

# **POSCO**

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

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

## Table of Contents

	Page
<b>Independent Auditors' Review Report</b> .....	1
<b>Condensed Separate Interim Financial Statements</b>	
Condensed Separate Interim Statements of Financial Position .....	3
Condensed Separate Interim Statements of Comprehensive Income .....	5
Condensed Separate Interim Statements of Changes in Equity .....	6
Condensed Separate Interim Statements of Cash Flows .....	7
Notes to the Condensed Separate Interim Financial Statements .....	9

## **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 separate interim financial statements of POSCO (the "Company"), which comprise the condensed separate interim statement of financial position as of September 30, 2021, the condensed separate interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, the condensed separate 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 separate 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 separate 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 separate 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 separate 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 separate interim financial statements may differ from those generally accepted and applied in other countries.

The separate statement of financial position of the Company as of December 31, 2020, and the related separate 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 separate statement of financial position of the Company as of December 31, 2020, presented for comparative purposes, is consistent, in all material respect, with the audited separate financial statements from which it has been derived.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
November 12, 2021

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 separate 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.

# POSCO

## Condensed Separate Interim Statements of Financial Position As of September 30, 2021 and December 31, 2020 (Unaudited)

(in millions of Won)

	Notes	September 30, 2021	December 31, 2020
<b>Assets</b>			
Cash and cash equivalents	20	₩ 2,423,235	1,822,660
Trade accounts and notes receivable, net	4,14,20,25,32	6,107,524	3,693,535
Other receivables, net	5,20,32	396,332	279,555
Other short-term financial assets	6,20	9,323,815	9,607,632
Inventories	7,29	6,528,001	4,093,829
Assets held for sale	8	10,331	32,244
Other current assets	13	53,418	50,498
<b>Total current assets</b>		<b>24,842,656</b>	<b>19,579,953</b>
Long-term trade accounts and notes receivable, net	4,20	7,610	2,456
Other receivables, net	5,20	285,703	84,037
Other long-term financial assets	6,20	1,678,509	1,072,817
Investments in subsidiaries, associates and joint ventures	9	15,988,631	14,883,152
Investment property, net	10	147,290	149,617
Property, plant and equipment, net	11	19,774,324	20,216,932
Intangible assets, net	12	549,699	621,926
Defined benefit assets, net	18	-	76,501
Other non-current assets	13	79,179	107,578
<b>Total non-current assets</b>		<b>38,510,945</b>	<b>37,215,016</b>
<b>Total assets</b>		<b>₩ 63,353,601</b>	<b>56,794,969</b>

See accompanying notes to the condensed separate interim financial statements.

# POSCO

## Condensed Separate Interim Statements of Financial Position, Continued As of September 30, 2021 and December 31, 2020 (Unaudited)

(in millions of Won)

	Notes	September 30, 2021	December 31, 2020
<b>Liabilities</b>			
Trade accounts and notes payable	20,32	₩ 2,096,900	1,258,470
Short-term borrowings and current installments of long-term borrowings	4,14,20	1,657,031	2,408,392
Other payables	15,20,32	889,614	1,127,323
Other short-term financial liabilities	16,20	16,585	12,788
Current income tax liabilities		1,423,817	137,858
Provisions	17	72,945	63,604
Other current liabilities	19,25	113,520	80,676
<b>Total current liabilities</b>		<b>6,270,412</b>	<b>5,089,111</b>
Long-term borrowings, excluding current installments	14,20	7,414,557	5,346,944
Other payables	15,20	402,981	220,612
Other long-term financial liabilities	16,20	23,422	122,154
Defined benefit liabilities, net	18	22,559	-
Deferred tax liabilities		848,961	848,317
Long-term provisions	17,33	51,381	52,602
Other non-current liabilities	19,25	502	525
<b>Total non-current liabilities</b>		<b>8,764,363</b>	<b>6,591,154</b>
<b>Total liabilities</b>		<b>15,034,775</b>	<b>11,680,265</b>
<b>Equity</b>			
Share capital	21	482,403	482,403
Capital surplus	21	1,339,289	1,339,289
Hybrid bonds	22	199,384	199,384
Reserves	23	(191,343)	(296,626)
Treasury shares	24	(2,508,294)	(2,391,523)
Retained earnings		48,997,387	45,781,777
<b>Total equity</b>		<b>48,318,826</b>	<b>45,114,704</b>
<b>Total liabilities and equity</b>		<b>₩ 63,353,601</b>	<b>56,794,969</b>

See accompanying notes to the condensed separate interim financial statements.

# POSCO

## Condensed Separate 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 informations)

	Notes	For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2021	2020	2021	2020
<b>Revenue</b>	25,32	₩ 11,314,724	6,577,887	28,392,523	19,432,566
<b>Cost of sales</b>	7,29,32	(8,712,578)	(6,064,351)	(22,591,516)	(18,037,570)
<b>Gross profit</b>		2,602,146	513,536	5,801,007	1,394,996
Selling and administrative expenses	29,32				
Reversal of (impairment loss) on trade accounts and notes receivable		(5)	31	(11)	(4,936)
Other administrative expenses	26	(237,813)	(196,051)	(655,124)	(587,582)
Selling expenses	26	(68,632)	(55,653)	(169,220)	(190,979)
<b>Operating profit</b>		2,295,696	261,863	4,976,652	611,499
Finance income and costs	20,27				
Finance income		586,860	90,469	1,426,600	875,321
Finance costs		(375,804)	(28,342)	(777,081)	(526,062)
Other non-operating income and expenses	32				
Reversal of (impairment loss) on other receivables		(420)	208	(741)	(119)
Other non-operating income	28	16,863	8,840	128,754	114,563
Other non-operating expenses	28,29	(48,772)	(52,782)	(143,207)	(228,726)
<b>Profit before income tax</b>		2,474,423	280,256	5,610,977	846,476
Income tax expense	30	(634,354)	(99,446)	(1,500,574)	(206,000)
<b>Profit</b>		1,840,069	180,810	4,110,403	640,476
<b>Other comprehensive income (loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	18	(2,528)	(437)	(13,890)	(830)
Net changes in fair value of equity investments at fair value through other comprehensive income	6,20,23	(16,756)	6,396	103,205	(154,254)
<b>Total comprehensive income</b>		₩ 1,820,785	186,769	4,199,718	485,392
<b>Earnings per share (in Won)</b>	31				
Basic earnings per share		24,309	2,261	54,218	7,965
Diluted earnings per share		₩ 23,871	2,261	53,854	7,965

See accompanying notes to the condensed separate interim financial statements.

# POSCO

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

(in millions of Won)

	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Total
<b>Balance as of January 1, 2020</b>	₩ 482,403	1,252,220	199,384	(183,930)	(1,508,303)	45,372,411	45,614,185
<b>Total comprehensive income:</b>							
Profit	-	-	-	-	-	640,476	640,476
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(830)	(830)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(151,351)	-	(2,903)	(154,254)
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Year-end dividends	-	-	-	-	-	(320,462)	(320,462)
Interim dividends	-	-	-	-	-	(160,062)	(160,062)
Interest of hybrid bonds	-	-	-	-	-	(6,906)	(6,906)
Acquisition of treasury shares	-	-	-	-	(329,677)	-	(329,677)
Others	-	87,069	-	-	-	-	87,069
<b>Balance as of September 30, 2020</b>	₩ 482,403	1,339,289	199,384	(335,281)	(1,837,980)	45,521,724	45,369,539
<b>Balance as of January 1, 2021</b>	₩ 482,403	1,339,289	199,384	(296,626)	(2,391,523)	45,781,777	45,114,704
<b>Total comprehensive income:</b>							
Profit	-	-	-	-	-	4,110,403	4,110,403
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(13,890)	(13,890)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	105,283	-	(2,078)	103,205
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Year-end dividends	-	-	-	-	-	(342,565)	(342,565)
Interim dividends	-	-	-	-	-	(529,379)	(529,379)
Interest of hybrid bonds	-	-	-	-	-	(6,881)	(6,881)
Acquisition of treasury shares	-	-	-	-	(116,771)	-	(116,771)
<b>Balance as of September 30, 2021</b>	₩ 482,403	1,339,289	199,384	(191,343)	(2,508,294)	48,997,387	48,318,826

See accompanying notes to the condensed separate interim financial statements.

