



As filed with the Securities and Exchange Commission on April 28, 2022

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 20-F

(Mark One)

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____
For the transition period from _____ to _____

Commission file number 1-13368

POSCO HOLDINGS INC.

(Exact name of Registrant as specified in its charter)

POSCO HOLDINGS INC.

The Republic of Korea

(Translation of Registrant's name into English)

(Jurisdiction of incorporation or organization)

POSCO Center, 440 Teheran-ro, Gangnam-gu

Seoul, Republic of Korea 06194

(Address of principal executive offices)

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Seoul, Republic of Korea 06194

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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Trading symbol	Name of Each Exchange on Which Registered
American Depositary Shares, each representing one-fourth of one share of common stock	PKX	New York Stock Exchange, Inc.
Common Stock, par value Won 5,000 per share *	PKX	New York Stock Exchange, Inc. *
Securities registered or to be registered pursuant to Section 12(g) of the Act.		
None		
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.		
None		

As of December 31, 2021, there were 75,625,572 shares of common stock, par value Won 5,000 per share, outstanding (not including 11,561,263 shares of common stock held by the company as treasury shares)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities

Act. **Yes** ☒ **No** ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes** ☐ **No** ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ **Accelerated filer** ☐ **Non-accelerated filer** ☐ **Emerging growth company** ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. **Yes** ☒ **No** ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing. **U.S. GAAP** ☐ **IFRS** ☒ **Other** ☐

Auditor Name: KPMG Samjong Accounting Corp.

Auditor Location: Seoul, Republic of Korea

Auditor Firm ID: 1357

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. **Item 17** ☐ **Item 18** ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

* Not for trading, but only in connection with the registration of the American Depositary Shares.



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GLOSSARY

“ADR”	American Depositary Receipt evidencing ADSs.
“ADR depositary”	Citibank, N.A.
“ADS”	American Depositary Share representing one-fourth of one share of Common Stock.
“Commercial Code”	Commercial Code of the Republic of Korea.
“common stock”	Common stock, par value Won 5,000 per share, of POSCO HOLDINGS INC.
“deposit agreement”	Deposit Agreement, dated as of July 19, 2013, among POSCO (currently named POSCO HOLDINGS INC.), the ADR Depositary and all holders and beneficial owners from time to time of ADRs issued thereunder.
“Dollars,” “\$” or “US\$”	The currency of the United States of America.
“FSCMA”	Financial Investment Services and Capital Markets Act of the Republic of Korea.
“Government”	The government of the Republic of Korea.
“Gwangyang Works”	Gwangyang Steel Works.
“IASB”	International Accounting Standards Board.
“IFRS”	International Financial Reporting Standards.
“Korea”	The Republic of Korea.
“K-IFRS”	Korean International Financial Reporting Standards.
“Pohang Works”	Pohang Steel Works.
“POSCO Group”	POSCO HOLDINGS INC. and its consolidated subsidiaries.
“Renminbi”	The currency of the People’s Republic of China.
“Securities Act”	The United States Securities Act of 1933, as amended.
“Securities Exchange Act”	The United States Securities Exchange Act of 1934, as amended.
“SEC”	The United States Securities and Exchange Commission.
“tons”	Metric tons (1,000 kilograms), equal to 2,204.6 pounds.
“U.S. GAAP”	Generally accepted accounting principles in the United States of America.
“We”	POSCO HOLDINGS INC. and its consolidated subsidiaries, unless otherwise specified or the context otherwise requires. Accordingly, in the context of discussing our steel operations, “we” refers to the steel producing operations of the subsidiaries of POSCO HOLDINGS INC., including POSCO, POSCO (Zhangjiagang), PT. Krakatau POSCO and POSCO VINA.
“Won” or “₩”	The currency of the Republic of Korea.
“Yen”	The currency of Japan.

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.



PART I

Item 1. *Identity of Directors, Senior Managers and Advisers*

Item 1.A. *Directors and Senior Management*

Not applicable

Item 1.B. *Advisers*

Not applicable

Item 1.C. *Auditor*

Not applicable

Item 2. *Offer Statistics and Expected Timetable*

Not applicable

Item 2.A. *Offer Statistics*

Not applicable

Item 2.B. *Method and Expected Timetable*

Not applicable

Item 3. *Key Information*

Item 3.A. [Reserved]

Item 3.B. *Capitalization and Indebtedness*

Not applicable

Item 3.C. *Reasons for Offer and Use of Proceeds*

Not applicable

Item 3.D. *Risk Factors*

You should carefully consider the risks described below.

The global economic downturn may adversely affect our business and performance. The global economic outlook for the near future remains uncertain.

Our business is affected by highly cyclical market demand for our products and services. In particular, POSCO and our other subsidiaries that engage in steel production activities are affected by market demand from a number of industries, including the construction, automotive, shipbuilding and electrical appliances industries as well as downstream steel processors, which are sensitive to general conditions in the global economy. Macroeconomic factors, such as the economic growth rate, employment levels, interest rates, inflation rates, exchange rates, commodity prices, demographic trends and fiscal policies of governments can have a significant effect on such industries. From time to time, these industries have experienced significant and sometimes prolonged downturns, which in turn



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have negatively impacted our steel business. Global economic conditions have deteriorated in recent years, with global financial and capital markets experiencing substantial volatility. In particular, the ongoing global pandemic of a new strain of coronavirus ("COVID-19") has materially and adversely affected the global economy and financial markets starting in early 2020. See "— Earthquakes, tsunamis, floods, severe health epidemics (including the ongoing global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases) and other natural calamities could materially adversely affect our business, results of operations or financial condition." Such developments have also been caused by, and continue to be exacerbated by, among other things, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, as well as a deterioration in economic and trade relations between the United States and its major trading partners, particularly China.

An actual or anticipated further deterioration of global economic conditions may result in a decline in demand for our products. In the case of a prolonged decrease in demand, we may need to rationalize our production capacity and reduce fixed costs, and we will likely face pressure to reduce prices of our products. From time to time, we have adjusted our crude steel production levels and sales prices in response to sluggish demand from our customers in industries adversely impacted by the deteriorating economic conditions. In particular, the global recession exacerbated by the COVID-19 pandemic and the resulting decline in demand for steel products have adversely affected the overall sales volume of our principal steel products produced by us and directly sold to external customers in 2020 compared to 2019 as well as our sales prices. While the sales volume of our principal steel products as well as their prices have recovered in 2021, the overall impact of the ongoing COVID-19 pandemic and its impact on the global steel industry remain uncertain. We reduced our production of crude steel from 42.9 million tons in 2019 to 40.6 million tons in 2020, but increased such production to 43.0 million tons in 2021. The weighted average unit sales prices for our semi-finished and finished steel products produced by us and directly sold to external customers decreased from Won 955,209 per ton in 2019 to Won 898,008 per ton in 2020 but increased to Won 1,235,892 per ton in 2021.

