date	30 years (POSCO has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-06-12 : 4.60% Reset every 10 years as follows; · After 10 years: return on government bond of the Republic of Korea (10years) + 1.40% · After 10 years: additionally +0.25% according to Step-up clauses · After 30 years: additionally +0.75%
Interest payments condition	Quarterly (Optional deferral of interest payment is available to POSCO)
Others	POSCO can call the hybrid bond at year 10th anniversary of issuance and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common stockholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of September 30, 2021 amounts to ₩454 million.

- (b) POSCO ENERGY CO., LTD., a subsidiary of the Company, issued hybrid bonds which are classified as non-controlling interests in the consolidated financial statements. Hybrid bonds as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>	<b>Date of issue</b>	<b>Date of maturity</b>	<b>Interest rate (%)</b>		<b>September 30, 2021</b>	<b>December 31, 2020</b>
Hybrid bond 1-4(*1)	2013-08-29	2043-08-29	5.21	₩	140,000	140,000
Issuance cost					(429)	(429)
				₩	<u>139,571</u>	<u>139,571</u>

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(\*1) Details of hybrid bonds of POSCO ENERGY CO., LTD. as of September 30, 2021 are as follows:

Hybrid bond 1-4	
Maturity date	30 years (The issuer has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-08-29 : 5.21 % Reset every 10 years as follows; · After 10 years: return on government bond of the Republic of Korea (10 years) + 1.55 % · After 10 years: additionally + 0.25% according to Step-up clauses · After 30 years: additionally +0.75%
Interest payments condition	Quarterly (Optional deferral of interest payment is available to the issuer)
Others	The issuer can call the hybrid bond at year 10th anniversary of issuance and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common stock holders, but subordinated to other creditors. The interest accumulated but not paid on the hybrid bonds as of September 30, 2021 amounts to ₩679 million.

## 24. Reserves

Reserves as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)	September 30, 2021	December 31, 2020
Accumulated comprehensive loss of investments in associates and joint ventures	₩ (535,570)	(693,176)
Changes in fair value of equity investments at fair value through other comprehensive income	(158,089)	(359,283)
Foreign currency translation differences	(22,850)	(339,707)
Gains or losses on valuation of derivatives	(433)	(699)
Others	11,947	11,947
	₩ (704,995)	(1,380,918)

## 25. Treasury Shares

Based on the Board of Directors' resolution, the Company holds treasury shares for business purposes including price stabilization. The changes in treasury shares for nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows.

(shares, in millions of Won)	September 30, 2021		December 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Beginning	11,171,363	₩ 2,391,523	7,071,194	₩ 1,508,303
Acquisition of treasury shares	389,900	116,771	4,100,169	883,220
Ending	11,561,263	₩ 2,508,294	11,171,363	₩ 2,391,523

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

The trust contract of acquiring treasury shares contracted during the year ended December 31, 2020, was ended as of April 12, 2021, due to completion of acquiring treasury share and expiration of contract term.

### 26. Revenue

#### (a) Disaggregation of revenue

- Details of revenue disaggregated by types of revenue and timing of revenue recognition for the nine-month periods ended September 30, 2021 and 2020 were as follows:

#### ① For the nine-month period ended September 30, 2021

(in millions of Won)

	Steel	Trading	Construction	Others	Total
<b>Types of revenue</b>					
Revenue from sales of goods	₩ 28,800,196	17,757,155	-	1,046,321	47,603,672
Revenue from services	482,432	369,646	44,187	1,530,349	2,426,614
Revenue from construction contract	-	-	4,509,743	24,770	4,534,513
Others	92,194	199,745	1,656	139,678	433,273
	₩ 29,374,822	18,326,546	4,555,586	2,741,118	54,998,072
<b>Timing of revenue recognition</b>					
Revenue recognized at a point in time	₩ 28,892,390	17,956,900	51,746	1,185,999	48,087,035
Revenue recognized over time	482,432	369,646	4,503,840	1,555,119	6,911,037
	₩ 29,374,822	18,326,546	4,555,586	2,741,118	54,998,072

#### ② For the nine-month period ended September 30, 2020

(in millions of Won)

	Steel	Trading	Construction	Others	Total
<b>Types of revenue</b>					
Revenue from sales of goods	₩ 20,545,012	14,108,407	-	611,217	35,264,636
Revenue from services	343,393	293,983	33,882	1,377,614	2,048,872
Revenue from construction contract	-	-	4,878,088	20,467	4,898,555
Others	26,812	118,301	5,143	166,266	316,522
	₩ 20,915,217	14,520,691	4,917,113	2,175,564	42,528,585
<b>Timing of revenue recognition</b>					
Revenue recognized at a point in time	₩ 20,571,824	14,226,708	120,754	777,483	35,696,769
Revenue recognized over time	343,393	293,983	4,796,359	1,398,081	6,831,816
	₩ 20,915,217	14,520,691	4,917,113	2,175,564	42,528,585

**POSCO and Subsidiaries**  
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**As of September 30, 2021**  
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- 2) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the three-month periods ended September 30, 2021 and 2020 were as follows:

① For the three-month period ended September 30, 2021

(in millions of Won)

	Steel	Trading	Construction	Others	Total
<b>Types of revenue</b>					
Revenue from sales of goods	₩ 10,750,980	6,769,589	-	379,043	17,899,612
Revenue from services	217,227	133,574	17,199	617,056	985,056
Revenue from construction contract	-	-	1,562,608	5,064	1,567,672
Others	66,685	62,386	650	54,822	184,543
	₩ 11,034,892	6,965,549	1,580,457	1,055,985	20,636,883
<b>Timing of revenue recognition</b>					
Revenue recognized at a point in time	₩ 10,817,665	6,831,975	30,990	433,865	18,114,495
Revenue recognized over time	217,227	133,574	1,549,467	622,120	2,522,388
	₩ 11,034,892	6,965,549	1,580,457	1,055,985	20,636,883

② For the three-month period ended September 30, 2020

(in millions of Won)

	Steel	Trading	Construction	Others	Total
<b>Types of revenue</b>					
Revenue from sales of goods	₩ 7,317,057	4,370,071	-	243,250	11,930,378
Revenue from services	110,529	102,730	11,034	492,283	716,576
Revenue from construction contract	-	-	1,509,453	6,260	1,515,713
Others	8,213	31,269	1,124	57,945	98,551
	₩ 7,435,799	4,504,070	1,521,611	799,738	14,261,218
<b>Timing of revenue recognition</b>					
Revenue recognized at a point in time	₩ 7,325,270	4,401,340	16,216	301,194	12,044,020
Revenue recognized over time	110,529	102,730	1,505,395	498,544	2,217,198
	₩ 7,435,799	4,504,070	1,521,611	799,738	14,261,218

- (b) Details of contract assets and liabilities from contracts with customers as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	September 30, 2021	December 31, 2020
<b>Receivables</b>		
Account receivables	₩ 9,593,618	7,332,890
<b>Contract assets</b>		
Due from customers for contract work	955,239	874,152
<b>Contract liabilities</b>		
Advance received	445,612	418,777
Due to customers for contract work	883,604	807,465
Unearned revenue	78,431	42,040