# POSCO

## Condensed Separate Interim Statements of Cash Flows

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 operating activities</b>			
Profit	₩	4,110,403	640,476
Adjustments for :			
Expenses related to post-employment benefit		91,145	93,872
Depreciation		1,712,811	1,698,104
Amortization		82,233	74,002
Impairment loss on trade and other receivables		752	5,055
Finance income		(1,133,963)	(573,676)
Finance costs		466,722	315,516
Loss on valuation of inventories		1,015	7,236
Gain on disposal of property, plant and equipment		(7,029)	(7,211)
Loss on disposal of property, plant and equipment		70,218	125,031
Impairment loss on property, plant and equipment		3,113	22,997
Impairment loss on intangible assets		7,180	-
Gain on disposal of investments in subsidiaries, associates and joint ventures		-	(24,354)
Gain on disposal of assets held for sale		(46,697)	(22,488)
Loss on disposal of assets held for sale		-	5,383
Impairment loss on assets held for sale		-	9,093
Gain on disposal of emission rights		-	(24,566)
Loss on disposal of emissions rights		5,843	-
Increase to provisions		35,771	45,626
Income tax expense		1,500,574	206,000
Others		6,755	(1,815)
Changes in operating assets and liabilities	34	(4,115,413)	1,792,321
Interest received		99,669	156,619
Interest paid		(151,398)	(161,098)
Dividends received		538,198	163,905
Income taxes paid		(201,099)	(316,862)
Net cash provided by operating activities	₩	3,076,803	4,229,166

See accompanying notes to the condensed separate interim financial statements.

# POSCO

## Condensed Separate 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>			
Decrease in deposits	₩	1,884,031	2,923,219
Proceeds from disposal of short-term financial instruments		23,877,869	26,654,572
Proceeds from disposal of long-term financial instruments		4	-
Collection of short-term loans		5,041	1,798
Proceeds from disposal of debt security		150,070	426,214
Proceeds from disposal of long-term debt security		1,742	-
Proceeds from disposal of equity securities		12,868	7,938
Proceeds from disposal of other securities		2,534	8,183
Proceeds from disposal of investments in subsidiaries, associates and joint ventures		1,020	21,820
Proceeds from disposal of intangible assets		727	1,016
Proceeds from disposal of emissions rights		5,503	66,143
Proceeds from disposal of assets held for sale		59,291	224,546
Proceeds from disposal of derivatives		1,482	-
Increase in deposits		(2,042,750)	(2,939,354)
Acquisition of short-term financial instruments		(23,538,704)	(28,773,711)
Acquisition of long-term financial instruments		(272,825)	-
Acquisition of equity securities		(8,385)	-
Increase in long-term loans		(193,048)	(19,127)
Acquisition of debt securities		(50,033)	(361,599)
Acquisition of other securities		(24,729)	(13,107)
Acquisition of investment in subsidiaries, associates and joint ventures		(1,107,671)	(204,601)
Acquisition of property, plant and equipment		(1,198,496)	(1,817,307)
Payment for disposal of property, plant and equipment		(45,612)	(64,431)
Acquisition of intangible assets		(34,434)	(119,000)
Net cash used in investing activities	₩	(2,514,505)	(3,976,788)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		5,096,059	3,045,576
Increase in long-term financial liabilities		1,362	251
Proceeds from disposals of derivatives		3,195	-
Receipt of government grants		398	897
Repayment of borrowings		(4,053,496)	(414,574)
Decrease in long-term financial liabilities		(1,297)	(330)
Repayment of lease liabilities		(34,466)	(46,913)
Payment of cash dividends		(871,971)	(480,541)
Acquisition of treasury shares		(116,771)	(329,677)
Payment of interest of hybrid bonds		(6,906)	(6,932)
Net cash provided by financing activities	₩	16,107	1,767,757
<b>Effect of exchange rate fluctuation on cash held</b>		22,170	(11,368)
<b>Net increase in cash and cash equivalents</b>		600,575	2,008,767
<b>Cash and cash equivalents at beginning of the period</b>		1,822,660	978,139
<b>Cash and cash equivalents at end of the period</b>	₩	2,423,235	2,986,906

See accompanying notes to the condensed separate interim financial statements.

# POSCO

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

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### 1. Reporting Entity

POSCO (the “Company”) is the largest steel producer in Korea which 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 the Company have been listed on the Korea Exchange since June 10, 1988. The Company 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 Company are listed on the Korea Exchange, while its ADRs are listed on the New York Stock Exchanges.

### 2. Statement of Compliance

#### Statement of compliance

The condensed separate 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 separate 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 separate financial statements as of and for the year ended December 31, 2020. These condensed separate interim financial statements do not include all of the disclosures required for full annual financial statements.

These condensed interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No. 1027 “Separate Financial Statements” presented by a parent, an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost.

#### Use of estimates and judgments

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

The preparation of the condensed 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.

# POSCO

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

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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.

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.

# **POSCO**

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

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### **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 separate interim financial statements are the same as those applied by the Company in its separate financial statements as of and for the year ended December 31, 2020.

#### **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 separate financial statements.

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

The amendment prohibits 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 amendment 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 financial statements to be significant.

# POSCO

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

### 4. Trade Accounts and Notes Receivable

Trade accounts and notes receivable 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>			
Trade accounts and notes receivable	₩	6,121,866	3,707,860
Less: Allowance for doubtful accounts		(14,342)	(14,325)
	₩	<u>6,107,524</u>	<u>3,693,535</u>
<b>Non-current</b>			
Trade accounts and notes receivable	₩	10,198	3,780
Less: Present value discount		(1,878)	(344)
Less: Allowance for doubtful accounts		(710)	(980)
	₩	<u>7,610</u>	<u>2,456</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 ₩384,376 million and ₩520,310 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

### 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	₩	2,950	2,950
Other accounts receivable		364,834	231,051
Others		33,836	50,822
Less: Allowance for doubtful accounts		(5,288)	(5,268)
	₩	<u>396,332</u>	<u>279,555</u>
<b>Non-current</b>			
Loans	₩	243,648	52,760
Long-term other accounts receivable		47,432	35,638
Others		3,706	4,001
Less: Allowance for doubtful accounts		(9,083)	(8,362)
	₩	<u>285,703</u>	<u>84,037</u>

# POSCO

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

### 6. Other Financial Assets

(a) Other financial assets 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>Current</b>			
Debt securities	₩	50,000	153,370
Deposit instruments(*1)		1,496,599	1,337,881
Short-term financial instruments		7,777,216	8,116,381
	₩	<u>9,323,815</u>	<u>9,607,632</u>
<b>Non-current</b>			
Long-term derivative assets	₩	188,620	18,549
Equity securities		1,121,925	980,706
Debt securities		4,750	6,367
Other securities		90,359	67,161
Deposit instruments(*2)		30	34
Long-term financial instruments		272,825	-
	₩	<u>1,678,509</u>	<u>1,072,817</u>

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

(\*2) The Company is required to provide deposits to maintain checking accounts and accordingly the withdrawal of these deposits is restricted.