We expect fluctuation in demand for our steel products and trading services to continue to prevail at least in the near future. We may decide to further adjust our future crude steel production or our sales prices on an on-going basis subject to market demand for our products, the production outlook of the global steel industry and global economic conditions in general. In addition, economic downturns in the Korean and global economies could result in market conditions characterized by weaker demand for steel products from a number of industries as well as falling prices for export and import products and reduced trade levels. Deterioration of market conditions may result in changes in assumptions underlying the carrying value of certain assets, which in turn could result in impairment of such assets, including intangible assets such as goodwill. Our ability to reduce expenditures for production facilities and research and development during an industry downturn is limited because of the need to maintain our competitive position. If we are unable to reduce our expenses sufficiently to offset reductions in price and sales volume, our margins will suffer and our business, financial condition and results of operations may be materially and adversely affected.

Earthquakes, tsunamis, floods, severe health epidemics (including the ongoing global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases) and other natural calamities could materially adversely affect our business, results of operations or financial condition.

If earthquakes, tsunamis, floods, severe health epidemics or any other natural calamities were to occur in the future in any area where any of our assets, suppliers or customers are located, our business, results of operations or financial condition could be adversely affected. A number of suppliers of our raw materials and customers of our products are located in countries that have historically suffered natural calamities from time to time, such as Australia, China and Japan, as well as Korea. Any occurrence of such natural calamities in countries where our suppliers are located may



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lead to shortages or delays in the supply of raw materials. In addition, natural calamities in areas where our customers are located, including China, Southeast Asia, Japan, Europe, North America and Korea, may cause disruptions in their businesses, which in turn could adversely impact their demand for our products.

In particular, COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 that was first reported to have been transmitted to humans in late 2019 and has spread globally, has materially and adversely affected the global economy and financial markets in recent years. In light of Government recommendations for social distancing, we have periodically implemented remote work arrangements for a portion of our workforce, particularly for employees in areas severely impacted by the pandemic, minimized business travel and assisted our employees with quarantine measures.

The World Health Organization declared the COVID-19 as a pandemic in March 2020. While we do not believe that such disruptions and arrangements have had a material adverse impact on our business, a prolonged outbreak of COVID-19 may result in further disruptions in the normal operations of our business, including disruptions in the operation of our production facilities, delays in our production facility expansion projects, implementation of further work arrangements requiring employees to work remotely and restrictions on overseas and domestic business travel, which may lead to a reduction in labor productivity.

Other risks associated with prolonged outbreak of COVID-19 or other types of widespread infectious disease include:

- an increase in unemployment among, and/or decrease in disposable income of, consumers who purchase the products manufactured by our customers and a decline in overall consumer confidence and spending levels, which in turn may decrease demand for our products;
- disruption in the normal operations of the businesses of our customers, which in turn may decrease demand for our products;
- disruption in supply of raw materials from our vendors;
- disruption in delivery of our products to our customers;
- disruption in the normal operations of our business resulting from contraction of COVID-19 by our employees or quarantine measures imposed by governments, which may necessitate our employees to be quarantined and/or our manufacturing facilities, construction projects, energy and mineral development projects or offices to be temporarily shut down;
- disruption resulting from the necessity for social distancing, including implementation of temporary adjustment of work arrangements requiring employees to work remotely, which may lead to a reduction in labor productivity (for example, from time to time, we implemented staggered remote working arrangements for our employees at our headquarters);
- depreciation of the Won against major foreign currencies, which in turn may increase the cost of imported raw materials;
- unstable global and Korean financial markets, which may adversely affect our ability to meet our funding needs on a timely and cost-effective basis; and
- impairments in the fair value of our investments in companies that may be adversely affected by the pandemic.

It is not possible to predict the duration or full magnitude of harm from COVID-19. In the event that COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, our business, financial condition and results of operations may be materially adversely affected.



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Korea and the rest of Asia are our most important markets, and our current business and future growth could be materially and adversely affected if economic conditions in the region deteriorate.

We are a holding company incorporated in Korea, and a substantial portion of our subsidiaries' operations and assets are located in Korea. Korea is our most important market, accounting for 42.6% of the Steel Segment's revenue in 2021. Domestic demand for steel products is affected by the condition of major steel consuming industries, such as construction, shipbuilding, automotive, electrical appliances and downstream steel processors, and the Korean economy in general. In addition, the trading operations of POSCO International Corporation ("POSCO International") are affected by the general level of trade between Korea and other countries, which in turn tends to fluctuate based on general conditions in the Korean and global economies. As a result, we are subject to political, economic, legal and regulatory risks specific to Korea, and our performance and successful fulfillment of our operational strategies are largely dependent on the overall Korean economy. In the past, the economic indicators in Korea have shown mixed signs of growth and uncertainty, and starting in 2020, the overall Korean economy and the economies of Korea's major trading partners have shown signs of deterioration due to the debilitating effects of the COVID-19 pandemic. As a result, future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, in particular due to the COVID-19 pandemic, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies has fluctuated significantly and, as a result of uncertain global and Korean economic conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the KOSPI, and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean economy could adversely affect our business, financial condition and results of operations and the market price of our ADSs.

Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending, including as a result of the ongoing global COVID-19 pandemic;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the deteriorating economic and trade relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the Euro or the Japanese Yen exchange rates or revaluation of the Chinese Renminbi), interest rates, inflation rates or stock markets;
- the occurrence of severe health epidemics in Korea or other parts of the world, such as the COVID-19 pandemic;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the ongoing trade disputes with Japan);



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- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labor unrest;
- substantial changes in the market prices of Korean real estate;
- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, in particular in light of the Government's ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding in light of COVID-19, which, together, would likely lead to a national budget deficit as well as an increase in the Government's debt;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and the risk of further attacks by terrorist groups around the world;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East (including a potential escalation of hostilities between the United States and Iran) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- hostilities or, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries may take) and any resulting adverse effects on the global supply of oil or the global financial markets;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

We rely on export sales for a significant portion of our total sales. Adverse economic and financial developments in Asia in the future may have an adverse effect on demand for our products in Asia and increase our foreign exchange risks.

We rely on export sales for a significant portion of our total sales. In particular, the Steel Segment's export sales and overseas sales to customers abroad accounted for 57.4% of the Steel



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Segment's total revenue in 2021. The Steel Segment's export sales to customers in Asia, including China, Japan, Indonesia, Thailand and Malaysia, accounted for 62.5% of the Steel Segment's total export sales revenue in 2021, and we expect our sales to these countries to remain important in the future. In particular, the Steel Segment's export sales to China accounted for 30.6% of the Steel Segment's total export sales revenue in 2021. Accordingly, adverse economic and financial developments in these countries may have an adverse effect on demand for our products. Unfavorable or uncertain economic and market conditions, which can be caused, among others, by difficulties in the financial sector, corporate, political or other scandals that may reduce confidence in the markets, declines in business confidence, increases in inflation, natural disasters or pandemics, outbreaks of hostilities or other geopolitical instability. Deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the ongoing trade disputes with Japan), or a combination of these or other factors, have, in the past adversely affected, and may in the future adversely affect, demand for our products.