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2021**  
**(Unaudited)**

**27. Revenue – Contract Balances**

- (a) Details of outstanding contracts as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Construction segment</b>	<b>Others</b>	<b>Construction segment</b>	<b>Others</b>
Accumulated cost	₩ 32,008,638	113,160	30,780,560	247,737
Accumulated contract profit	3,196,483	22,404	3,034,148	49,692
Accumulated contract loss	(1,232,781)	(17,276)	(1,260,451)	(2,482)
Accumulated contract revenue	33,972,340	118,288	32,554,257	294,947

- (b) Details of due from customers for contract work and due to customers for contract work as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Construction segment</b>	<b>Others</b>	<b>Construction segment</b>	<b>Others</b>
Due from customers for contract	₩ 987,760	42,329	915,285	33,594
Due to customers for contract work	(835,271)	(48,333)	(765,818)	(41,647)
	₩ 152,489	(6,004)	149,467	(8,053)

- (c) Details of the provisions of construction loss as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Construction segment	₩ 31,440	70,818
Others	16,942	437
	₩ 48,382	71,255

- (d) Due to the factors causing the variation of costs for the nine-month period ended September 30, 2021, the estimated total contract costs have changed. Details of changes in estimated total contract costs and the impact on profit before income taxes for the nine-month period ended September 30, 2021 and future periods are as follows:

(in millions of Won)

		<b>Changes in profit (loss) of contract</b>		
		<b>Changes in estimated total contract costs</b>	<b>Net income (loss)</b>	<b>Future income (loss)</b>
Construction segment	₩	235,795	93,685	94,489
Others		9,696	2,160	(10,667)
	₩	245,491	95,845	83,822

The effect on the current and future profit is estimated based on the circumstances that have occurred from the commencement date of the contract to September 30, 2021. The estimation is evaluated for the total contract costs and expected total contract revenue as of the end of the period. Also, it may change during future periods.

## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

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#### (e) Uncertainty of estimates

##### 1) Total contract revenues

Total contract revenues are measured based on contractual amount initially agreed. However, the contract revenues can increase due to additional contract work, claims and incentive payments, or decrease due to penalty when the completion of contract is delayed due to the Company's fault. Therefore, this measurement of contract revenues is affected by the uncertainty of the occurrence of future events.

##### 2) Total contract costs

Contract revenues are recognized based on the percentage of completion, which is measured on the basis of the gross cost amount incurred to date. Total contract costs are estimated based on estimates of future material costs, labor costs, outsourcing cost and others. There is uncertainty in estimates on future contract costs due to various internal and external factors such as fluctuation of market, the risk of business partner and the experience of project performance and others. The significant assumptions including uncertainty of the estimate of total contract costs are as follows:

	<b>Method of significant assumption</b>
Material cost	Assumption based on recent purchasing price and quoted market price
Labor cost	Assumption based on standard monthly and daily labor cost
Outsourcing cost	Assumption based on the past experience rate of similar project and market price

Management reviews the assumptions used in estimated contract costs at each reporting period end and adjusts them, if necessary.

**POSCO and Subsidiaries**  
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**28. Selling and Administrative Expenses**

(a) Other administrative expenses

Other administrative expenses for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

(in millions of Won)	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
Wages and salaries	₩ 260,416	210,874	691,564	621,394
Expenses related to post-employment benefits	23,335	18,197	94,483	60,078
Other employee benefits	52,358	43,253	145,647	129,004
Travel	4,136	3,719	12,873	13,609
Depreciation	36,881	36,393	107,484	109,250
Amortization	18,963	26,113	68,711	80,746
Communication	3,202	2,305	7,544	7,106
Electricity	1,845	2,055	5,476	6,085
Taxes and public dues	15,638	11,311	62,440	43,386
Rental	7,731	6,733	19,983	22,998
Repairs	3,425	2,463	8,446	5,701
Entertainment	2,280	1,911	6,636	5,456
Advertising	22,593	16,842	59,103	51,495
Research & development	23,362	29,083	83,734	78,354
Service fees	46,625	36,957	132,507	113,732
Vehicles maintenance	1,304	1,179	3,805	3,678
Industry association fee	1,582	1,502	7,366	7,541
Conference	3,241	2,922	9,361	8,247
Increase to provisions	1,926	1,728	4,747	3,610
Others	13,818	10,717	35,141	28,394
	₩ 544,661	466,257	1,567,051	1,399,864

(b) Selling expenses

Selling expenses for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

(in millions of Won)	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
Freight and custody expenses	₩ 45,720	49,434	140,542	135,537
Operating expenses for distribution center	1,860	1,589	5,399	5,276
Sales commissions	21,483	13,795	59,245	81,714
Sales advertising	1,700	64	2,089	634
Sales promotion	1,108	1,897	4,232	5,133
Sample	454	318	1,442	1,190
Sales insurance premium	10,411	6,735	29,629	22,364
Contract cost	14,625	11,420	41,727	27,170
Others	3,339	4,482	9,516	13,043
	₩ 100,700	89,734	293,821	292,061

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 29. Finance Income and Costs

Details of finance income and costs for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

(in millions of Won)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
<b>Finance income</b>				
Interest income(*1)	₩ 92,078	92,283	208,464	296,285
Dividend income	13,807	5,494	43,332	32,060
Gain on foreign currency transactions	331,943	174,109	732,908	810,396
Gain on foreign currency translations	159,796	35,923	363,662	255,900
Gain on derivatives transactions	80,452	67,552	279,496	212,192
Gain on valuations of derivatives	213,899	(72,513)	402,134	208,687
Others	34,024	38,583	71,491	56,004
	₩ 925,999	341,431	2,101,487	1,871,524
<b>Finance costs</b>				
Interest expenses	₩ 88,547	158,998	324,159	505,797
Loss on foreign currency transactions	279,631	206,255	659,932	691,009
Loss on foreign currency translations	306,123	(79,198)	644,046	411,049
Loss on derivatives transactions	99,288	88,976	349,392	272,306
Loss on valuation of derivatives	87,677	(3,330)	145,115	52,452
Loss on disposal of trade accounts and notes receivable	4,678	2,689	11,096	12,345
Others	31,719	10,809	63,900	17,567
	₩ 897,663	385,199	2,197,640	1,962,525

(\*1) Interest income calculated using the effective interest method for the nine-month period ended September 30, 2021 and 2020 were ₩101,534 million and ₩168,721 million, respectively.



# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 30. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

(in millions of Won)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
<b>Other non-operating income</b>				
Gain on disposals of assets held for sale	₩ 960	-	46,703	299
Gain on disposals of investments in subsidiaries, associates and joint ventures	600	2,082	26,655	43,421
Gain on disposals of property, plant and equipment	1,467	2,196	8,406	9,542
Gain on valuation of firm commitment	30,099	17,396	148,752	55,062
Gain on disposals of emission rights	-	285	567	24,851
Gain on insurance claim	1,611	3,490	22,159	10,623
Reversal of other provisions	160	2,735	2,559	3,574
Others(*1)	27,700	38,084	140,594	85,800
	₩ 62,597	66,268	396,395	233,172
<b>Other non-operating expenses</b>				
Impairment loss on assets held for sale	₩ -	-	-	5,030
Loss on disposals of investments in subsidiaries, associates and joint ventures	310	3,586	7,878	13,659
Loss on disposals of property, plant and equipment	20,242	26,451	56,389	105,440
Impairment loss on property, plant and equipment	27,643	284	44,536	21,684
Impairment loss on intangible assets	20,776	41	27,997	1,225
Loss on valuation of firm commitment	15,387	21,154	92,705	57,229
Idle tangible asset expenses	6,030	4,181	18,699	14,866
Increase to provisions	10,682	6,452	21,158	7,676
Donations	21,087	8,137	36,615	24,845
Others	10,141	13,884	84,382	49,951
	₩ 132,298	84,170	390,359	301,605