# POSCO

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

(b) Equity securities as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	September 30, 2021					December 31, 2020	
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
<b>Marketable equity securities</b>							
Nippon Steel Corporation	15,698,500	1.65	₩ 473,962	337,885	(136,077)	337,885	219,788
KB Financial group Inc.	3,863,520	0.93	178,839	213,653	34,814	213,653	167,677
Woori Financial Group Inc.	20,280,000	2.81	244,447	236,262	(8,185)	236,262	197,324
CSN Mineracao S.A. (*1)	102,186,675	1.83	206,265	142,417	(63,848)	142,417	-
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	8,930	19,067	10,137	19,067	15,020
DONGKUK INDUSTRIES COMPANY	2,611,989	4.82	11,911	9,978	(1,933)	9,978	8,868
Others (9 companies) (*2)			71,190	76,889	5,699	76,889	35,939
			1,195,544	1,036,151	(159,393)	1,036,151	644,616
<b>Non-marketable equity securities</b>							
CSN Mineracao S.A. (*1, 3)	-	-	-	-	-	-	246,158
POSCO PLANTEC Co., Ltd.	18,337,912	10.99	19,437	19,437	-	19,437	19,437
Korea Nickel CO.LTD	75,600	14.00	10,194	10,194	-	10,194	10,194
Poongsan Special Metal Corp.	315,790	5.00	7,657	7,657	-	7,657	7,657
HANKUM.CO.LTD	21,000	4.99	4,599	4,599	-	4,599	4,599
Core-Industry Co., Ltd.	490,000	19.84	4,214	4,214	-	4,214	4,214
AJUSTEEL CO.,LTD (*2)	-	-	-	-	-	-	4,165
Others (29 companies)			144,202	39,673	(104,529)	39,673	39,666
			190,303	85,774	(104,529)	85,774	336,090
			₩ 1,385,847	1,121,925	(263,922)	1,121,925	980,706

- (\*1) During the nine-month period ended September 30, 2021, CSN Mineracao S.A. was listed on the Brazilian stock market, and a stock split of 1:30 was carried out at the same time as the listing. On the other hand, the Company sold 7,565,145 shares in the current quarter after stock split.
- (\*2) During the nine-month period ended September 30, 2021, AJUSTEEL CO., LTD was listed on the Korea Stock Exchange and classified as marketable equity securities.
- (\*3) As of December 31, 2020, fair value is based on an analysis performed by an external professional evaluation agency.

# POSCO

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

### 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	₩ 1,027,999	709,323
Semi-finished goods	1,819,086	1,167,330
By-products	7,208	3,460
Raw materials	1,397,067	885,222
Fuel and materials	469,418	518,151
Materials-in-transit	1,807,590	814,397
Others	648	681
	6,529,016	4,098,564
Less: Allowance for inventories valuation	(1,015)	(4,735)
	₩ 6,528,001	4,093,829

The amount 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 ₩1,015 million and ₩4,735 million, respectively.

### 8. Assets Held for Sale

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

<i>(in millions of Won)</i>	<b>September 30, 2021(*1, 2)</b>	<b>December 31, 2020</b>
<b>Assets</b>		
Property, plant and equipment(*3)	₩ 10,331	32,244

(\*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 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 of assets held for sale.

(\*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 an impairment loss of ₩5,030 million for the difference between the fair value less costs 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.

# POSCO

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

### 9. Investments in Subsidiaries, Associates and Joint ventures

(a) Details of subsidiaries and their carrying amounts as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

(In millions of Won)					December 31,	
	Country	Principal operations	September 30, 2021		2020	
			Ownership (%)	Book value	Book value	
[Domestic]						
POSCO INTERNATIONAL Corporation	Korea	Trading	62.91	₩ 3,223,759	3,223,759	
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	Korea	Engineering and construction				
			52.80	1,014,314	1,014,314	
POSCO ENERGY CO., LTD.	Korea	Power generation	89.02	658,176	658,176	
POSCO COATED & COLOR STEEL Co., Ltd.	Korea	Coated steel manufacturing and sales	56.87	108,421	108,421	
POSCO Capital	Korea	Investment in venture companies	95.00	103,780	103,780	
POSCO CHEMICAL CO., LTD(*1)	Korea	Refractory manufacturing and sales	59.72	895,707	207,631	
POSCO O&M Co., Ltd(*2)	Korea	Business facility maintenance	47.17	73,374	73,374	
POSCO ICT	Korea	Computer hardware and software distribution	65.38	70,990	70,990	
POSCO M-TECH(*2)	Korea	Packing materials manufacturing and sales	48.85	107,278	107,278	
Busan E&E Co., Ltd.(*3)	Korea	Municipal solid waste fuel and power generation	70.00	30,148	30,148	
POSCO Lithium Solution Co., Ltd.(*4)	Korea	Lithium manufacturing and sales	100.00	150,000	-	
Others (12 companies)				232,254	110,995	
				6,668,201	5,708,866	
[Foreign]						
PT. KRAKATAU POSCO	Indonesia	Steel manufacturing and sales	70.00	633,421	633,421	
POSCO WA PTY LTD	Australia	Iron ore sales and mine development	100.00	646,574	645,830	
POSCO Maharashtra Steel Private Limited	India	Steel manufacturing and sales	100.00	722,569	722,569	
POSCO Canada Ltd.	Canada	Coal mine development	100.00	560,879	560,879	
POSCO AUSTRALIA PTY LTD	Australia	Iron ore sales and mine development	100.00	330,623	330,623	
POSCO (Zhangjiagang) Stainless Steel Co.,Ltd.	China	Stainless steel manufacturing and sales	58.60	283,845	283,845	
POSCO Thainox Public Company Limited	Thailand	Stainless steel manufacturing and sales	74.56	178,785	178,785	
POSCO-China Holding Corp.	China	Investment management	100.00	593,841	593,841	
POSCO-India Private Limited	India	Steel manufacturing and sales	99.99	75,567	75,567	
POSCO MEXICO S.A. DE C.V.	Mexico	Plate steel manufacturing and sales	83.28	180,072	180,072	
POSCO America Corporation	USA	Steel trading	99.45	192,156	192,156	
POSCO-VIETNAM Co., Ltd.	Vietnam	Steel manufacturing and sales	100.00	160,572	160,572	
POSCO VST CO., LTD.	Vietnam	Stainless steel manufacturing and sales	95.65	144,573	144,573	
POSCO(Guangdong) Automotive Steel Co., Ltd.	China	Plate steel manufacturing and sales	83.64	52,936	52,936	
POSCO COATED STEEL (THAILAND) CO., LTD.	Thailand	Plate steel manufacturing and sales	100.00	121,592	121,592	
POSCO Asia Co., Ltd.	Hong Kong	Steel and raw material trading	100.00	117,710	117,710	
POSCO ASSAN TST STEEL INDUSTRY	Turkey	Steel manufacturing and sales	60.00	71,707	71,707	
POSCO JAPAN Co., Ltd.	Japan	Steel trading	100.00	68,436	68,436	
Qingdao Pohang Stainless Steel Co., Ltd.	China	Stainless steel manufacturing and sales	70.00	65,982	65,982	
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	China	Steel manufacturing and sales				
			90.00	62,494	62,494	
POSCO AFRICA (PROPRIETARY) LIMITED	South Africa	Mine development	100.00	50,297	50,297	
POSCO-Malaysia SDN. BHD.	Malaysia	Steel manufacturing and sales	81.79	45,479	45,479	
POSCO Argentina S.A.U.	Argentina	Mineral exploration, manufacturing and sale	100.00	373,366	373,366	
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Vietnam	Steel manufacturing and sales	51.00	130,526	130,526	
Others (29 companies)				529,080	510,079	
				6,393,082	6,373,337	
			₩	13,061,283	12,082,203	

(\*1) During the nine-month period ended September 30, 2021, the Company acquired ₩ 688,076 million in additional subsidiary investment shares by participating in POSCO CHEMICAL CO., LTD's paid-in capital increase.

(\*2) The Company classified POSCO M-TECH and POSCO O&M Co., Ltd. as the investments in a subsidiary, considering additional facts and circumstances, such as the relative size of the voting rights held by the Company and the degree of diversification of other voting rights holders, although the Company holds less than half of the voting rights of POSCO M-TECH and POSCO O&M Co., Ltd.

(\*3) As of December 31, 2020, the investments in a subsidiary amounting to ₩30,148 million were provided as collateral in relation to the loan agreement of Busan E&E Co., Ltd. On the other hand, during the nine-month period ended September 30, 2021, Busan E&E Co., Ltd. repaid the liability and the collateral is released.

# POSCO

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

(\*4) During the nine-month period ended September 30, 2021, the Company established POSCO Lithium Solution Co., Ltd.