Economic weakness in Asia may also adversely affect our sales to the Korean companies that export to the region, especially companies in the construction, shipbuilding, automotive, electrical appliances and downstream steel processing industries. Weaker demand in these countries, combined with an increase in global production capacity, may also reduce export prices in Dollar terms of our principal products sold to customers in Asia. For a discussion of production over-capacity in the global steel industry, see "— We operate in the highly competitive steel, trading and construction industries, and our failure to successfully compete would adversely affect our market position and business." We attempt to maintain and expand our export sales to generate foreign currency receipts to cover our foreign currency purchases and debt service requirements. Consequently, any decrease in our export sales could also increase our foreign exchange risks.

Depreciation of the value of the Won against the Dollar and other major foreign currencies may have a material adverse effect on the results of our operations and on the price of the ADSs.

Our consolidated financial statements are prepared from our local currency denominated financial results, assets and liabilities and our subsidiaries around the world, which are then translated into Won. A substantial proportion of our consolidated financial results is accounted for in currencies other than the Won. Accordingly, our consolidated financial results and assets and liabilities may be materially affected by changes in the exchange rates of foreign currencies. In 2021, 57.4% of the Steel Segment's total revenue was from overseas markets outside of Korea. To the extent that we incur costs in one currency and make sales in another, our profit margins may be affected by changes in the exchange rates between the two currencies. Since the currency in which sales are recorded may not be the same as the currency in which expenses are incurred, foreign exchange rate fluctuations may materially affect our results of operations. Depreciation of the Won may materially affect the results of our operations because, among other things, it causes:

- an increase in the amount of Won required for us to make interest and principal payments on our foreign currency-denominated debt;
- an increase in Won terms in the costs of raw materials and equipment that we purchase from overseas sources and a substantial portion of our freight costs, which are denominated primarily in Dollars; and
- foreign exchange translation losses on foreign-currency denominated liabilities, which lower our earnings for accounting purposes.

Appreciation of the Won against major currencies, on the other hand, causes:

- our export products to be less competitive by raising our prices in Dollar, Yen and Renminbi terms; and



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- a reduction in net sales and accounts receivables in Won from export sales, which are primarily denominated in Dollars and to a lesser extent in Yen and Renminbi.

The overall net impact from fluctuations of the Won against major currencies is difficult to estimate and varies from year to year. We strive to naturally offset our foreign exchange risk by matching foreign currency receivables with our foreign currency payables and our overseas subsidiaries have sought to further mitigate the adverse impact of exchange rate fluctuations by conducting business transactions in the local currency of the respective market in which the transactions occur. In particular, POSCO International's exposure to fluctuations in exchange rates, including the Won/Dollar exchange rate, is limited because trading transactions typically involve matched purchase and sale contracts, which result in limited settlement exposure, and because POSCO International's contracts with domestic suppliers of products for export and with domestic purchasers of imported products are generally denominated in Dollars. Although the impact of exchange rate fluctuations is partially mitigated by such strategies, we and our subsidiaries, particularly POSCO International and POSCO Engineering & Construction Co., Ltd. ("POSCO E&C"), also periodically enter into derivative contracts, primarily foreign currency swaps and forward exchange contracts, to further hedge some of our foreign exchange risks. However, our results of operations have historically been affected by exchange rate fluctuations and there can be no assurance that such strategies will be sufficient to reduce or eliminate the adverse impact of such fluctuations in the future.

Fluctuations in the exchange rate between the Won and the Dollar will also affect the Dollar equivalent of the Won price of the shares of our common stock on the KRX Korea Composite Stock Price Index (the "KOSPI") Market and, as a result, will likely affect the market price of the ADSs. These fluctuations will also affect the Dollar conversion by the depositary for the ADRs of cash dividends, if any, paid in Won on shares of common stock represented by the ADSs.

We are dependent on imported raw materials, and significant increases in market prices of essential raw materials could adversely affect our margins and profits.

We purchase substantially all of the principal raw materials we use from sources outside Korea, including iron ore and coal. POSCO imported approximately 55 million dry metric tons of iron ore and 28 million wet metric tons of coal in 2021. Iron ore is imported primarily from Australia, Brazil and Canada. Coal is imported primarily from Australia, Canada and Russia. Although we have not experienced significant unanticipated supply disruptions in the past, supply disruptions, which could be caused by political or other events in the countries from which we import these materials, could adversely affect our operations. In addition, we are particularly exposed to increases in the prices of coal, iron ore and nickel, which represent the largest components of our cost of goods sold. The prices of our key raw materials have fluctuated significantly in recent years. For example, the average market price of coal per wet metric ton (Premium Low Vol Coking Coal, FOB Australia Index announced by Platts) was US\$176 in 2019, US\$124 in 2020 and US\$226 in 2021. The average market price of iron ore per dry metric ton (Iron Ore 62% Fe, CFR China Index announced by Platts) was US\$93 in 2019, US\$109 in 2020 and US\$160 in 2021.

Our long-term supply contracts generally have terms of three to ten years and provide for periodic price adjustments to the then-market prices. We typically adjust the prices on a quarterly basis and maintain approximately one month of inventory of raw materials. Such price adjustments are driven by various factors, including the global economic outlook, global market prices of raw materials and steel products, supply and demand outlook of raw materials and production costs of raw materials. For both coal and iron ore, we typically agree on the purchase price with the suppliers primarily based on the spot market price periodically announced by Platts (Premium Low Vol Coking Coal, FOB Australia Index and Iron Ore 62% Fe, CFR China Index). As of December 31, 2021, 32 million tons of iron ore and 5 million tons of coal remained to be purchased under long-term supply contracts. Future increases in prices of our key raw materials and our inability to pass along such increases to our customers could adversely affect our margins and profits. Increased prices may also cause potential



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customers to defer purchase of steel products, while rapidly falling prices may increase loss on valuation of raw material inventory purchased when prices were higher, either of which could have an adverse effect on our business, financial condition and results of operations.

We operate in the highly competitive steel, trading and construction industries, and our failure to successfully compete would adversely affect our market position and business.

Steel. Our subsidiaries that produce steel products, including POSCO, our wholly-owned subsidiary, operate in the highly competitive steel industry and face intense global competition. China is the largest steel producing country in the world by a significant margin, with the balance between its domestic production and demand being an important factor in the determination of global steel prices. In recent years, a slowdown in domestic demand for steel products in China resulting from slowed economic growth as well as the impact from the COVID-19 pandemic, combined with an expansion in steel production capacity, has led to production over-capacity in the Chinese steel industry, which in turn has led the Chinese government to pursue aggressive consolidation in the Chinese steel industry that has resulted in fewer but larger steel manufacturers that are able to compete more effectively in the global steel industry. Competition from such global steel manufacturers with expanded production capacity as well as competitors from emerging markets, especially from China and India, has resulted in significant price competition and may result in declining margins and reductions in revenue in the future. POSCO's larger competitors may use their resources, which may be greater than POSCO's, against POSCO in a variety of ways, including by making additional acquisitions, investing more aggressively in product development and capacity and displacing demand for our export products.