(\*1) During the nine-month period ended September 30, 2021, the Company recognized ₩48,773 million of non-operating income for refund of other than corporate tax as a result of administrative litigation for tax audits.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 31. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses, impairment loss on other receivables and other non-operating expenses in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows (excluding finance costs and income tax expense):

(in millions of Won)

		For the three-month period ended September 30		For the nine-month period ended September 30	
		2021	2020	2021	2020
Raw material used, changes in inventories and others	₩	11,721,604	8,809,612	32,237,738	25,757,893
Employee benefits expenses		1,084,421	906,728	2,926,612	2,678,926
Outsourced processing cost		1,950,052	1,771,108	5,472,262	5,857,897
Electricity and water expenses		177,309	168,788	539,525	482,046
Depreciation(*1)		776,604	793,940	2,333,660	2,348,977
Amortization		112,514	106,230	332,988	336,624
Freight and custody expenses		425,999	376,397	1,143,220	1,058,528
Sales commissions		21,483	13,795	59,245	81,714
Loss on disposal of property, plant and equipment		20,242	26,451	56,389	105,440
Impairment loss on property, plant and equipment		27,644	284	44,536	21,684
Impairment loss on intangible assets		20,777	41	27,997	1,225
Donations		21,087	8,137	36,615	24,845
Other expenses		1,301,539	695,987	3,329,915	2,543,443
	₩	17,661,275	13,677,498	48,540,702	41,299,242

(\*1) Includes depreciation expense of investment property.

### 32. Income Taxes

The effective tax rates of the Company for the nine-month periods ended September 30, 2021 and 2020 were 23.83% and 30.07%, respectively.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 33. Earnings per Share

- (a) Basic earnings per share for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

(in Won except per share information)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
Profit attributable to controlling interest	₩ 2,429,720,200,212	465,457,487,777	5,118,799,676,088	901,132,036,554
Interests of hybrid bonds	(1,681,205,479)	(1,681,205,479)	(4,988,794,519)	(5,007,068,492)
Weighted-average number of common shares outstanding (*1)	75,625,572	79,230,216	75,719,934	79,784,098
Basic earnings per share	₩ 32,106	5,854	67,536	11,232

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

(shares)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
Total number of common shares issued	87,186,835	87,186,835	87,186,835	87,186,835
Weighted-average number of treasury shares	(11,561,263)	(7,956,619)	(11,466,901)	(7,402,737)
Weighted-average number of common shares outstanding	75,625,572	79,230,216	75,719,934	79,784,098

- (b) Diluted earnings per share for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

(in Won, except share information)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
Profit for the period	₩ 2,429,720,200,212	465,457,487,777	5,118,799,676,088	901,132,036,554
Interests of hybrid bonds, net of tax	(1,681,205,479)	(1,681,205,479)	(4,988,794,519)	(5,007,068,492)
Gain or loss from exchange rate on and revaluation of exchangeable bonds	(10,273,058,805)	-	(10,273,058,805)	-
Adjusted weighted-average number of common shares(*1)	76,581,815	79,230,216	76,042,185	79,784,098
Diluted earnings per share	₩ 31,571	5,854	67,115	11,232

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

(shares)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
Weighted-average number of common shares outstanding	75,625,572	79,230,216	75,719,934	79,784,098
Weighted-average number of potential common share	956,243	-	322,251	-
Adjusted weighted-average number of common shares	76,581,815	79,230,216	76,042,185	79,784,098

As of September 30, 2021, the Company holds exchangeable bonds as dilutive potential common shares. As of December 31, 2020, diluted earnings per share is equal to basic earnings per share as the Company does not have dilutive potential common shares.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

### 34. Related Party Transactions

(a) Significant transactions between the controlling company and related companies for the nine-month periods ended September 30, 2021 and 2020 were as follows:

1) For the nine-month period ended September 30, 2021

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries(*3)</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD. ₩	4,315	11,094	-	286,992	109	26,431
POSCO COATED & COLOR STEEL Co., Ltd.	500,645	2,085	-	-	28,782	506
POSCO ICT(*4)	1,266	4,992	-	159,334	32,213	134,074
eNtoB Corporation	11	-	236,803	37,730	69	15,298
POSCO CHEMICAL CO., LTD	216,689	26,579	341,790	7,836	223,159	2,799
POSCO ENERGY CO., LTD.	4,184	1,426	6,992	-	-	20,512
POSCO SPS	570,632	-	-	-	32,355	635
POSCO INTERNATIONAL Corporation	6,962,982	54,331	867,793	-	541	5,241
POSCO Thainox Public Company Limited	228,192	-	-	-	-	20
POSCO Canada Ltd.	-	796	148,558	-	-	-
POSCO Asia Co., Ltd.	19,142	50	417	-	-	1,539
Qingdao Pohang Stainless Steel Co., Ltd.	131,173	-	-	-	-	-
POSCO JAPAN Co., Ltd.	1,130,531	1	20,315	287	-	2,959
POSCO-VIETNAM Co., Ltd.	307,224	339	-	-	-	27
POSCO MEXICO S.A. DE C.V.	320,811	111	-	-	-	506
POSCO Maharashtra Steel Private Limited	646,802	259	-	-	-	132
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	118,655	-	-	-	-	-
POSCO VST CO., LTD.	152,119	-	-	-	-	20
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	853	1,212,212	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	194,535	183	8	-	-	10
Others	1,017,908	53,865	157,818	42,778	193,551	95,205
	<u>12,527,816</u>	<u>156,964</u>	<u>2,992,706</u>	<u>534,957</u>	<u>510,779</u>	<u>305,914</u>
<b>Associates and joint ventures(*3)</b>						
SNNC	50,311	2,342	519,658	-	-	107
POSCO-SAMSUNG-Slovakia Processing Center	54,594	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	383,689	1,630,448	-	-	-
Others	32,442	25,239	76,194	-	-	33,194
	<u>137,347</u>	<u>411,270</u>	<u>2,226,300</u>	<u>-</u>	<u>-</u>	<u>33,301</u>
₩	<u>12,665,163</u>	<u>568,234</u>	<u>5,219,006</u>	<u>534,957</u>	<u>510,779</u>	<u>339,215</u>

(\*1) Sales and others mainly consist of sales of steel products to subsidiaries, associates and joint ventures.

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

(\*3) As of September 30, 2021, the Company provided guarantees to related parties (Note 35).