(b) Details of associates and their carrying amounts as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

(in millions of Won)

					December 31,
					2020
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	Korea	Mine investment	34.43	₩ 169,316	169,316
SNNC	Korea	STS material manufacturing and sales	49.00	100,655	100,655
QSONE Co.,Ltd.	Korea	Real estate rental business	50.00	85,550	85,550
Others (8 companies)				23,606	22,977
				379,127	378,498
[Foreign]					
Nickel Mining Company SAS	New Caledonia	Raw material manufacturing and sales	49.00	189,197	189,197
9404-5515 Quebec Inc.(*1)	Canada	Mine investment	10.40	124,341	124,341
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	China	Tinplate manufacturing and sales	24.00	11,003	11,003
FQM Australia Holdings Pty Ltd(*2)	Australia	Nickel manufacturing and sales	30.00	106,621	-
Others (6 companies)				39,644	39,671
				470,806	364,212
				₩ 849,933	742,710

(\*1) 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.

(\*2) During the nine-month period ended September 30, 2021, the Company acquired shares of FQM Australia Holdings Pty Ltd.

(c) Details of joint ventures and their carrying amounts as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	Country	Principal operations	September 30, 2021		December 31, 2020
			Ownership (%)	Book value	Book value
Roy Hill Holdings Pty Ltd(*1)	Australia	Mine development	10.00	₩ 1,225,464	1,225,464
CSP - Companhia Siderurgica do Pecem	Brazil	Steel manufacturing and sales	20.00	315,896	296,720
POSCO-NPS Niobium LLC	USA	Mine development	50.00	364,609	364,609
KOBRASCO	Brazil	Steel materials manufacturing and sales	50.00	98,962	98,962
Others (3 companies)				72,484	72,484
				₩ 2,077,415	2,058,239

(\*1) As of September 30, 2021 and December 31, 2020, the investments in joint ventures amounting to ₩1,225,464 million were provided as collateral in relation to loans from project financing of Roy Hill Holdings Pty Ltd.

# POSCO

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

### 10. 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>Depreciation(*1)</b>	<b>Transfer(*2)</b>	<b>Ending</b>
Land	₩	89,848	-	37	89,885
Buildings		51,417	(3,037)	1,120	49,500
Structures		8,352	(453)	6	7,905
	₩	<u>149,617</u>	<u>(3,490)</u>	<u>1,163</u>	<u>147,290</u>

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

(\*2) Mainly includes assets transferred from property, plant and equipment in relation to changes in rental ratio and the purpose of use.

(b) For the year ended December 31, 2020

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Depreciation(*1)</b>	<b>Transfer(*2)</b>	<b>Ending</b>
Land	₩	91,738	-	(1,890)	89,848
Buildings		57,228	(4,033)	(1,778)	51,417
Structures		9,111	(609)	(150)	8,352
	₩	<u>158,077</u>	<u>(4,642)</u>	<u>(3,818)</u>	<u>149,617</u>

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

(\*2) Mainly includes assets transferred from property, plant and equipment in relation to changes in rental ratio and the purpose of use.

# POSCO

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

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

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:

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

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment(*1)	Others(*2)	Ending
Land	₩	1,401,605	-	(15)	-	-	(5,524)	1,396,066
Buildings		2,080,843	356	(317)	(154,369)	(595)	161,049	2,086,967
Structures		2,073,097	402	(1,070)	(136,236)	(4)	69,682	2,005,871
Machinery and equipment		12,651,431	19,995	(11,707)	(1,358,245)	(2,514)	472,203	11,771,163
Vehicles		14,486	1,059	(4)	(5,417)	-	2,099	12,223
Tools		24,333	2,184	(7)	(8,388)	-	1,217	19,339
Furniture and fixtures		44,426	4,512	(149)	(12,284)	-	29,102	65,607
Lease assets		331,588	123,688	-	(34,382)	-	33,922	454,816
Construction-in-progress		1,595,123	1,118,771	-	-	-	(751,622)	1,962,272
	₩	<u>20,216,932</u>	<u>1,270,967</u>	<u>(13,269)</u>	<u>(1,709,321)</u>	<u>(3,113)</u>	<u>12,128</u>	<u>19,774,324</u>

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

(\*2) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, assets transferred from investment properties, assets transferred to assets held for sale, and others.

(b) For the year ended December 31, 2020

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment(*1)	Others(*2)	Ending
Land	₩	1,398,081	-	(6)	-	-	3,530	1,401,605
Buildings		2,100,503	3,144	(2,397)	(207,818)	(271)	187,682	2,080,843
Structures		2,030,853	4,037	(6,349)	(174,343)	(883)	219,782	2,073,097
Machinery and equipment		12,602,435	48,747	(22,913)	(1,796,038)	(9,422)	1,828,622	12,651,431
Vehicles		9,951	1,497	(8)	(6,571)	-	9,617	14,486
Tools		27,288	4,007	(3)	(12,052)	-	5,093	24,333
Furniture and fixtures		38,329	4,399	(179)	(11,811)	-	13,688	44,426
Lease assets		262,368	21,920	-	(60,358)	-	107,658	331,588
Construction-in-progress		1,662,391	2,406,273	(4,872)	-	(17,270)	(2,451,399)	1,595,123
	₩	<u>20,132,199</u>	<u>2,494,024</u>	<u>(36,727)</u>	<u>(2,268,991)</u>	<u>(27,846)</u>	<u>(75,727)</u>	<u>20,216,932</u>

(\*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 caused by the fire.

(\*2) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, assets transferred from investment properties, assets transferred to assets held for sale, and others.

# POSCO

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

(c) Information on lease agreements for which the Company is a lessee is as follows:

### 1) Right-of-use assets

- ① Changes in the carrying amount of right-of-use assets presented as property, plant and equipment for the nine-month period ended September 30, 2021 were as follows.

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Depreciation</b>	<b>Others(*1)</b>	<b>Ending</b>
Land	₩	8,703	-	(226)	-	8,477
Buildings		71,431	3,471	(5,433)	-	69,469
Structures		59,221	-	(3,909)	-	55,312
Machinery and equipment		54,698	-	(6,146)	37,124	85,676
Vehicles		6,255	-	(375)	-	5,880
Ships		106,555	120,217	(12,536)	-	214,236
Furniture and fixtures		24,725	-	(5,757)	(3,202)	15,766
	₩	<u>331,588</u>	<u>123,688</u>	<u>(34,382)</u>	<u>33,922</u>	<u>454,816</u>

(\*1) Increased due to the revised lease term of machinery and equipment.

- ② Changes in the carrying amount of right-of-use assets presented as property, plant and equipment for the year ended December 31, 2020, were as follows.

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Depreciation</b>	<b>Others</b>	<b>Ending</b>
Land	₩	-	8,853	(150)	-	8,703
Buildings		71,921	6,075	(6,565)	-	71,431
Structures		64,434	-	(5,213)	-	59,221
Machinery and equipment		60,198	-	(5,500)	-	54,698
Vehicles		6,755	-	(500)	-	6,255
Ships		24,082	111,537	(29,064)	-	106,555
Furniture and fixtures		34,978	6,992	(13,366)	(3,879)	24,725
	₩	<u>262,368</u>	<u>133,457</u>	<u>(60,358)</u>	<u>(3,879)</u>	<u>331,588</u>

### 2) Amount recognized in profit or loss

The amounts recognized in profit or loss related to leases for the three-month and the 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	₩	3,011	2,675	9,221	7,731
Expenses related to short-term leases		916	821	2,548	2,711
Expenses related to leases of low-value assets		1,373	1,459	4,587	4,848
	₩	<u>5,300</u>	<u>4,955</u>	<u>16,356</u>	<u>15,290</u>

# POSCO

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

### 12. Intangible Assets, Net

Changes in the carrying amount of 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

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Impairment(*2)</b>	<b>Transfer(*3)</b>	<b>Ending</b>
Intellectual property rights	₩	22,758	-	(485)	(4,492)	-	4,384	22,165
Membership(*1)		81,795	3,690	(727)	-	-	-	84,758
Development expense		224,854	293	-	(57,707)	-	13,685	181,125
Port facilities usage rights		233,447	-	-	(16,924)	-	-	216,523
Construction-in-progress		34,924	16,677	(4,770)	-	-	(14,880)	31,951
Other intangible assets		24,148	4,684	(10,030)	(3,110)	(7,180)	4,665	13,177
	₩	<u>621,926</u>	<u>25,344</u>	<u>(16,012)</u>	<u>(82,233)</u>	<u>(7,180)</u>	<u>7,854</u>	<u>549,699</u>

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

(\*2) During the nine-month periods ended September 30, 2021, the Company decided to sell a portion of paid-in emission rights and recognized impairment loss which is the difference between carrying amount and net fair value.