Increased production capacity, combined with decreased demand resulting from a slowdown of the global economy, has from time to time resulted in production over-capacity in the global steel industry which in turn has resulted in downward pressure on global steel prices. Such production over-capacity in the global steel industry was exacerbated in 2020 due to a decrease in demand caused by the COVID-19 pandemic. Although demand for steel products has recovered in 2021, production over-capacity in global steel industry may intensify if global economic recovery slows or demand from developing countries, particularly from China, continues to lag behind the growth in production capacity. Production over-capacity in the global steel industry is likely to:

- reduce export prices in Dollar terms of our principal products, which in turn may reduce our sales prices in Korea;
- increase competition in the Korean market as foreign producers seek to export steel products to Korea as other markets experience a slowdown;
- negatively affect demand for our products abroad and our ability to expand export sales; and
- affect our ability to increase steel production in general.

Steel also competes with other natural and synthetic materials that may be used as steel substitutes, such as aluminum, cement, composites, glass, plastic and wood. Government regulatory initiatives mandating the use of such materials instead of steel, whether for environmental or other reasons, as well as the development of attractive alternative substitutes for steel products, may reduce demand for steel products and increase competition in the global steel industry.

As part of our strategy to compete in this challenging landscape, our steel subsidiaries will continue to invest in developing innovative products that offer the greatest potential returns and enhance the overall quality of our products, as well as make additional investments in the development of new manufacturing technologies. However, there is no assurance that they will be able to continue to compete successfully in this economic environment or that the prolonged slowdown of the global economy or production over-capacity will not have a material adverse effect on our business, results of operations or financial condition.



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Trading. POSCO International competes principally with other Korean general trading companies that are affiliated with major domestic business groups, as well as global trading companies based in other countries. In the domestic market, competition for export transactions on behalf of domestic suppliers and import transactions on behalf of domestic purchasers was limited, as most affiliated general trading companies of large Korean business groups generally relied on affiliate transactions for the bulk of their trading business. However, in recent years, many of these Korean general trading companies have reduced their reliance on their affiliated business group and transactions carried out on behalf of their member companies and instead have generally evolved to focus on segments of the import and export markets in which they have a competitive advantage. As a result, competition among Korean general trading companies in the area of traditional trade has become more intense.

The overseas trading markets in which POSCO International operates are also highly competitive. POSCO International's principal competitors in overseas trading markets include Korean trading companies that operate in various international markets, as well as foreign trading companies, particularly those based in Japan. As POSCO International diversifies into businesses other than traditional trading such as natural resources development, it also increasingly competes with other Korean and international companies involved in these businesses. Some of POSCO International's competitors may be more experienced and have greater financial resources and pricing flexibility than POSCO International, as well as more extensive global networks and wider access to customers. There is no assurance that POSCO International will be able to continue to compete successfully in this economic environment or that the prolonged slowdown of the global economy will not have a material adverse effect on our business, results of operations or financial condition. In 2019, 2020 and 2021, we recognized impairment of goodwill of Won 55 billion, Won 189 billion and Won 185 billion, respectively, as a result of a decrease in value-in-use of POSCO International.

Construction. POSCO E&C, our consolidated subsidiary, operates in the highly competitive construction industry. Competition is based primarily on price, reputation for quality, reliability, punctuality and financial strength of contractors. Intense competition among construction companies may result in, among other things, a decrease in the price POSCO E&C can charge for its services, difficulty in winning bids for construction projects, an increase in construction costs and difficulty in obtaining high-quality contractors and qualified employees.

In Korea, POSCO E&C's main competition in the construction of residential and non-residential buildings, EPC (or engineering, procurement and construction) projects, urban planning and development projects and civil works projects consists of approximately ten major domestic construction companies, many of which are member companies of other large business groups in Korea and are capable of undertaking larger-scale, higher-value-added projects that offer greater potential returns. A series of measures introduced by the Government over the past several years to regulate housing prices in Korea, as well as increasing popularity of low-bid contracts in civil works project mandates, have contributed to increased competition in the Korean construction industry in recent years.

Competition for new project awards in overseas markets is also intense. In these markets, POSCO E&C faces competition from local construction companies and other major Korean construction companies with overseas operations, as well as international construction companies from other countries. Construction companies from other developed countries may be more experienced, have greater financial resources and possess more sophisticated technology than POSCO E&C, while construction companies from developing countries often have the advantage of lower wage costs. Some of these competitors have achieved higher market penetration than POSCO E&C has in specific markets in which it competes, and POSCO E&C may need to accept lower margins in order for it to compete successfully against them. POSCO E&C's failure to successfully compete in the domestic or overseas construction markets could adversely affect its market position and our results of operations and financial condition.



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Expansion of our operations abroad is important to our long-term success, and our limited experience in the operation of our business outside Korea increases the risk that our international expansion efforts will not be successful.

We conduct steel, international trading and construction operations abroad, and our business relies on a global trading network comprised of overseas subsidiaries, branches and representative offices. Although many of our subsidiaries and overseas branches are located in developed countries, we also operate in numerous countries with developing economies. In addition, we intend to continue to expand our steel production operations internationally by carefully seeking out investment opportunities in regions that we believe offer promising growth prospects, in part to prepare for the eventual maturation of the Korean steel market. We may enter into additional joint ventures with foreign steel producers that would enable us to rely on these businesses to conduct our operations, establish local networks and coordinate our sales and marketing efforts abroad. To the extent that we enter into these arrangements, our success will depend in part on the willingness of our partner companies to dedicate sufficient resources to their partnership with us.

In other situations, we may decide to establish manufacturing facilities by ourselves instead of relying on partners. The demand and market acceptance for our products produced abroad are subject to a high level of uncertainty and are substantially dependent upon the market condition of the global steel industry. We cannot assure you that our international expansion plan will be profitable or that we can recoup the costs related to such investments.

Expansion of our trading, construction and production operations abroad requires management attention and resources. In addition, we face additional risks associated with our expansion outside Korea, including:

- challenges caused by distance, language and cultural differences;
- higher costs associated with doing business internationally;
- legal and regulatory restrictions, including foreign exchange controls that might prevent us from repatriating cash earned in countries outside Korea;
- longer payment cycles in some countries;
- credit risk and higher levels of payment fraud;
- currency exchange risks;
- potentially adverse tax consequences;
- political and economic instability; and
- seasonal reductions in business activity during the summer months in some countries.

We have limited insurance coverage and may incur significant losses resulting from operating hazards, product liability claims from customers or business interruptions.

The normal operation of our manufacturing facilities may be interrupted by accidents caused by operating hazards, power supply disruptions and equipment failures, as well as natural disasters. As with other industrial companies, our operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials, which may result in fires, explosions, spills and other unexpected or dangerous accidents causing property damage as well as personal injuries or death. We are also exposed to risks associated with product liability claims in the event that the use of the products we sell results in injury. We maintain property insurance for our property, plant and equipment that we believe to be consistent with market practice. However, we may not have adequate resources to satisfy a judgment in excess of our insurance coverage in the event of a successful claim



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against us. Any occurrence of accidents or other events affecting our operations could result in potentially significant monetary damages, diversion of resources, production disruption and delay in delivery of our products, which may have a material adverse effect on our business, financial condition and results of operations.

Further increases in, or new impositions of, anti-dumping, safeguard or countervailing duty proceedings may have an adverse impact on our export sales.