(\*4) Others (purchase) mainly consist of service fees related to maintenance and repair of ERP System.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

## 2) For the nine-month period ended September 30, 2020

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 5,168	11,107	15	543,484	60	17,773
POSCO COATED & COLOR STEEL Co., Ltd.	309,338	1,819	-	-	21,466	249
POSCO ICT	2,088	4,992	-	248,039	30,951	131,887
eNtoB Corporation	11	60	160,906	24,852	55	17,884
POSCO CHEMICAL CO., LTD.	200,730	29,911	342,948	16,219	226,595	4,551
POSCO ENERGY CO., LTD.	2,196	2,117	12,374	3	-	16,709
POSCO SPS	258,464	-	-	-	20,994	715
POSCO INTERNATIONAL Corporation	4,246,418	55,558	233,450	-	11,371	3,293
POSCO Thainox Public Company Limited	226,231	137	3,454	-	-	-
POSCO Canada Ltd.	-	978	129,666	-	-	-
POSCO Asia Co., Ltd.	1,161,489	1,002	114,796	3,229	1,174	2,765
Qingdao Pohang Stainless Steel Co., Ltd.	105,037	66	-	-	-	196
POSCO JAPAN Co., Ltd.	776,819	-	29,582	4,947	-	2,428
POSCO-VIETNAM CO., Ltd.	182,844	239	-	-	-	59
POSCO MEXICO S.A. DE C.V.	107,763	158	-	-	-	304
POSCO Maharashtra Steel Private Limited	210,679	1,543	-	-	-	282
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	82,663	-	-	-	-	-
POSCO VST CO., LTD.	163,085	204	-	-	-	123
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	1,039	395,961	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	180,043	213	2,314	-	-	18
Others	595,485	20,180	53,327	33,263	176,502	91,337
	8,816,551	131,323	1,478,793	874,036	489,168	290,573
<b>Associates and joint ventures</b>						
SNNC	4,333	4,103	372,068	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	29,429	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	39,112	940,725	-	-	-
Others	25,714	61,990	47,704	84,839	4,086	36,145
	59,476	105,205	1,360,497	84,839	4,086	36,145
₩	8,876,027	236,528	2,839,290	958,875	493,254	326,718

(b) Significant transactions between the controlling company and related companies for the three-month periods ended September 30, 2021 and 2020 were as follows:

## 1) For the three-month period ended September 30, 2021

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,519	12	-	84,257	40	12,950
POSCO COATED & COLOR STEEL Co., Ltd.	209,472	-	-	-	11,436	75
POSCO ICT	429	-	-	65,204	11,385	43,657
eNtoB Corporation	4	-	100,009	16,123	48	5,695
POSCO CHEMICAL CO., LTD.	87,944	5,133	115,469	2,281	75,739	503
POSCO ENERGY CO., LTD.	970	460	3,454	-	-	9,313
POSCO SPS	232,942	-	-	-	10,950	196
POSCO INTERNATIONAL Corporation	2,740,847	-	443,365	-	-	2,402
POSCO Thainox Public Company Limited	78,008	-	-	-	-	-
POSCO Canada Ltd.	-	115	66,813	-	-	-
POSCO Asia Co., Ltd.	5	18	-	-	-	834
Qingdao Pohang Stainless Steel Co., Ltd.	49,771	-	-	-	-	-
POSCO JAPAN Co., Ltd.	408,035	-	5,993	-	-	1,915
POSCO-VIETNAM Co., Ltd.	119,680	-	-	-	-	27
POSCO MEXICO S.A. DE C.V.	123,634	40	-	-	-	420
POSCO Maharashtra Steel Private Limited	268,945	79	-	-	-	31
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	52,008	-	-	-	-	-
POSCO VST CO., LTD.	55,872	-	-	-	-	12
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	465,531	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	73,591	73	-	-	-	-
Others	359,051	1,275	97,692	17,567	71,322	41,583
	4,862,727	7,205	1,298,326	185,432	180,920	119,613
<b>Associates and joint ventures</b>						
SNNC	30,259	-	224,001	-	-	54
POSCO-SAMSUNG-Slovakia Processing Center	23,401	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	127,551	589,980	-	-	-
Others	10,102	1,664	29,022	-	-	13,361
	63,762	129,215	843,003	-	-	13,415
₩	4,926,489	136,420	2,141,329	185,432	180,920	133,028

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

#### 2) For the three-month period ended September 30, 2020

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,620	11	-	101,179	-	4,938
POSCO COATED & COLOR STEEL Co., Ltd.	103,572	124	-	-	6,290	41
POSCO ICT	659	1	-	63,729	10,010	44,219
eNtoB Corporation	4	-	47,528	6,004	27	5,391
POSCO CHEMICAL CO., LTD	56,264	5,141	113,227	3,389	72,171	189
POSCO ENERGY CO., LTD.	643	901	2,379	-	-	5,599
POSCO SPS	125,566	-	-	-	10,578	293
POSCO INTERNATIONAL Corporation	1,450,981	1,227	122,652	-	-	1,210
POSCO Thainox Public Company Limited	119,514	-	-	-	-	-
POSCO Canada Ltd.	-	162	38,861	-	-	-
POSCO Asia Co., Ltd.	441,511	37	33,125	957	12	1,346
Qingdao Pohang Stainless Steel Co., Ltd.	34,269	-	-	-	-	20
POSCO JAPAN Co., Ltd.	227,977	-	13,162	1,988	-	1,340
POSCO-VIETNAM Co., Ltd.	81,739	16	-	-	-	39
POSCO MEXICO S.A. DE C.V.	39,189	59	-	-	-	-
POSCO Maharashtra Steel Private Limited	56,925	696	-	-	-	97
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	25,018	-	-	-	-	-
POSCO VST CO., LTD.	30,869	148	-	-	-	103
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	235	104,312	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	59,984	-	-	-	-	-
Others	179,113	2,209	14,535	7,683	58,361	33,709
	3,035,417	10,967	489,781	184,929	157,449	98,534
<b>Associates and joint ventures</b>						
SNNC	1,432	625	153,008	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	12,275	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	39,112	315,180	-	-	-
Others	11,317	7,016	17,834	-	-	10,366
	25,024	46,753	486,022	-	-	10,366
₩	3,060,441	57,720	975,803	184,929	157,449	108,900

(c) The related account balances from significant transactions between the controlling company and related companies as of September 30, 2021 and December 31, 2020 are as follows:

#### 1) September 30, 2021

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
<b>Subsidiaries</b>							
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 4,269	4	4,273	-	38,461	314	38,775
POSCO COATED & COLOR STEEL Co., Ltd.	110,729	-	110,729	-	6	6,246	6,252
POSCO ICT	166	-	166	2,999	48,750	24,970	76,719
eNtoB Corporation	-	-	-	649	24,717	-	25,366
POSCO CHEMICAL CO., LTD	29,433	4,093	33,526	12,596	49,911	17,810	80,317
POSCO ENERGY CO., LTD.	1,092	8	1,100	-	2,051	11,288	13,339
POSCO SPS	127,313	-	127,313	14	1,343	4,911	6,268
POSCO INTERNATIONAL Corporation	1,215,427	10	1,215,437	5,047	523	502	6,072
POSCO Thainox Public Company Limited	57,404	-	57,404	-	-	-	-
POSCO Asia Co., Ltd.	-	718	718	-	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	27,134	-	27,134	-	-	-	-
POSCO MEXICO S.A. DE C.V.	151,673	791	152,464	-	-	-	-
POSCO Maharashtra Steel Private Limited	420,910	1,606	422,516	-	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	266,356	1,478	267,834	-	-	-	-
Others	589,136	18,938	608,074	114,754	37,832	82,586	235,172
	3,001,042	27,646	3,028,688	136,059	203,594	148,627	488,280
<b>Associates and joint ventures</b>							
SNNC	3,772	60	3,832	50,612	7	-	50,619
Roy Hill Holdings Pty Ltd	-	127,551	127,551	413,548	-	-	413,548
Others	665	23,585	24,250	4,998	973	-	5,971
	4,437	151,196	155,633	469,158	980	-	470,138
₩	3,005,479	178,842	3,184,321	605,217	204,574	148,627	958,418