(\*3) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, 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>Amortization</b>	<b>Transfer(*2)</b>	<b>Ending</b>
Intellectual property rights	₩	24,545	-	(3,609)	(6,140)	7,962	22,758
Membership(*1)		82,657	-	(862)	-	-	81,795
Development expense		86,023	1,579	(16)	(50,827)	188,095	224,854
Port facilities usage rights		278,072	-	-	(44,625)	-	233,447
Construction-in-progress		137,273	88,376	-	-	(190,725)	34,924
Other intangible assets		100,345	19,785	(61,446)	(5,334)	(29,202)	24,148
	₩	<u>708,915</u>	<u>109,740</u>	<u>(65,933)</u>	<u>(106,926)</u>	<u>(23,870)</u>	<u>621,926</u>

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

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

# POSCO

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

### 13. Other Assets

Other 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>			
Advance payments	₩	3,957	4,263
Prepaid expenses		44,219	26,011
Emission rights purchased from the market		5,242	20,224
	₩	<u>53,418</u>	<u>50,498</u>
<b>Non-current</b>			
Long-term prepaid expenses	₩	3,835	4,312
Others(*1)		75,344	103,266
	₩	<u>79,179</u>	<u>107,578</u>

(\*1) As of September 30, 2021 and December 31, 2020, the Company recognized tax assets amounting to ₩54,102 million and ₩100,852 million, respectively, based on the Company's best estimate of the income 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.

### 14. Borrowings

(a) Borrowings 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>Short-term borrowings</b>			
Short-term borrowings	₩	1,138,529	1,029,363
Current portion of debentures		518,727	1,379,739
Less: Current portion of discount on debentures issued		(225)	(710)
	₩	<u>1,657,031</u>	<u>2,408,392</u>
<b>Long-term borrowings</b>			
Long-term borrowings	₩	1,209	1,110
Debentures		7,436,460	5,373,840
Less: Discount on debentures issued		(23,112)	(28,006)
	₩	<u>7,414,557</u>	<u>5,346,944</u>

(b) Short-term borrowings as of September 30, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>		<b>Issuance date</b>	<b>Maturity date</b>	<b>Annual interest rate (%)</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>Lenders</b>					
Transfers of account receivables that do not qualify for derecognition	-	-	-	-	₩ 384,376	520,310
Borrowings in Foreign Trade	MUFG and others	2021.07.15~ 2021.09.28	2021.10.13~ 2021.12.27	0.49~0.68	754,153	509,053
					<u>₩ 1,138,529</u>	<u>1,029,363</u>

# POSCO

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

(c) Current portion of debentures as of September 30, 2021 and December 31, 2020 are as follows:

(in millions of Won)

	Lenders	Issuance date	Maturity date	Annual interest rate (%)	September 30, 2021	December 31, 2020
Debentures	Domestic debentures 304-2 and the other	2011.11.28~ 2019.07.17	2021.11.28~ 2022.07.17	1.61~4.12	₩ 359,822	459,811
Foreign debentures	Japan Yen Private Bonds	2011.12.22	2021.12.22	2.70	158,680	919,218
					₩ 518,502	1,379,029

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

(in millions of Won)

	Lenders	Issuance date	Maturity date	Annual interest rate (%)	September 30, 2021	December 31, 2020
Foreign borrowings	KOREA ENERGY AGENCY	2007.12.27~ 2008.12.29	2022.12.29	3 year Government bond	₩ 1,209	1,110
Debentures	Domestic debentures 306-3 and others	2013.10.04~ 2021.09.16	2022.10.14~ 2029.10.16	1.56~3.64	2,345,988	2,046,166
Foreign debentures	Global debentures 4 and others	2018.08.01~ 2020.01.17	2022.11.22~ 2025.01.17	0.50~4.00	3,559,211	3,299,668
Exchangeable bonds(*1)	Foreign currency exchangeable bonds	2021.09.01	2026.09.01	-	1,508,149	-
					₩ 7,414,557	5,346,944

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

	Foreign currency exchangeable bonds
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

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

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### 15. Other Payables

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

<i>(in millions of Won)</i>		<b><u>September 30, 2021</u></b>	<b><u>December 31, 2020</u></b>
<b>Current</b>			
Accounts payable	₩	368,797	606,902
Accrued expenses		458,018	412,976
Dividend payable		1,801	1,854
Lease liabilities		47,844	94,904
Withholdings		13,154	10,687
	₩	<u>889,614</u>	<u>1,127,323</u>
<b>Non-current</b>			
Long-term accrued expenses	₩	39	54
Lease liabilities		402,243	217,458
Long-term withholdings		699	3,100
	₩	<u>402,981</u>	<u>220,612</u>

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

### 16. Other Financial Liabilities

Other financial liabilities 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>			
Derivative liabilities	₩	6,993	3,087
Financial guarantee liabilities		9,592	9,701
	₩	<u>16,585</u>	<u>12,788</u>
<b>Non-current</b>			
Derivative liabilities	₩	-	92,273
Financial guarantee liabilities		23,422	29,881
	₩	<u>23,422</u>	<u>122,154</u>

### 17. Provisions

(a) Provisions 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>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Provision for bonus payments(*1,2)	₩	7,979	37,120	14,518	34,461
Provision for restoration(*3)		6,449	7,693	5,136	12,425
Provision for legal contingencies and claims		1,875	-	4,937	2,052
Emission liabilities(*4)		32,330	-	20,224	-
Provision for product warranties(*5)		24,312	6,568	18,789	3,664
	₩	<u>72,945</u>	<u>51,381</u>	<u>63,604</u>	<u>52,602</u>

(\*1) Represents the provision for bonuses limited to 33%~67% of annual salaries for executives.

(\*2) The Company estimated the present value of estimated future cash payments about the long-term service award, based on actuarial measurement.

(\*3) Due to contamination of land near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery 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 discount rates of 1.73%~2.01% to assess present value of these costs.

(\*4) The Company has recognized emission liabilities for greenhouse gas emissions exceeding the quantity of free quota emission rights expected to be submitted as of September 30, 2021.

(\*5) As of September 30, 2021, the Company recognized the expected claim cost to be charged as a provision.

# POSCO

## Notes to the Condensed Separate 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>Reversal</b>	<b>Utilization</b>	<b>Ending</b>
Provision for bonus payments	₩	48,979	14,519	-	(18,399)	45,099
Provision for restoration		17,561	223	(108)	(3,534)	14,142
Provision for legal contingencies and claims		6,989	1,875	(2,052)	(4,937)	1,875
Emission liabilities		20,224	32,330	(19,391)	(833)	32,330
Provision for Product Warranties		22,453	22,894	-	(14,467)	30,880
	₩	<u>116,206</u>	<u>71,841</u>	<u>(21,551)</u>	<u>(42,170)</u>	<u>124,326</u>

2) For the year ended December 31, 2020

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Increase</b>	<b>Reversal</b>	<b>Utilization</b>	<b>Ending</b>
Provision for bonus payments	₩	49,836	25,853	-	(26,710)	48,979
Provision for restoration		22,725	363	(340)	(5,187)	17,561
Provision for legal contingencies and claims		2,388	4,937	(285)	(51)	6,989
Emission liabilities		-	20,648	(424)	-	20,224
Provision for Product Warranties		-	48,137	-	(25,684)	22,453
	₩	<u>74,949</u>	<u>99,938</u>	<u>(1,049)</u>	<u>(57,632)</u>	<u>116,206</u>

## 18. Employee Benefits

(a) Defined contribution plans

The expense related to post-employment benefit plans under defined contribution plans for the three-month and the 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	₩	10,127	8,789	27,756	27,696

# POSCO

## Notes to the Condensed Separate 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/assets 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	₩	1,401,861	1,378,597
Fair value of plan assets		(1,379,302)	(1,455,098)
Net defined benefit liabilities (assets)	₩	22,559	(76,501)