Our subsidiaries engage in global operations, and we are involved in trade remedy proceedings in markets worldwide, including in the United States. We actively participate in such proceedings to minimize any adverse effects and associated risks. While there has been an increase in the number of trade cases in recent years, and an increased focus on trade issues by government officials, such cases have been limited in scope relative to our global sales and operations. We continue to carefully monitor developments with respect to trade remedy policy in all markets in which we participate and, where necessary, vigorously defend our rights through litigation before tribunals such as the U.S. Court of International Trade. Our products that are subject to anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs in the aggregate currently have not had a material adverse impact on our business and operations in recent years. However, there can be no assurance that increases in, or new impositions of, anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs on our exports of products abroad may not have a material adverse impact on our exports in the future.

We participate in overseas natural resources exploration, development and production projects, which expose us to various risks.

As part of our efforts to diversify our operations, we carefully seek out promising overseas natural resources exploration, development and production opportunities. We also participate in natural resources projects as part of consortia or through acquisitions of minority interests, such as a gas field exploration project in Myanmar through POSCO International. We may also selectively acquire or invest in companies or businesses that engage in such activities. To the extent that we enter into these arrangements, our success in these endeavors will depend in part on the willingness of our partner companies to dedicate sufficient resources to their partnership with us, as well as our ability to finance such investments.

The demand and market acceptance for such activities abroad are subject to a substantially higher level of uncertainty than our traditional steel business and are substantially dependent upon the market condition of the global natural resources industry as well as the political and social environment of the target countries. The performance of projects in which we participate may be adversely affected by the occurrence of military hostility, political unrest or acts of terrorism. In addition, some of our current exploration, development and production projects involve drilling exploratory wells on properties with no proven amount of natural resource reserves. Although all drilling, whether developmental or exploratory, involves risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of natural resources. Other risks to which such activities are subject include obtaining required regulatory approvals and licenses, securing and maintaining adequate property rights to land and natural resources, and managing local opposition to project development. A decrease in the market price of raw materials may also adversely impact the value of our investments related to natural resources projects, potentially resulting in impairment losses. For example, in 2019, we recognized impairment loss of Won 118 billion related to the termination of the Block AD-7 exploration project in Myanmar by POSCO International. We have limited experience in this business, and we cannot assure you that our overseas natural resources exploration, development and production projects will be profitable, that we will be able to meet the financing requirements for such projects, or that we can recoup the costs related to such investments, which in turn could materially and adversely affect our business, financial condition and results of operations.



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We may encounter problems with joint overseas natural resources exploration, development and production projects and large-scale infrastructure projects, which may materially and adversely affect our business.

We typically pursue our natural resources exploration, development and production projects jointly with consortium partners or through acquisition of minority interests in such projects, and we expect to be involved in other joint projects in the future. We sometimes hold a majority interest in the projects among the consortium partners, but we often lack a controlling interest in the joint projects. Therefore, we may not be able to require that our joint ventures sell assets or return invested capital, make additional capital contributions or take any other action without the vote of at least a majority of our consortium partners. If there are disagreements between our consortium partners and us regarding the business and operations of the joint projects, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests. Certain major decisions, such as selling a stake in the joint project, may require the consent of all other partners. These limitations may adversely affect our ability to obtain the economic and other benefits we seek from participating in these projects.

In addition, our consortium partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies or objectives;
- be unable or unwilling to fulfill their obligations;
- have financial difficulties; or
- have disputes with us as to their rights, responsibilities and obligations.

Any of these and other factors may have a material adverse effect on the performance of our joint projects and expose us to a number of risks, including the risk that the partners may be incapable of providing the required financial support to the partnerships and the risk that the partners may not be able to fulfill their other obligations, resulting in disputes not only between our partners and us, but also between the joint ventures and their customers. Such a material adverse effect on the performance of our joint projects may in turn materially and adversely affect our business, results of operations and financial condition.

Cyclical fluctuations based on macroeconomic factors may adversely affect POSCO E&C's business and performance.

We engage in engineering and construction activities through POSCO E&C. The Construction Segment is highly cyclical and tends to fluctuate based on macroeconomic factors, such as consumer confidence and income, employment levels, interest rates, inflation rates, demographic trends and policies of the Government. From time to time, the construction industry has experienced significant and sometimes prolonged downturns, and our construction revenues have fluctuated in the past depending on the level of public and private sector construction activities in Korea and abroad. In addition, the performance of POSCO E&C's domestic residential property business is highly dependent on the general condition of the real estate market in Korea. The overall prospects for Korean construction companies in 2022 and beyond remain uncertain, and a prolonged general downturn in the construction market resulting in weaker demand may adversely affect our business, results of operations or financial condition.

Many of POSCO E&C's domestic and overseas construction projects are on a fixed-price basis, which could result in losses for us in the event that unforeseen additional expenses arise with respect to the project.

Many of POSCO E&C's domestic and overseas construction projects are carried out on a fixed-price basis according to a predetermined timetable, pursuant to the terms of a fixed-price



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contract. Under such fixed-price contracts, POSCO E&C retains all cost savings on completed contracts but is also liable for the full amount of all cost overruns and may be required to pay damages for late delivery. The pricing of fixed-price contracts is crucial to POSCO E&C's profitability, as is its ability to quantify risks to be borne by it and to provide for contingencies in the contract accordingly.

POSCO E&C attempts to anticipate costs of labor, raw materials, parts and components in its bids on fixed-price contracts. However, the costs incurred and gross profits realized on a fixed-price contract may vary from its estimates due to factors such as:

- unanticipated variations in labor and equipment productivity over the term of a contract;
- unanticipated increases in labor, raw material, parts and components, subcontracting and overhead costs, including as a result of bad weather;
- delivery delays and corrective measures for poor workmanship; and
- errors in estimates and bidding.

If unforeseen additional expenses arise over the course of a construction project, such expenses are usually borne by POSCO E&C, and its profit from the project will be correspondingly reduced or eliminated. If POSCO E&C experiences significant unforeseen additional expenses with respect to its fixed price projects, it may incur losses on such projects, which could have a material adverse effect on its financial condition and results of operations.

We may not succeed in implementing our strategy to take advantage of, or fail to realize the anticipated benefits of, our holding company structure and diversification strategy.

We became a holding company on March 2, 2022, and one of our principal strategies is to take advantage of our holding company structure to invest in promising businesses. In part to prepare for the eventual maturation of the Korean steel market, we have made investments in the past decade to secure new growth engines by diversifying into new businesses related to our steel operations that we believe will offer greater potential returns, as well as entering into new businesses not related to our steel operations such as hydrogen-related businesses, production of anode and cathode materials for rechargeable batteries, alternative energy solutions, liquefied natural gas ("LNG") and agricultural trading, and production of comprehensive materials such as lithium. From time to time, we may selectively acquire or invest in companies to pursue such diversification strategy. The implementation of this strategy may require additional investments of capital, infrastructure, human resources and management attention. This strategy entails certain risks, including the possibility that we may face significant competition from other holding companies and operating companies in particular segments. If our strategy does not succeed, we may incur losses on our investments and our results of operations and financial condition may suffer.

Furthermore, our success under a holding company structure depends on our ability to realize the anticipated synergies, growth opportunities and cost savings from coordinating the businesses of our various subsidiaries. Although we may integrate certain aspects of our subsidiaries' operations into our holding company structure, our subsidiaries will generally continue to operate as independent entities with separate management and staff, and our ability to direct our subsidiaries' day-to-day operations may be limited.