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

2) December 31, 2020

(in millions of Won)

	Receivables			Payables		
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others
<b>Subsidiaries</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD. ₩	6,010	11	6,021	-	81,608	394
POSCO COATED & COLOR STEEL Co., Ltd.	63,520	-	63,520	-	180	3,709
POSCO ICT	245	1	246	2,820	118,720	31,411
eNtoB Corporation	-	-	-	1,361	35,846	18
POSCO CHEMICAL CO., LTD	19,406	3,434	22,840	13,066	55,515	18,531
POSCO ENERGY CO., LTD.	261	122	383	-	2,995	12,508
POSCO SPS	72,009	-	72,009	-	2,352	4,175
POSCO INTERNATIONAL Corporation	534,531	-	534,531	2,713	-	-
POSCO Thainox Public Company Limited	39,920	-	39,920	-	-	-
POSCO Asia Co., Ltd.	239,847	898	240,745	3,958	258	-
Qingdao Pohang Stainless Steel Co., Ltd.	25,838	-	25,838	-	-	-
POSCO MEXICO S.A. DE C.V.	71,307	397	71,704	-	-	-
POSCO Maharashtra Steel Private Limited	173,285	2,006	175,291	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	258,563	1,845	260,408	-	-	-
Others	227,288	28,117	255,405	41,564	30,433	82,716
	1,732,030	36,831	1,768,861	65,482	327,907	153,462
<b>Associates and joint ventures</b>						
SNNC	106	228	334	33,380	-	-
Roy Hill Holdings Pty Ltd	-	52,076	52,076	201,924	-	-
Others	818	17,882	18,700	6,704	-	-
	924	70,186	71,110	242,008	-	-
₩	1,732,954	107,017	1,839,971	307,490	327,907	153,462

(d) Significant transactions between the Company, excluding the controlling company, and related companies for the nine-month periods ended September 30, 2021 and 2020 were as follows:

1) For the nine-month period ended September 30, 2021

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
New Songdo International City Development, LLC ₩	211,118	266	-	123
SNNC	51,163	267	17,485	25,869
Noeul Green Energy Co., Ltd.	4,595	-	-	1,374
CSP - Companhia Siderurgica do Pecem	4,583	-	54,667	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	37,288	-	19,183	6,736
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	11,976	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	27,361	-	147	-
DMSA/AMSA	-	-	10,084	-
South-East Asia Gas Pipeline Company Ltd.	-	18,651	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	42,992	10	3,120	144
Samcheok Blue Power Co., Ltd.	178,984	206	-	-
TK CHEMICAL CORPORATION(*1)	14,906	-	2,292	-
Metropolitan Outer Ring Expressway Co., Ltd	41,429	-	-	-
UITrans LRT Co., Ltd.	10,700	-	-	-
Roy Hill Holdings Pty Ltd	-	96,441	-	-
Others(*2)	131,155	59,421	10,746	13,674
₩	768,250	175,262	117,724	47,920

(\*1) TK CHEMICAL CORPORATION was excluded from the association due to the sale of its shares during the nine-month period ended September 30, 2021.

(\*2) PT. Batutua Tembaga Raya was excluded from the association due to the sale of its shares during the nine-month period ended September 30, 2021.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 2) For the nine-month period ended September 30, 2020

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
POSCO PLANTEC Co., Ltd.	₩ 2,558	-	5	-
New Songdo International City Development, LLC	81,806	26,451	-	107
SNNC	44,485	-	35,684	118,925
Chuncheon Energy Co., Ltd.	(2,656)	211	-	-
Noeul Green Energy Co., Ltd.	4,587	-	-	582
CSP - Companhia Siderurgica do Pecem	21,943	6,883	141,883	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	35,696	-	32,147	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	-	4,555	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	5,909	-	-	-
PT. Batutua Tembaga Raya	-	1,111	23,379	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	19,578	-	210	-
DMSA/AMSA	-	-	29,198	-
South-East Asia Gas Pipeline Company Ltd.	7	51,793	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	24,154	19,475	2,704	602
Samcheok Blue Power Co., Ltd.	153,824	-	-	-
TK CHEMICAL CORPORATION	82,834	-	23,339	-
Others	108,943	54,438	29,890	27,193
	₩ 583,668	160,362	322,994	147,409

(e) Significant transactions between the Company, excluding the controlling company, and related companies for the three-month periods ended September 30, 2021 and 2020 were as follows:

### 1) For the three-month period ended September 30, 2021

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
New Songdo International City Development, LLC	₩ 83,074	-	-	42
SNNC	18,143	214	2,229	10,703
Noeul Green Energy Co., Ltd.	1,550	-	-	333
CSP - Companhia Siderurgica do Pecem	26	-	24,098	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	12,894	-	2,536	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	4,851	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	9,379	-	17	-
DMSA/AMSA	-	-	-	-
South-East Asia Gas Pipeline Company Ltd.	-	8,635	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	19,925	3	1,070	34
Samcheok Blue Power Co., Ltd.	71,416	206	-	-
TK CHEMICAL CORPORATION	-	-	-	-
Metropolitan Outer Ring Expressway Co., Ltd	18,949	-	-	-
UITrans LRT Co., Ltd.	257	-	-	-
Roy Hill Holdings Pty Ltd	-	31,888	-	-
Others	48,222	39,844	89	4,639
	₩ 288,686	80,790	30,039	15,751



# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

2) For the three-month period ended September 30, 2020

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
New Songdo International City Development, LLC	₩ 29,943	1	-	61
SNNC	17,283	-	10,402	11,418
Chuncheon Energy Co., Ltd.	(2,943)	-	-	-
Noeul Green Energy Co., Ltd.	1,548	-	-	582
CSP - Companhia Siderurgica do Pecem	3,632	1,958	18,515	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	16,768	-	7,365	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	-	2,162	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	2,615	-	-	-
PT. Batutua Tembaga Raya	-	-	6,804	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	7,447	-	45	-
South-East Asia Gas Pipeline Company Ltd.	-	13,276	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	8,193	37	816	150
Samcheok Blue Power Co., Ltd.	63,914	-	-	-
TK CHEMICAL CORPORATION	23,082	-	4,596	-
Others	47,244	24,665	12,176	10,340
	₩ 218,726	39,937	62,881	22,551

(f) The related account balances from significant transactions between the Company, excluding the controlling company, and related companies as of September 30, 2021 and December 31, 2020 are as follows:

1) September 30, 2021

(in millions of Won)

	Receivables				Payables		
	Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes payable	Others	Total
<b>Associates and joint ventures</b>							
New Songdo International City Development, LLC	₩ 42,759	-	18,263	61,022	-	22,070	22,070
Chuncheon Energy Co., Ltd.	-	-	-	-	238	-	238
Samcheok Blue Power Co., Ltd.	154,190	-	-	154,190	-	-	-
Nickel Mining Company SAS	-	64,102	147	64,249	-	-	-
CSP - Companhia Siderurgica do Pecem	46	-	-	46	27,380	-	27,380
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	13,264	-	-	13,264	434	-	434
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	13,542	-	-	13,542	-	38	38
South-East Asia Gas Pipeline Company Ltd.	-	60,326	-	60,326	-	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	7,585	-	-	7,585	1,032	2	1,034
Metropolitan Outer Ring Expressway Co., Ltd	14,454	-	-	14,454	-	-	-
UITrans LRT Co., Ltd.	7,012	27,388	-	34,400	-	-	-
Others	46,302	148,124	148,312	342,738	3,907	7,909	11,816
	₩ 299,154	299,940	166,722	765,816	32,991	30,019	63,010