- 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	₩	1,378,597	1,435,942
Current service costs		92,835	125,706
Interest costs		21,669	27,712
Remeasurement		14,936	(74,678)
Amount transferred from associate		-	1,104
Benefits paid		(106,176)	(137,189)
Defined benefit obligation at the end of period	₩	1,401,861	1,378,597

- 3) Changes in the 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	₩	1,455,098	1,381,796
Interest on plan assets		23,359	27,227
Remeasurement of plan assets		(4,223)	(450)
Contributions to plan assets		-	178,000
Amount transferred from associate		-	1,104
Benefits paid		(94,932)	(132,579)
Fair value of plan assets at the end of period	₩	1,379,302	1,455,098

# POSCO

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

- 4) The amounts recognized in the statement of comprehensive income for the three-month and the nine-month periods 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	₩ 31,554	29,949	92,835	93,508
Net interest costs	(563)	121	(1,690)	364
	₩ 30,991	30,070	91,145	93,872

### 19. 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>		
Advances received	₩ 16,826	41,901
Withholdings	44,045	24,253
Unearned revenue	52,649	14,522
	₩ 113,520	80,676
<b>Non-current</b>		
Unearned revenue	₩ 502	525

# POSCO

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

### 20. Financial Instruments

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

- 1) The carrying amount and the 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)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Fair value through profit or loss					
Derivative assets	₩ 188,620	-	188,620	-	188,620
Short-term financial instruments	7,777,216	-	7,777,216	-	7,777,216
Long-term financial instruments	272,825	-	272,825	-	272,825
Debt securities	4,750	-	-	4,750	4,750
Other securities	90,359	-	-	90,359	90,359
Other receivables	2,000	-	-	2,000	2,000
Fair value through other comprehensive income					
Equity securities	1,121,925	1,036,151	-	85,774	1,121,925
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	2,423,235	-	-	-	-
Trade accounts and notes receivable	6,104,896	-	-	-	-
Debt securities	50,000	-	-	-	-
Other receivables	588,673	-	-	-	-
Deposit instruments	1,496,629	-	-	-	-
₩	20,121,128	1,036,151	8,238,661	182,883	9,457,695
<b>Financial liabilities</b>					
Fair value through profit or loss					
Derivative liabilities	₩ 6,993	-	6,993	-	6,993
Borrowings	1,508,149	1,508,149	-	-	1,508,149
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	2,096,900	-	-	-	-
Borrowings	7,563,439	-	7,729,242	-	7,729,242
Financial guarantee liabilities	33,014	-	-	-	-
Others	1,260,450	-	-	-	-
₩	12,468,945	1,508,149	7,736,235	-	9,244,384

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

#### ② December 31, 2020

(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	₩ 18,549	-	18,549	-	18,549
Short-term financial instruments	8,116,381	-	8,116,381	-	8,116,381
Debt securities	8,050	-	-	8,050	8,050
Other securities	67,161	-	-	67,161	67,161
Other receivables	2,000	-	-	2,000	2,000
Fair value through other comprehensive income					
Equity securities	980,706	644,616	-	336,090	980,706
Debt securities	1,687	-	-	1,687	1,687
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	1,822,660	-	-	-	-
Trade accounts and notes receivable	3,685,573	-	-	-	-
Debt securities	150,000	-	-	-	-
Other receivables	272,846	-	-	-	-
Deposit instruments	1,337,915	-	-	-	-
₩	16,463,528	644,616	8,134,930	414,988	9,194,534
<b>Financial liabilities</b>					
Fair value through profit or loss					
Derivative liabilities	₩ 95,360	-	95,360	-	95,360
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	1,258,470	-	-	-	-
Borrowings	7,755,336	-	8,026,373	-	8,026,373
Financial guarantee liabilities	39,582	-	-	-	-
Others	1,335,672	-	-	-	-
₩	10,484,420	-	8,121,733	-	8,121,733

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

# POSCO

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

- 2) Financial liabilities were recognized in connection with financial guarantee contracts as of September 30, 2021. The details of the amount of guarantees provided are as follows:

(in millions of Won)

(in millions of Won)		Guarantee limit		Guarantee amount		
Guarantee beneficiary	Financial institution					
		Foreign currency	Won equivalent	Foreign currency	Won equivalent	
Subsidiaries						
POSCO Maharashtra Steel Private Limited	SC	USD	19,784,000	23,442	19,784,000	
	SMBC	USD	35,000,000	41,472	35,000,000	
	DBS	USD	35,000,000	41,472	35,000,000	
	BNP	USD	30,000,000	35,547	30,000,000	
	Citi	USD	20,000,000	23,698	20,000,000	
POSCO ASSAN TST STEEL INDUSTRY	BNP	USD	24,527,500	29,063	22,074,750	
	SOCIETE GENERALE	USD	42,000,000	49,766	37,800,000	
	Citi	USD	40,000,000	47,396	36,000,000	
	ING	USD	40,000,000	47,396	36,000,000	
POSCO Asia Co., Ltd.	Credit Agricole	USD	50,000,000	59,245	50,000,000	
	Mizuho	USD	50,000,000	59,245	50,000,000	
POSCO MEXICO S.A. DE C.V	Citi BANAMEX	USD	30,000,000	35,547	30,000,000	
	BOA	USD	30,000,000	35,547	30,000,000	
	SMBC	USD	20,000,000	23,698	20,000,000	
	MIZUHO	USD	20,000,000	23,698	20,000,000	
	ANZ	USD	20,000,000	23,698	20,000,000	
POSCO-VIETNAM Co., Ltd.	SMBC	USD	50,000,000	59,245	35,897,436	
	Credit Agricole	USD	40,000,000	47,396	35,897,436	
	MUFG	USD	26,000,000	30,807	32,307,692	
	Citi	USD	20,000,000	23,698	17,948,718	
	MIZUHO	USD	20,000,000	23,698	17,948,718	
PT. KRAKATAU POSCO	Export-Import Bank of Korea	USD	567,000,000	671,838	297,216,652	
	SMBC	USD	290,000,000	343,621	178,499,087	
	BTMU	USD	119,000,000	141,003	61,466,087	
	MIZUHO	USD	165,000,000	195,509	96,234,783	
	SCB	USD	107,800,000	127,732	56,867,087	
	Credit Suisse AG	USD	91,000,000	107,826	47,003,478	
	HSBC	USD	221,000,000	261,863	138,003,478	
	SC	USD	110,000,000	130,339	77,000,000	
	MUFG	USD	60,000,000	71,094	42,000,000	
	ANZ	USD	103,500,000	122,637	60,150,391	
	BOA	USD	105,000,000	124,415	67,078,261	
	The Tokyo Star Bank, Ltd	USD	21,000,000	24,883	10,846,957	
	POSCO COATED STEEL (THAILAND) CO., LTD.	Citi	THB	801,000,000	27,963	731,107,253
		ANZ	THB	1,175,000,000	41,019	1,072,473,187
		MUFG	THB	1,175,000,000	41,019	1,072,473,187
SC		THB	1,175,000,000	41,019	1,072,473,187	
The Great & Co.		THB	1,175,000,000	41,019	1,072,473,187	
Associates						
LLP POSUK Titanium	SMBC	USD	13,500,000	15,996	13,500,000	
Nickel Mining Company SAS	SMBC	EUR	46,000,000	63,218	46,000,000	
Joint ventures						
CSP - Companhia Siderurgica do Pecem	Export-Import Bank of Korea	USD	182,000,000	215,652	160,279,849	
	Santander	USD	47,600,000	56,401	41,232,192	
	BNP	USD	47,600,000	56,401	41,232,192	
	MIZUHO	USD	47,600,000	56,401	41,232,192	
	Credit Agricole	USD	20,000,000	23,698	17,324,457	
	SOCIETE GENERALE	USD	20,000,000	23,698	15,245,507	
	KfW	USD	20,000,000	23,698	15,245,507	
	BBVA Seoul	USD	17,600,000	20,854	17,324,457	
	ING	USD	17,600,000	20,854	17,324,457	
	BNDES	BRL	464,060,000	101,532	464,060,000	
		USD	3,056,111,500	3,621,187	2,143,965,821	
		EUR	46,000,000	63,218	46,000,000	
		THB	5,501,000,000	192,039	5,021,000,001	
	BRL	464,060,000	101,532	464,060,000		

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

3) 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)

		Finance income and costs						Other comprehensive income (loss)
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	
Financial assets at fair value through profit or loss	₩	89,939	-	-	523	73,660	-	-
Financial assets at fair value through other comprehensive income		-	43,973	-	91	-	-	103,205
Financial assets measured at amortized cost		11,348	-	244,812	-	-	-	-
Financial liabilities at fair value through profit or loss		-	-	(1,141)	9,093	214,206	(15,876)	-
Financial liabilities measured at amortized cost		(117,818)	-	(481,455)	-	-	4,408	-
	₩	(16,531)	43,973	(237,784)	9,707	287,866	(11,468)	103,205

(\*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩573,756 million for the nine-month period ended September 30, 2021.