We may continue to increase our equity interest in our subsidiaries or investees and may also consider acquiring or merging with other companies to achieve more balanced growth and further diversify our revenue base. The integration of our new subsidiaries' or investees' separate businesses and operations, as well as those of any companies we may acquire or merge with in the future, under our holding company structure could require a significant amount of time, financial resources and management attention. Moreover, that process could disrupt our operations, reduce employee morale, produce unintended inconsistencies in our standards, controls, procedures or policies, and affect our



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relationships with customers and our ability to retain key personnel. The realization of the anticipated benefits of our holding company structure and any mergers or acquisitions we decide to pursue may be blocked, delayed or reduced as a result of many factors, some of which may be outside our control. These factors include:

- unforeseen contingent risks, including lack of required capital resources or increased tax liabilities, relating to our holding company structure;
- difficulties in integrating the diverse activities and operations of our subsidiaries or investees or any companies we may merge with or acquire;
- unforeseen contingent risks or latent liabilities relating to the acquisition that may become apparent in the future;
- difficulties in managing a larger business;
- unexpected business disruptions;
- loss of key management personnel or customers; and
- labor unrest.

Accordingly, we may not be able to realize the anticipated benefits of our holding company structure, and our business, results of operations and financial condition may suffer as a result.

We depend on limited forms of funding to fund our operations at the holding company level.

We are a holding company with no significant assets other than the shares of our subsidiaries. We expect our primary sources of funding and liquidity to be dividends from our subsidiaries, direct borrowings and issuances of equity or debt securities at the holding company level. Our ability to meet our obligations to our direct creditors and employees and our other liquidity needs and regulatory requirements at the holding company level depends on timely and adequate distributions from our subsidiaries and our ability to sell our securities or obtain credit from our lenders.

The ability of our subsidiaries to pay dividends to us depends on their financial condition and operating results. In the future, our subsidiaries may enter into agreements, such as credit agreements with lenders, that impose restrictions on their ability to make distributions to us, and the terms of future obligations and the operation of Korean law could prevent our subsidiaries from making sufficient distributions to us to allow us to make payments on our outstanding obligations. See “—As a holding company, we depend on receiving dividends from our subsidiaries to pay dividends on our common shares.” Any delay in receipt of or shortfall in payments to us from our subsidiaries could result in our inability to meet our liquidity needs, and may disrupt our operations at the holding company level.

In addition, creditors of our subsidiaries will generally have claims that are prior to any claims of our creditors with respect to their assets. Furthermore, our inability to sell our securities or obtain funds from our lenders on favorable terms, or at all, could also result in our inability to meet our liquidity needs and may disrupt our operations at the holding company level.

As a holding company, we depend on receiving dividends from our subsidiaries to pay dividends on our common shares.

Since our principal assets at the holding company level are the shares of our subsidiaries, our ability to pay dividends on our common shares largely depends on dividend payments from those subsidiaries. Those dividend payments are subject to the Korean Commercial Code and regulatory limitations, generally based on capital levels and retained earnings. For example, under the Korean



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Commercial Code, dividends may only be paid out of distributable income, an amount which is calculated by subtracting the aggregate amount of a company's paid-in capital and certain mandatory legal reserves as well as certain unrealized profits from its net assets, in each case as of the end of the prior fiscal period.

Our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. If they fail to do so, they may stop paying or reduce the amount of the dividends they pay to us, which would have an adverse effect on our ability to pay dividends on our common shares.

POSCO HOLDINGS INC. and POSCO remain jointly and severally liable for each other's liabilities existing prior to the spin-off.

On March 1, 2022, we spun off our domestic steel production and sales business (through a vertical spin-off in accordance with Articles 530-2 through 530-12 of the Korean Commercial Code) to establish a wholly-owned subsidiary, and we converted into a holding company within the meaning of the Monopoly Regulation and Fair Trade Act (the "Spin-off"). The registration of the Spin-off occurred on March 2, 2022. As part of the Spin-off, we amended our name from POSCO to POSCO HOLDINGS INC., and the newly created wholly-owned subsidiary was named POSCO.

Under the relevant provisions of the Commercial Act of Korea relating to spin-offs, both the operating company and the holding company remain jointly and severally liable after the corporate spin-off for all of their liabilities existing prior to the corporate spin-off unless such joint and several liability has been successfully eliminated through a special resolution adopted at a general meeting of shareholders of the splitting company and consents of creditors of the affected debt, including consent by resolutions at bondholders' meetings, which resolutions are approved by the court. POSCO HOLDINGS INC. and POSCO remain jointly and severally liable for each other's debts and other liabilities that existed prior to March 1, 2022 that currently remain outstanding. POSCO is the successor-in-title to all the assets and liabilities and rights and obligations that were related to the domestic steel production and sales business transferred in the Spin-off, as well as all authorized licenses, employment relations, contracts and lawsuits that were directly related to such business, and POSCO HOLDINGS INC. remains jointly and severally liable for such liabilities. The remaining assets and liabilities and rights and obligations related to other business areas remain with POSCO HOLDINGS INC., and POSCO is jointly and severally liable for such liabilities. Defaults by POSCO of such liabilities, if significant, could have a material adverse effect on our results of operations and financial condition.

We are subject to environmental regulations, and our operations could expose us to substantial liabilities.

We are subject to national and local environmental laws and regulations, including increasing pressure to reduce emission of carbon dioxide relating to our manufacturing process, and our steel manufacturing and construction operations could expose us to risk of substantial liability relating to environmental or health and safety issues, such as those resulting from discharge of pollutants and carbon dioxide into the environment, the handling, storage and disposal of solid or hazardous materials or wastes and the investigation and remediation of contaminated sites. We may be responsible for the investigation and remediation of environmental conditions at currently and formerly operated manufacturing or construction sites. We may also be subject to associated liabilities, including liabilities for natural resource damage, third party property damage or personal injury resulting from lawsuits brought by the Government or private litigants. In the course of our operations, hazardous wastes may be generated at third party-owned or operated sites, and hazardous wastes may be disposed of or treated at third party-owned or operated disposal sites. If those sites become contaminated, we could also be held responsible for the cost of investigation and remediation of such sites, for any associated natural resource damage, and for civil or criminal fines or penalties.



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Furthermore, heightened global awareness and international and national commitments to reduce greenhouse gas emissions and counteract climate change (including increased activism by non-governmental and political organizations campaigning against fossil fuel extractions) may lead to increased costs for us. For example, the Glasgow Climate Pact which was agreed to at the 2021 United Nations Climate Change Conference ('COP26') in November 2021 includes commitments to phase down the use of unabated coal power and inefficient fossil fuel subsidies. The Government also announced its commitment to reduce greenhouse gas emissions by 40% by 2030 at COP26. Investor preferences and sentiments are also influenced by environmental, social and corporate governance considerations including climate change and the transition to a lower carbon economy. Changes in such preferences and sentiment, including increased scrutiny from market participants, environmental organizations or the press, as well as compliance with such new and more stringent environmental obligations relating to greenhouse gas emissions may require additional capital expenditures or modifications in operating practices, as well as additional reporting obligations.