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

## 2) December 31, 2020

(in millions of Won)

(in millions of Won)		Receivables				Payables		
		Trade accounts and		Loans	Others	Total	Trade accounts and	
		notes receivable					notes receivable	Others
Associates and joint ventures								
New Songdo International City Development, LLC	₩	23,866	-	20,592	44,458	-	3	3
Chuncheon Energy Co., Ltd.		-	-	-	-	444	-	444
Samcheok Blue Power Co., Ltd.		92,715	-	-	92,715	-	40,536	40,536
Nickel Mining Company SAS		-	62,420	143	62,563	-	-	-
CSP - Companhia Siderurgica do Pecem		19,704	-	-	19,704	-	-	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		6,534	-	-	6,534	1,023	150	1,173
PT. Batutua Tembaga Raya		-	35,355	-	35,355	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		13,889	-	-	13,889	193	-	193
South-East Asia Gas Pipeline Company Ltd.		-	91,003	-	91,003	-	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		2,799	-	-	2,799	783	-	783
TK CHEMICAL CORPORATION		21,916	-	-	21,916	429	-	429
Others		78,752	166,572	111,083	356,407	7,035	11,446	18,481
	₩	260,175	355,350	131,818	747,343	9,907	52,135	62,042

- (g) Significant financial transactions between the Company, excluding the controlling company, and related companies for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 were as follows:

## 1) September 30, 2021

(in millions of Won)

		Beginning	Lend	Collect	Others(*1)	Ending
<b>Associates and joint ventures</b>						
UITrans LRT Co., Ltd.	₩	23,452	3,963	-	(27)	27,388
South-East Asia Gas Pipeline Company Ltd.		91,003	-	(34,616)	3,939	60,326
PT. Batutua Tembaga Raya(*2)		35,355	-	(9,722)	(25,633)	-
PT. Tanggamus Electric Power		4,304	-	-	384	4,688
PT. Wampu Electric Power		5,186	-	-	462	5,648
PT. POSMI Steel Indonesia		2,176	-	-	194	2,370
Nickel Mining Company SAS		62,420	-	-	1,682	64,102
KRAKATAU POS-CHEM DONG-SUH CHEMICAL		5,440	-	-	(700)	4,740
POS-SeaAH Steel Wire (Thailand) Co., Ltd.		6,528	-	-	581	7,109
AMCI (WA) PTY LTD		83,291	3,380	-	1,339	88,010
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD		5,440	-	-	485	5,925
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD		8,704	-	-	775	9,479
Hyo-chun Co., Ltd.		2,382	-	-	-	2,382
POS-AUSTEM Suzhou Automotive Co., Ltd		16,320	-	-	1,453	17,773
CAML RESOURCES PTY LTD		3,312	-	(3,312)	-	-
Shinahn Wind Power Generation(*3)		37	60	-	(97)	-
	₩	355,350	7,403	(47,650)	(15,163)	299,940

(\*1) Includes adjustments of foreign currency translation differences and others.

(\*2) PT. Batutua Tembaga Raya was excluded from the association due to the sale of its shares during the nine-month period ended September 30, 2021. Meanwhile, the uncollected loan was offset and written off from the loan loss provisions set in the previous period, and these effects are included in Others.

(\*3) Shinahn Wind Power Generation was excluded from the association due to the sale of its shares during the nine-month period ended September 30, 2021.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### 2) December 31, 2020

(in millions of Won)

	Beginning	Lend	Collect	Others(*2)	Ending
<b>Associates and jointventures</b>					
UITrans LRT Co., Ltd.	₩ 10,579	12,873	-	-	23,452
DMSA/AMSA(*1)	57,999	-	-	(57,999)	-
South-East Asia Gas Pipeline Company Ltd.	147,367	-	(47,539)	(8,825)	91,003
PT. Batutua Tembaga Raya	36,291	-	-	(936)	35,355
PT. Tanggamus Electric Power	4,580	-	-	(276)	4,304
PT. Wampu Electric Power	5,519	-	-	(333)	5,186
PT. POSMI Steel Indonesia	2,316	-	-	(140)	2,176
Nickel Mining Company SAS	60,516	-	-	1,904	62,420
KRAKATAU POS-CHEM DONG-SUH CHEMICAL	6,947	-	(1,239)	(268)	5,440
POS-SeAH Steel Wire (Thailand) Co., Ltd.	6,947	-	-	(419)	6,528
AMCI (WA) PTY LTD	78,553	5,550	-	(812)	83,291
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD	5,789	-	-	(349)	5,440
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD	9,262	-	-	(558)	8,704
Hyo-chun Co., Ltd.	2,382	-	-	-	2,382
Chun-cheon Energy Co., Ltd.	8,234	-	(8,234)	-	-
POS-AUSTEM Suzhou Automotive Co., Ltd	5,789	11,805	-	(1,274)	16,320
CAML RESOURCES PTY LTD	-	3,219	-	93	3,312
Shinahn Wind Power Generation	-	37	-	-	37
	₩ 449,070	33,484	(57,012)	(70,192)	355,350

(\*1) During the year ended September 30, 2020, loans amounting to ₩60,278 million have been converted to common shares of DMSA/AMSA, which is presented in others.

(\*2) Includes adjustments of foreign currency translation differences and others.

(h) For the nine-month periods ended September 30, 2021 and 2020, details of compensation to key management officers were as follows:

(in millions of Won)

	September 30, 2021	September 30, 2020
Short-term benefits	₩ 81,055	80,244
Long-term benefits	13,680	11,936
Retirement benefits	16,711	11,031
	₩ 111,446	103,211

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

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

## 35. Commitments and Contingencies

### (a) Details of guarantees

Contingent liabilities on outstanding guarantees provided by the Company as of September 30, 2021 are as follows:

(in millions of Won)			Guarantee limit		Guarantee amount		
Guarantor	Guarantee beneficiary	Financial institution	Foreign currency	Won equivalent	Foreign currency	Won equivalent	
[The Company]							
POSCO	POSCO Asia Co., Ltd.	Credit Agricole and others	USD	100,000,000	118,490	100,000,000	118,490
	POSCO-VIETNAM Co., Ltd.	SMBC and others	USD	156,000,000	184,844	140,000,000	165,886
	POSCO MEXICO S.A. DE C.V.	BOA and others	USD	120,000,000	142,188	120,000,000	142,188
	POSCO COATED STEEL (THAILAND) CO., LTD.	SMBC and others	THB	5,501,000,000	192,040	5,021,000,000	175,283
	POSCO Maharashtra Steel Private Limited	SMBC and others	USD	139,784,000	165,630	139,784,000	165,630
	PT. KRAKATAU POSCO	BTPN and others	USD	1,960,300,000	2,322,759	1,132,366,261	1,341,741
	POSCO ASSAN TST STEEL INDUSTRY	SOCIETE GENERALE and others	USD	146,527,500	173,620	131,874,750	156,258
	POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	Export-Import Bank of Korea and others	USD	180,000,000	213,282	180,000,000	213,282
	POSCO INTERNATIONAL POWER (PNG) LAE LIMITED	KDB bank	USD	53,517,000	63,412	37,917,000	44,928
	GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	Shinhan Bank and others	USD	11,000,000	13,034	11,000,000	13,034
	PT. Bio Inti Agrindo	BTPN and others	IDR	2,057,400,000,000	170,558	1,940,600,000,000	160,876
	POSCO ASSAN TST STEEL INDUSTRY	POSCO Asia Co., Ltd.	USD	10,000,000	11,849	10,000,000	11,849
	POSCO INTERNATIONAL Deutschland GmbH	ING	USD	14,652,750	17,362	14,652,750	17,362
	POSCO INTERNATIONAL AMERICA Corp.					9,268,255	10,982
	POSCO INTERNATIONAL JAPAN Corp.					8,771,562	10,393
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	POSCO INTERNATIONAL SINGAPORE Pte. Ltd.	Bank Mendes Gans	USD	50,000,000	59,245	-	-
	POSCO INTERNATIONAL Malaysia SDN BHD					-	-
	POSCO INTERNATIONAL Italia S.R.L.					-	-
	POSCO INTERNATIONAL MEXICO S.A. de C.V.					-	-
	GRAIN TERMINAL HOLDING PTE. LTD.	Export-Import Bank of Korea and others	USD	27,000,000	31,992	27,000,000	31,992
	Songdo Posco family Housing	Shinyoung securities	KRW	10,000	10,000	2,550	2,550
	POSCO E&C Vietnam Co., Ltd.	POSCO Asia Co., Ltd. and others	USD	36,000,000	42,656	36,000,000	42,656
	Songdo Posco family Housing	Shinyoung securities	KRW	10,000	10,000	2,550	2,550
	JB CLARK HILLS	HSBC and others	USD	51,000,000	60,430	37,800,000	44,789
	PT.POSCO E&C INDONESIA	POSCO Asia Co., Ltd.	USD	25,900,000	30,689	25,900,000	30,689
	PT.POSCO ICT INDONESIA	POSCO Asia Co., Ltd.	USD	1,500,000	1,777	900,000	1,066
	PT.Krakatau Posco Chemical Calcination	POSCO Asia Co., Ltd.	USD	15,200,000	18,010	7,000,000	8,294
	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd.	USD	13,986,947	16,573	13,986,947	16,573
	PT. KRAKATAU POSCO ENERGY	POSCO Asia Co., Ltd.	USD	82,953,123	98,291	82,953,123	98,291
	[Associates and joint ventures]						
POSCO	CSP - Compania Siderurgica do Pecem	Export-Import Bank of Korea and others	USD	420,000,000	497,658	366,440,809	434,196
	LLP POSUK Titanium	BNDIS	BRL	464,060,000	101,532	464,060,000	101,532
	Nickel Mining Company SAS	SMBC	USD	13,500,000	15,996	13,500,000	15,996
	GLOBAL KOMSCO Daewoo LLC	SMBC	EUR	46,000,000	63,218	46,000,000	63,218
	New Songdo International City Development, LLC	Hana Bank	USD	8,225,000	9,746	7,350,000	8,709
	POHANG E&E Coi., LTD	Others	KRW	686,000	686,000	548,000	548,000
	UITrans LRT Co., Ltd.	Heungkuk Life Insurance Co. Ltd.	KRW	71,930	71,930	56,034	56,034
	RPSD	Kookmin Bank and others	KRW	125,845	125,845	93,620	93,620
	Metropolitan Outer Ring Expressway Co., Ltd	Plan-up Sinsajelcha Co., Ltd	KRW	45,000	45,000	37,000	37,000
	Pureun Tongyeong Enviro Co., Ltd.	Woori Bank and others	KRW	276,033	276,033	27,776	27,776
	Pure Gimpo Co.,Ltd	KDB Bank and others	KRW	22,714	22,714	14,318	14,318
	Clean Iksan Co.,Ltd	KDB Bank and others	KRW	44,740	44,740	29,627	29,627
		SAMSUNG FIRE & MARINE INSURANCE CO.,LTD and others	KRW	44,054	44,054	29,058	29,058
	Chun-cheon Energy Co., Ltd.	Kookmin Bank and others	KRW	149,200	149,200	145,900	145,900
	POSCO ICT	Western Inland Highway Co.,LTD	Kookmin Bank and others	KRW	672,496	672,496	8,820
UITrans LRT Co., Ltd.		Kookmin Bank	KRW	50,249	50,249	37,209	37,209
Metropolitan Outer Ring Expressway Co., Ltd		Woori Bank	KRW	24,920	24,920	1,308	1,308
Western Inland Highway Co.,LTD		Kookmin Bank	KRW	47,348	47,348	600	600
[Others]							
POSCO INTERNATIONAL Corporation	SHERITT INTERNATIONAL CORP.	Export-Import Bank of Korea	USD	21,818,182	25,852	2,587,818	3,066
	Incheon - Gimpo Expressway Co., Ltd. and others	Kookmin Bank and others	KRW	5,121,668	5,121,668	2,451,776	2,451,776
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	BTL Enterprise and others	Hana Bank and others	KRW	236,547	236,547	135,965	135,965
	Department of Trade and Investment (NSW Government) and others	Woori Bank and others	AUD	14,665,087	12,470	14,665,087	12,470
PT. Bio Inti Agrindo	KSU Mandob	Bank Muamalat	IDR	80,000,000,000	6,632	80,000,000,000	6,632
	MAHARASHTRA STATE ELECTRICITY and others	HSBC and others	INR	441,618,747	7,044	441,618,747	7,044
POSCO Maharashtra Steel Private Limited			USD	3,658,864,502	4,335,385	2,657,053,275	3,148,340
			KRW	7,638,744	7,638,744	3,622,111	3,622,111
			IDR	2,137,400,000,000	177,190	2,020,600,000,000	167,508
			INR	441,618,747	7,044	441,618,747	7,044
			THB	5,501,000,000	192,040	5,021,000,000	175,283
			EUR	46,000,000	63,218	46,000,000	63,218
			AUD	14,665,087	12,470	14,665,087	12,470
			BRL	464,060,000	101,532	464,060,000	101,532

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of September 30, 2021

#### (Unaudited)

#### (b) Other commitments

Details of other commitments of the Company as of September 30, 2021 are as follows:

Company	Description
POSCO	<p>POSCO entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than three years and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of September 30, 2021, 41 million tons of iron ore and 6 million tons of coal remained to be purchased under such long-term contracts.</p> <p>POSCO entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.</p> <p>POSCO has a long-term service contract for the transportation of raw material. As of September 30, 2021, there are 38 vessels under contract, and the average remaining contract period is about 9 years.</p> <p>As of September 30, 2021, POSCO entered into a commitment with KOREA ENERGY AGENCY for long-term foreign currency borrowings, which are limited up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowings depends on the success of the projects. POSCO is not liable for the repayment of full or part of the amount borrowed if the respective projects fail. POSCO has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of September 30, 2021, the ending balance of the borrowing amounts to USD 1.02 million.</p> <p>POSCO has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to POSCO ENERGY Co., Ltd., a subsidiary of the Company, under construction of new power plant.</p> <p>POSCO has deposited 2,932,480 treasury shares for exchange with the Korea Securities Depository in relation to foreign currency exchangeable bonds as of September 30, 2021.</p>
POSCO INTERNATIONAL Corporation	<p>POSCO INTERNATIONAL Corporation operates a ship-to-ship business in which ships are chartered from ship's owners and leased out to shippers. The Company has entered into a ship purchase agreement with the ship owners and the shippers, which obliges the shippers to pay the agreed amount either at the end of the contract terms or at the agreed termination and to take over the ownership of the vessel from the ship owners. Only if the shipper fails to fulfill its obligation including payment obligation for the purchase of the vessel, the Company is obliged to take over the ship based on the condition that the shipper's contractual obligations and rights are transferred to the Company. As of September 30, 2021, the amount which is exposed to the ship purchase agreements entered into is USD 170 million.</p> <p>The Company invested in the Ambatovy Nickel Project (DMSA/AMSA) in Madagascar through the Korea Ambatovy Consortium (KAC) formed with Korea Mineral Resources Corporation (KORES) and STX Corporation. SHERRITT INTERNATIONAL CORP., the operator, transferred a portion of the project's interests to Sumitomo and AHL (Ambatovy Holdings Limited) in November 2017, and transferred the remaining interests of the project to Sumitomo and AHL2 (Ambatovy Holdings II Limited) in August 2020. KAC has the rights and obligations to the 15.47% stake held by AHL and AHL2.</p>
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	<p>As of September 30, 2021, POSCO ENGINEERING &amp; CONSTRUCTION CO., LTD. has foreign currency guarantees of up to USD 2,354 million provided by financial institutions and uses USD 826 million with Woori Bank and others.</p> <p>As of September 30, 2021, according to the project agreements related to redevelopment and reconstruction projects, the Company has an agreement to compensate the Korea Housing and Urban Guarantee Corporation for damages of principal and interest amounting to ₩1,294,108 million (limited to ₩2,505,609 million). Furthermore, the Company provides agreements of construction completion (compensation for non-performance) in connection with a number of implementation and union business projects.</p>
POSCO ICT	<p>As of September 30, 2021, in relation to contract enforcement, POSCO ICT is provided with a guarantee of ₩140,434 million, ₩23,653 million from Software credit union and Seoul guarantee insurance, respectively.</p>

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

### (c) Litigation in progress

#### 1) Request for Arbitration of NSC Investment and TGC

In March 2019, NSC Investment and TGC ("Applicant"), a former joint venture partner of POSCO ENGINEERING & CONSTRUCTION CO., LTD., in connection with the Songdo International City Development Project in Incheon, filed an arbitration (mediation price: approximately USD 2 billion) for alleged violations of contract by POSCO ENGINEERING & CONSTRUCTION CO., LTD. As of September 30, 2021, the Company has determined that the applicant's claim is without merit, and did not recognize a provision.

#### 2) Other litigation

The Company is involved in 316 lawsuits aggregating to ₩1,388.1 billion as defendant as of September 30, 2021, which arise from the ordinary course of business such as claim for confirmation of employee status. The Company has recognized provisions amounting to ₩69.4 billion for 70 lawsuits based on its reliable estimate of outflow of resources. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company believes that it does not have a present obligation as of September 30, 2021.

### (d) Other contingencies

Company	Description
POSCO	POSCO has provided 3 blank checks to Korea Energy Agency as collateral for long-term foreign currency borrowings.
POSCO INTERNATIONAL Corporation	As of September 30, 2021, POSCO INTERNATIONAL Corporation has provided 30 blank promissory notes and 17 blank checks to Korea Energy Agency and others as collateral for the guarantee on performance for contracts and others.
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	As of September 30, 2021, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has provided 35 blank checks and 4 blank promissory notes as collateral for agreements and outstanding loans, and has provided joint guarantee of ₩8,766,977 million for guarantee that partners had issued from Korea Housing & Urban Guarantee Corporation and others.
POSCO ICT	As of September 30, 2021, POSCO ICT has provided 6 blank checks to financial institutions as collateral for the guarantee on performance for contracts and others.

## POSCO and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

#### 36. Cash Flows from Operating Activities

Changes in operating assets and liabilities for the nine-month periods ended September 30, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		<b>September 30, 2021</b>	<b>September 30, 2020</b>
Trade accounts and notes receivable	₩	(2,028,833)	119,743
Other receivables		(156,811)	203,637
Inventories		(4,537,739)	2,026,615
Other current assets		(110,904)	(74,404)
Other non-current assets		(161,327)	(74,021)
Trade accounts and notes payable		1,130,509	(145,465)
Other payables		(157,128)	(119,043)
Other current liabilities		317,055	342,705
Provisions		(137,676)	(174,100)
Payments of severance benefits		(194,468)	(174,151)
Plan assets		152,224	76,381
Other non-current liabilities		30,558	15,443
	₩	<u>(5,854,540)</u>	<u>2,023,340</u>

#### 37. Operating Segments

The Company's operating businesses are organized based on the nature of markets and customers. The Company has four reportable operating segments - steel, construction, trading and others. The steel segment includes production of steel products and revenue of such products. The construction segment includes planning, designing and construction of industrial plants, civil engineering projects and commercial and residential buildings, both in Korea and overseas. The trading segment consists of exporting and importing a wide range of steel products and raw materials that are both obtained from and supplied to POSCO, as well as between other suppliers and purchasers in Korea and overseas. Other segments include power generation, network and system integration and logistics. The policies of classification and measurement on operating segments were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2020.

Segment assets, liabilities and profit (loss) are generally measured based on separate financial statements in accordance with K-IFRS of the subsidiaries that constitute reportable operating segments.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2021 (Unaudited)

(a) Information about reportable segments for the nine-month periods ended September 30, 2021 and 2020 were as follows:

1) For the nine-month period ended September 30, 2021

<i>(in millions of Won)</i>		<b>Steel</b>	<b>Trading</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
External revenues	₩	29,374,822	18,326,546	4,555,585	2,741,119	54,998,072
Internal revenues		16,147,310	14,766,211	656,448	2,049,280	33,619,249
Inter segment revenue		10,676,368	7,763,264	600,888	1,911,292	20,951,812
Total revenues		45,522,132	33,092,757	5,212,033	4,790,399	88,617,321
Segment profits		5,290,635	276,691	167,109	260,078	5,994,513

2) For the nine-month period ended September 30, 2020

<i>(in millions of Won)</i>		<b>Steel</b>	<b>Trading</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
External revenues	₩	20,915,217	14,520,691	4,917,113	2,175,564	42,528,585
Internal revenues		11,295,551	9,410,203	711,221	1,932,408	23,349,383
Inter segment revenue		7,902,278	4,575,959	658,178	1,818,184	14,954,599
Total revenues		32,210,768	23,930,894	5,628,334	4,107,972	65,877,968
Segment profits		341,083	207,849	272,740	308,403	1,130,075

(b) Reconciliations of total segment profit or loss, to their respective consolidated financial statement line items for the nine-month periods ended September 30, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		<b>September 30, 2021</b>	<b>September 30, 2020</b>
Total profit for reportable segments	₩	5,994,513	1,130,075
Corporate fair value adjustments		(45,430)	(56,976)
Elimination of inter-segment profits		(375,513)	(19,527)
Income tax expense		1,743,241	453,134
Profit before income tax expense	₩	7,316,811	1,506,706

### 38. Events after the Reporting Period

Pursuant to the resolution of the Board of Directors on November 5, 2021, the Company decided to pay interim cash dividends of ₩5,000 per common share (total dividend: ₩378.1 billion).