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

(in millions of Won)

		Finance income and costs						Other comprehensive income (loss)
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	
Financial assets at fair value through profit or loss	₩	121,351	-	-	8,148	136,514	-	-
Financial assets at fair value through other comprehensive income		-	29,363	-	-	-	-	(154,254)
Financial assets measured at amortized cost		35,972	-	47,008	1	-	-	-
Financial liabilities at fair value through profit or loss		-	-	-	722	15,287	-	-
Financial liabilities measured at amortized cost		(171,974)	-	(76,908)	-	-	11,271	-
	₩	(14,651)	29,363	(29,900)	8,871	151,801	11,271	(154,254)

(\*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩192,504 million for the nine-month period ended September 30, 2020.

# POSCO

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

4) 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)

	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	
Financial assets at fair value through profit or loss	₩ 31,515	-	-	(645)	45,179	-	-
Financial assets at fair value through other comprehensive income	-	14,637	-	(1)	-	-	(16,756)
Financial assets measured at amortized cost	4,121	-	161,209	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	(1,141)	(9,084)	122,119	(15,876)	-
Financial liabilities measured at amortized cost	(31,910)	-	(281,895)	-	-	1,378	-
	₩ 3,726	14,637	(121,827)	(9,730)	167,298	(14,498)	(16,756)

(\*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩171,450 million for the three-month period ended September 30, 2021.

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

(in millions of Won)

	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	
Financial assets at fair value through profit or loss	₩ 44,192	-	-	7,663	(86,637)	-	-
Financial assets at fair value through other comprehensive income	-	4,880	-	-	-	-	6,396
Financial assets measured at amortized cost	11,765	-	(47,907)	1	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	275	1,310	-	-
Financial liabilities measured at amortized cost	(58,166)	-	140,540	-	-	(569)	-
	₩ (2,209)	4,880	92,633	7,939	(85,327)	(569)	6,396

(\*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩44,780 million for the three-month period ended September 30, 2020.

(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 separate financial statements as of and for the year ended December 31, 2020.

# POSCO

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

### 21. Share Capital and Capital Surplus

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

<i>(in Won, except share information)</i>	<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 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:

<i>(in millions of Won)</i>	<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
Gain from merger	80,628	80,628
Loss on disposal of hybrid bonds	(1,787)	(1,787)
	<u>₩ 1,339,289</u>	<u>1,339,289</u>

### 22. Hybrid Bonds

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>Rate of Interest (%)</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>

# POSCO

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

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

	<b>Hybrid bond 1-2</b>
Maturity date	30 years (The Company 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 (10 years) + 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 the Company)
Others	The Company 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 higher than the common stockholders, but lower than other creditors. The interest accumulated but not paid on the hybrid bonds as of September 30, 2021 amounts to ₩ 454 million.

### 23. Reserves

Reserves 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>
Changes in fair value of equity investments at fair value through other comprehensive income	₩	(191,343)	(296,626)

### 24. 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.

	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>
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

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.

# POSCO

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

### 25. Revenue

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

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
<i>(in millions of Won)</i>				
<b>Types of revenue</b>				
Sales of steel product	₩ 10,848,586	6,367,587	27,293,282	18,789,752
Transportation services	359,207	168,014	901,782	516,065
Others	106,931	42,286	197,459	126,749
	₩ 11,314,724	6,577,887	28,392,523	19,432,566
<b>Timing of revenue recognition</b>				
Revenue recognized at a point in time	₩ 10,934,359	6,393,320	27,436,280	18,870,603
Revenue recognized over time	380,365	184,567	956,243	561,963
	₩ 11,314,724	6,577,887	28,392,523	19,432,566

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<i>(in millions of Won)</i>		
<b>Receivables</b>		
Account receivables	₩ 6,104,896	3,685,573
<b>Contract assets</b>		
Account receivables	10,238	10,418
<b>Contract liabilities</b>		
Advance received	16,826	41,901
Unearned income	53,061	14,855

# POSCO

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

### 26. 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:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
(in millions of Won)				
Wages and salaries	₩ 83,423	58,543	205,423	174,233
Expenses related to post-employment benefits	10,511	4,960	28,580	19,142
Other employee benefits	15,493	12,780	41,972	36,067
Travel	1,583	1,806	5,674	6,413
Depreciation	7,161	6,974	20,837	20,636
Amortization	3,476	8,382	29,059	26,838
Rental	11,719	11,809	37,498	36,013
Repairs	1,696	2,340	5,116	6,171
Advertising	13,766	13,804	42,595	43,188
Research & development	20,671	16,304	56,339	47,696
Service fees	51,977	43,755	126,912	121,196
Supplies	122	162	845	522
Vehicles maintenance	1,237	1,032	3,677	3,480
Industry association fee	1,024	997	4,150	4,217
Training	5,691	5,524	15,973	13,706
Conference	1,128	908	3,263	2,875
Others	7,135	5,971	27,211	25,189
	₩ 237,813	196,051	655,124	587,582

#### (b) Selling expenses

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

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
(in millions of Won)				
Freight and custody	₩ 29,301	34,557	88,481	97,659
Operating expenses for distribution center	1,529	1,458	4,615	4,616
Sales commissions	34,096	17,711	68,109	82,499
Sales advertising	1,569	55	1,827	360
Sales promotion	330	286	976	982
Sample	235	94	706	427
Sales insurance premium	1,572	1,492	4,506	4,436
	₩ 68,632	55,653	169,220	190,979

# POSCO

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

### 27. 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:

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
<i>(in millions of Won)</i>				
<b>Finance income</b>				
Interest income(*1)	₩ 35,636	55,957	101,287	157,323
Dividend income	186,087	49,660	617,729	221,867
Gain on foreign currency transactions	133,373	62,252	290,297	295,081
Gain on foreign currency translations	53,720	(2,711)	94,744	24,628
Gain on valuation of derivatives	158,979	(83,424)	279,548	153,704
Gain on transactions of derivatives	1,801	5,921	20,152	6,564
Others	17,264	2,814	22,843	16,154
	₩ 586,860	90,469	1,426,600	875,321
<b>Finance costs</b>				
Interest expenses	₩ 31,910	58,166	117,818	171,974
Loss on foreign currency transactions	123,843	71,772	292,447	207,969
Loss on foreign currency translations	185,077	(104,864)	330,379	141,640
Others	34,974	3,268	36,437	4,479
	₩ 375,804	28,342	777,081	526,062

(\*1) Interest income calculated using the effective interest method for the nine-month periods ended September 30, 2021 and 2020 were ₩11,348 million and ₩35,972 million, respectively.