Significant breaches of information security could lead to legal and financial exposure, damage to our reputation and a loss of confidence by our customers.

Our business relies heavily on mission-critical, complex and interdependent information technology systems that support our business processes. It involves the storage and transmission of confidential information relating to us as well as our customers and suppliers. Any significant breach in our information security could expose us to a risk of loss, improper use or disclosure of such information, and could give rise to significant liability or litigation, any of which could harm our reputation and adversely affect our business.

We believe that there has been no instance of a material breach in our information security to date that resulted in significant disruption of our operations and had a significant adverse effect on our operational results, or on third parties, including our customers and suppliers. However, there can be no assurance that we will be able to continue to prevent security incidents or other breaches in our information security from having a material adverse effect on our business, results of operation, financial viability or reputation. In addition, our information security measures may fail due to external and internal security threats, outages, malicious intrusions and attacks, programming or human errors and malfeasance, or other similar events.

Instituting appropriate access controls and safeguards across our information technology infrastructure is challenging. Furthermore, outside parties may attempt to fraudulently induce employees to divulge sensitive information to gain access to our data or our customers' data or access credentials. Because the techniques used to obtain unauthorized access, disable or degrade services or sabotage systems change frequently and often are not recognized until attacks are launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our cybersecurity occurs or the market perception of the effectiveness of our information security measures is compromised, this may lead to significant legal and financial exposure, including legal claims and regulatory fines and penalties, reputational harm and a loss of confidence of our customers, which could have an adverse effect on our business, financial condition and results of operations.

Failure to protect our intellectual property rights could impair our competitiveness and harm our business and future prospects.

We believe that developing new steel manufacturing technologies that can be differentiated from those of our competitors, such as FINEX, automotive steel manufacturing technology and high-manganese steel manufacturing technology, is critical to the success of our business. We take active measures to obtain protection of our intellectual property by obtaining patents and undertaking monitoring activities in our major markets. However, we cannot assure you that the measures we take will effectively deter competitors from improper use of our proprietary technologies. Our competitors



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may misappropriate our intellectual property, disputes as to ownership of intellectual property may arise and our intellectual property may otherwise become known or independently developed by our competitors. Any failure to protect our intellectual property could impair our competitiveness and harm our business and future prospects.

We rely on trade secrets and other unpatented proprietary know-how to maintain our competitive position, and unauthorized disclosure of our trade secrets or other unpatented proprietary know-how could negatively affect our business.

We rely on trade secrets and unpatented proprietary know-how and information. We enter into confidentiality agreements with each of our employees and consultants upon the commencement of an employment or consulting relationship. These agreements generally provide that all inventions, ideas, discoveries, improvements and patentable material made or conceived by the individual arising out of the employment or consulting relationship and all confidential information developed or made known to the individual during the term of the relationship is our exclusive property. We cannot assure the enforceability of these types of agreements, or that they will not be breached. We also cannot be certain that we will have adequate remedies for any breach. The disclosure of our trade secrets or other know-how as a result of such a breach could adversely affect our business.

We face the risk of litigation proceedings relating to infringement of intellectual property rights of third parties, which, if determined adversely to us, could cause us to lose significant rights, pay significant damage awards or suspend the sale of certain products.

Our success depends largely on our ability to develop and use our technology and know-how in a proprietary manner without infringing the intellectual property rights of third parties. The validity and scope of claims relating to technology and patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. In addition, because patent applications in many jurisdictions are kept confidential for an extended period before they are published, we may be unaware of other persons' pending patent applications that relate to our products or manufacturing processes. Accordingly, we face the risk of litigation proceedings relating to infringement of intellectual property rights of third parties.

The plaintiffs in actions relating to infringement of intellectual property rights typically seek injunctions and substantial damages. Although patent and other intellectual property disputes are often settled through licensing or similar arrangements, there can be no assurance that such licenses can be obtained on acceptable terms or at all. Accordingly, regardless of the scope or validity of disputed patents or the merits of any patent infringement claims by potential or actual litigants, we may have to engage in protracted litigation. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings could subject us to pay substantial damages to third parties, require us to seek licenses from third parties and pay ongoing royalties or redesign certain products, or subject us to injunctions prohibiting the manufacture and sale of our products or the use of technologies in certain jurisdictions. The occurrence of any of the foregoing could have a material adverse effect on our reputation, business, financial condition and results of operations.

We may be exposed to potential claims for unpaid wages and become subject to additional labor costs arising from the Supreme Court of Korea's interpretation of ordinary wages.

Under the Labor Standards Act, an employee's "ordinary wage" is used as the basis for calculating various statutory benefits. Prior to the Supreme Court of Korea's decision described below, we and other companies in Korea had interpreted the previous guidelines issued by the Ministry of



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Employment and Labor as excluding fixed bonuses that are paid other than on a monthly basis, such as bi monthly, quarterly or biannually paid bonuses, from employees' ordinary wages.

In December 2013, the Supreme Court of Korea ruled that regularly paid bonuses, including those that are paid other than on a monthly basis, are included in the scope of employees' ordinary wages if these bonuses are paid (i) "regularly," (ii) "uniformly" and (iii) on a "fixed basis," notwithstanding differential amounts based on seniority. Under this decision, any provision of a collective bargaining agreement or other agreements that attempt to exclude such regular bonuses from employees' ordinary wages will be deemed void for violation of the mandatory provisions of Korean law.

The Supreme Court of Korea's decision clarified that if payment of a regular bonus is limited only to those working for the employer on a specific date, such bonus is not fixed and thus does not constitute part of an employee's ordinary wage. The Ministry of Employment and Labor subsequently published guidelines in January 2014 (the "Guidelines"). According to the Guidelines, the Government excludes, from ordinary wages, regular bonuses contingent on employment on a specific date. Based on the Supreme Court of Korea's decision and the Guidelines, we believe that regular bonuses we have paid to our employees are likely not required to be included in their ordinary wages because we have paid regular bonuses only to those working for us on the date of payment calculation, the 15th day of each month. However, if we are nonetheless determined to have underpaid employees by under-calculating their ordinary wages over the past three years or in the future, we may be liable for additional payments reflecting the expanded scope of employees' ordinary wages. Any such additional payments may have an adverse effect on our financial condition and results of operations.

Escalations in tensions with North Korea could have an adverse effect on us and the market value of our common shares and ADSs.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaesong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017 in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and



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North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between Korea and North Korea in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea or the United States and North Korea break down or further military hostilities occur, could have a material adverse effect on the Korean economy and on our business, financial condition and results of operations and the market value of our common stock and ADSs.

If you surrender your ADRs to withdraw shares of our common stock, you may not be allowed to deposit the shares again to obtain ADRs.

Under the deposit agreement, holders of shares of our common stock may deposit those shares with the ADR depositary's custodian in Korea and obtain ADRs, and holders of ADRs may surrender ADRs to the ADR depositary and receive shares of our common stock. However, under current Korean laws and regulations, the depositary bank is required to obtain our prior consent for the number of shares to be deposited in any given proposed deposit that exceeds the difference between (i) the aggregate number of shares deposited by us for the issuance of ADSs (including deposits in connection with the initial and all subsequent offerings of ADSs and stock dividends or other distributions related to these ADSs) and (ii) the number of shares on deposit with the depositary bank at the time of such proposed deposit. It is possible that we may not give the consent. As a result, if you surrender ADRs and withdraw shares of common stock, you may not be able to deposit the shares again to obtain ADRs. See "Item 10. Additional Information — Item 10.D. Exchange Controls."