# POSCO

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

### 28. 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:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
<i>(in millions of Won)</i>				
<b>Other non-operating income</b>				
Gain on disposals of property, plant and equipment	₩ 1,343	1,157	7,029	7,211
Gain on disposals of subsidiaries, associates and joint ventures	-	2,447	-	24,354
Gain on disposals of assets held for sale	960	(4,454)	46,697	22,488
Reversal of other provisions	-	-	2,052	284
Gain on insurance proceeds	1,504	2,882	3,808	9,768
Gain on disposals of emission rights	-	-	-	24,566
Others(*1)	13,056	6,808	69,168	25,892
	<u>₩ 16,863</u>	<u>8,840</u>	<u>128,754</u>	<u>114,563</u>
<b>Other non-operating expenses</b>				
Loss on disposals of property, plant and equipment	₩ 23,948	30,797	70,218	125,031
Impairment loss on property, plant and equipment	-	309	3,113	22,997
Impairment loss on investment in subsidiaries, associates and joint ventures	-	1,000	1,500	1,000
Donations	15,224	5,600	17,350	17,309
Impairment loss on assets held for sale	-	148	-	9,093
Impairment loss on intangible assets	-	-	7,180	-
Others	9,600	14,928	43,846	53,296
	<u>₩ 48,772</u>	<u>52,782</u>	<u>143,207</u>	<u>228,726</u>

(\*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

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

### 29. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses 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 expenses):

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
(in millions of Won)				
Changes in inventories(*1)	₩ (592,055)	63,477	(977,900)	450,758
Raw materials and consumables used	6,743,186	4,216,703	16,858,719	11,940,849
Employee benefits expenses	588,044	455,160	1,492,677	1,352,294
Outsourced processing cost	689,078	560,791	1,898,583	1,788,247
Depreciation(*2)	566,219	571,557	1,712,811	1,698,104
Amortization	27,365	23,151	82,233	74,002
Electricity and water expenses	81,495	59,686	240,962	176,237
Service fees	76,191	63,710	189,710	183,338
Rental	24,686	20,986	68,856	63,894
Advertising	13,766	13,804	42,595	43,188
Freight and custody expenses	280,680	178,593	720,355	559,097
Sales commissions	34,096	17,711	68,109	82,499
Loss on disposals of property, plant and equipment	23,948	30,797	70,218	125,031
Impairment loss on property, plant and equipment	-	310	3,113	22,997
Other expenses	511,521	92,161	1,088,779	489,377
	₩ 9,068,220	6,368,597	23,559,820	19,049,912

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

(\*2) Includes depreciation of investment property.

### 30. Income Taxes

The effective tax rates of the Company for the nine-month periods ended September 30, 2021 and 2020 were 26.74% and 24.34%, respectively.

# POSCO

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

### 31. 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 share information)

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Profit for the period	₩ 1,840,068,246,557	180,809,542,496	4,110,403,352,867	640,475,843,825
Interests of hybrid bonds, net of tax	(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	₩ 24,309	2,261	54,218	7,965

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

(shares)

	For the three-month periods ended September 30		For the nine-month periods 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 periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Profit for the period	₩ 1,840,068,246,557	180,809,542,496	4,110,403,352,867	640,475,843,825
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	₩ 23,871	2,261	53,854	7,965

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

(shares)

	For the three-month periods ended September 30		For the nine-month periods 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

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

### 32. Related Party Transactions

(a) Significant transactions with 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 companies (Note 20).

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

# POSCO

## Notes to the Condensed Separate 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
	<u>8,816,551</u>	<u>131,323</u>	<u>1,478,793</u>	<u>874,036</u>	<u>489,168</u>	<u>290,573</u>
<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
	<u>59,476</u>	<u>105,205</u>	<u>1,360,497</u>	<u>84,839</u>	<u>4,086</u>	<u>36,145</u>
₩	<u>8,876,027</u>	<u>236,528</u>	<u>2,839,290</u>	<u>958,875</u>	<u>493,254</u>	<u>326,718</u>

# POSCO

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

(b) Significant transactions with 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

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

# POSCO

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

(c) The related account balances of significant transactions with 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
	<u>3,001,042</u>	<u>27,646</u>	<u>3,028,688</u>	<u>136,059</u>	<u>203,594</u>	<u>148,627</u>	<u>488,280</u>
<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
	<u>4,437</u>	<u>151,196</u>	<u>155,633</u>	<u>469,158</u>	<u>980</u>	<u>-</u>	<u>470,138</u>
₩	<u>3,005,479</u>	<u>178,842</u>	<u>3,184,321</u>	<u>605,217</u>	<u>204,574</u>	<u>148,627</u>	<u>958,418</u>

### 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	Total
<b>Subsidiaries</b>							
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 6,010	11	6,021	-	81,608	394	82,002
POSCO COATED & COLOR STEEL Co., Ltd.	63,520	-	63,520	-	180	3,709	3,889
POSCO ICT	245	1	246	2,820	118,720	31,411	152,951
eNtoB Corporation	-	-	-	1,361	35,846	18	37,225
POSCO CHEMICAL CO., LTD	19,406	3,434	22,840	13,066	55,515	18,531	87,112
POSCO ENERGY CO., LTD.	261	122	383	-	2,995	12,508	15,503
POSCO SPS	72,009	-	72,009	-	2,352	4,175	6,527
POSCO INTERNATIONAL Corporation	534,531	-	534,531	2,713	-	-	2,713
POSCO Thainox Public Company Limited	39,920	-	39,920	-	-	-	-
POSCO Asia Co., Ltd.	239,847	898	240,745	3,958	258	-	4,216
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	154,713
	<u>1,732,030</u>	<u>36,831</u>	<u>1,768,861</u>	<u>65,482</u>	<u>327,907</u>	<u>153,462</u>	<u>546,851</u>
<b>Associates and joint ventures</b>							
SNNC	106	228	334	33,380	-	-	33,380
Roy Hill Holdings Pty Ltd	-	52,076	52,076	201,924	-	-	201,924
Others	818	17,882	18,700	6,704	-	-	6,704
	<u>924</u>	<u>70,186</u>	<u>71,110</u>	<u>242,008</u>	<u>-</u>	<u>-</u>	<u>242,008</u>
₩	<u>1,732,954</u>	<u>107,017</u>	<u>1,839,971</u>	<u>307,490</u>	<u>327,907</u>	<u>153,462</u>	<u>788,859</u>

# POSCO

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

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

<i>(in millions of Won)</i>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Short-term benefits	₩ 33,115	31,687
Long-term benefits	4,530	3,192
Retirement benefits	11,320	5,425
	₩ <u>48,965</u>	<u>40,304</u>

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

### 33. Commitments and Contingencies

#### (a) Commitments

- 1) The Company entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than 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.
- 2) The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.
- 3) The Company entered into consecutive voyage charter (CVC) contract for the transportation of raw materials. As of September 30, 2021, there are 38 vessels under contract and the average remaining contract period is about 9 years.
- 4) As of September 30, 2021, the Company entered into commitments with KOREA ENERGY AGENCY for long-term foreign currency borrowing, which is 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 borrowing depends on the success of the project. The Company is not liable for the repayment of full or part of the money borrowed if the respective project fail. The Company 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.
- 5) The Company has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to the construction of new power plant by POSCO ENERGY CO., LTD.

# POSCO

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

- 6) The Company 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.
- (b) As of September 30, 2021, the Company has provided three blank checks to KOREA ENERGY AGENCY as collateral for long-term foreign currency borrowings.
- (c) Litigation in progress

The Company is involved in 36 lawsuits aggregating to ₩72.6 billion as defendant as of September 30, 2021, which arise from the ordinary course of business such as claim for confirmation of employee status. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company does not believe it has a present obligation as of September 30, 2021.

### 34. 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, net	₩ (2,363,173)	278,234
Other accounts receivable	(64,636)	111,238
Accrued revenues	17,797	-
Inventories	(2,428,017)	1,138,481
Prepaid expenses	(18,407)	(16,945)
Other current assets	(117)	(2,821)
Long-term guarantee deposits	309	(318)
Derivative assets	632	9,719
Other non-current assets	(18,154)	1,329
Trade accounts and notes payable	816,686	485,595
Other accounts payable	(159,873)	(72,903)
Accrued expenses	68,239	(48,006)
Advances received	(1,625)	1,680
Withholdings	19,792	1,844
Unearned revenue	38,104	(5,414)
Other current liabilities	(29,477)	(22,760)
Derivative liabilities	15,090	8,905
Payments of severance benefits	(106,174)	(105,397)
Plan assets	94,932	36,811
Other non-current liabilities	2,659	(6,951)
	<u>₩ (4,115,413)</u>	<u>1,792,321</u>

# **POSCO**

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

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### **35. 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).