You may not be able to exercise preemptive rights for additional shares of common stock and may suffer dilution of your equity interest in us.

The Commercial Code and our articles of incorporation require us, with some exceptions, to offer shareholders the right to subscribe for new shares in proportion to their existing ownership percentage whenever new shares are issued. If we issue new shares to persons other than our shareholders (See "Item 10.B. Memorandum and Articles of Association — Preemptive Rights and Issuance of Additional Shares"), a holder of our ADSs will experience dilution of such holding. If none of these exceptions is available, we will be required to grant preemptive rights when issuing additional common shares under Korean law. Under the deposit agreement governing the ADSs, if we offer any rights to subscribe for additional shares of our common stock or any rights of any other nature, the ADR depositary, after consultation with us, may make the rights available to you or use reasonable efforts to dispose of the rights on your behalf and make the net proceeds available to you. The ADR depositary, however, is not required to make available to you any rights to purchase any additional shares unless it deems that doing so is lawful and feasible and:

- a registration statement filed by us under the Securities Act is in effect with respect to those shares; or
- the offering and sale of those shares is exempt from or is not subject to the registration requirements of the Securities Act.

We are under no obligation to file any registration statement under the Securities Act to enable you to exercise preemptive rights in respect of the common shares underlying the ADSs, and we



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cannot assure you that any registration statement would be filed or that an exemption from the registration requirement under the Securities Act would be available. Accordingly, if a registration statement is required for you to exercise preemptive rights but is not filed by us, you will not be able to exercise your preemptive rights for additional shares and may suffer dilution of your equity interest in us.

U.S. investors may have difficulty enforcing civil liabilities against us and our directors and senior management.

We are incorporated in Korea with our principal executive offices located in Seoul. The majority of our directors and senior management are residents of jurisdictions outside the United States, and the majority of our assets and the assets of such persons are located outside the United States. As a result, U.S. investors may find it difficult to effect service of process within the United States upon us or such persons or to enforce outside the United States judgments obtained against us or such persons in U.S. courts, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or such persons in courts in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for a U.S. investor to bring an action in a Korean court predicated upon the civil liability provisions of the U.S. federal securities laws against our directors and senior management and non-U.S. experts named in this annual report.

We expect to continue operations and investments relating to countries targeted by United States, European Union and United Kingdom economic sanctions.

The U.S. Department of the Treasury's Office of Foreign Assets Control, or "OFAC," enforces certain laws and regulations ("U.S. Sanctions") that impose prohibitions or restrictions on U.S. persons and, in some instances, foreign entities owned or controlled by U.S. persons, with respect to activities or transactions with or involving certain countries, governments, entities and individuals that are the subject of U.S. Sanctions (including countries and territories subject to a comprehensive embargo (currently the Crimea, Donetsk and Luhansk regions of Ukraine, Cuba, Iran, North Korea and Syria), as well as parties subject to or that are majority owned by one or more parties subject to so-called blocking sanctions). U.S. persons are also generally strictly prohibited from facilitating such activities or transactions. Similarly, the European Union enforces certain laws and regulations ("E.U. Sanctions") that impose restrictions on nationals of E.U. member states, persons located within E.U. member states, entities incorporated or constituted under the law of an E.U. member state, or business conducted in whole or in part in E.U. member states with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of E.U. Sanctions. E.U. persons are also generally prohibited from activities that promote such activities or transactions. The United Kingdom also enforces certain laws and regulations ("UK Sanctions") that impose restrictions upon UK persons with respect to activities or transactions with parties that are the subject of UK Sanctions. In light of recent international developments, particularly the ongoing war in Ukraine, the United States, European Union and United Kingdom have imposed enhanced sanctions targeting Russia.

We and our subsidiaries engage in limited business activities in Russia and Iran. In particular, we produce and export, typically through our sales subsidiaries, steel products to such countries, including steel materials to Iranian and Russian entities. We believe that such activities do not involve any U.S. goods or services and otherwise do not implicate or violate U.S., E.U. or UK Sanctions. Also, none of our business in Russia involves parties subject to U.S. blocking sanctions. Our activities in Russia and Iran accounted for approximately 0.33% of our consolidated revenues in 2019, 0.17% in 2020 and 0.18% in 2021.

POSCO Coated & Color Steel also holds a 70% interest in Myanmar POSCO C&C Co., Ltd. ("Myanmar POSCO C&C"), a joint venture with Myanmar Economic Holdings Public Company Limited



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that was designated for U.S. blocking sanctions by OFAC on March 25, 2021. Myanmar POSCO C&C engages in the production and sale of coated steel roofing sheets in Myanmar, and its sales accounted for approximately 0.04% of our consolidated revenues in 2019, 0.05% in 2020 and 0.02% in 2021. POSCO Coated & Color Steel is reassessing the future of this joint venture. The U.S. blocking sanctions that apply to Myanmar POSCO C&C do not apply to us or POSCO Coated & Color Steel.

We expect to continue to engage in business activities and make investments in countries on which comprehensive U.S. Sanctions have been imposed, including Iran, and also plan to continue to engage in business in Russia over the foreseeable future. Although we believe that U.S., E.U. and UK Sanctions under their current terms are not applicable to our current activities, our reputation may be adversely affected, and some of our investors may be required to divest their investments in us, including under the laws of certain U.S. states or under internal investment policies or may decide for reputational reasons to divest such investments. We are aware of initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to adopt or consider adopting laws, regulations or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with countries identified as state sponsors of terrorism, such as Iran. We cannot assure you that the foregoing will not occur, that sanctions regimes around the world will not change in a way that impacts our business, or that such occurrences will not have a material adverse effect on the value of our securities.

U.S. investors could be subject to adverse U.S. federal income tax consequences if we are treated as a passive foreign investment company ("PFIC") for any taxable year during which they hold our common stock or ADSs.

We will be classified as a PFIC for U.S. federal income tax purposes if, for any taxable year, either (i) 75 percent or more of our gross income for the taxable year is passive income or (ii) at least 50 percent of the average gross quarterly value of our assets is attributable to assets that produce or are held for the production of passive income. The determination of whether we are a PFIC must be made annually based on the facts and circumstances at the relevant time, some of which may be beyond our control, including the valuation of our assets as implied by the market price for our common stock or ADSs. Accordingly, it is possible that we could become a PFIC.

If we were to be classified as a PFIC in any taxable year during which a U.S. holder (as defined in "Item 10.E. Taxation — United States Taxation") holds our common stock or ADSs, such U.S. holder could be subject to a special tax at ordinary income rates on "excess distributions," including certain distributions by us and gain that the U.S. holder recognizes on the sale of our common stock or ADSs. The amount of income tax on any excess distributions would be increased by an interest charge to compensate for tax deferral, calculated as if the excess distributions were earned ratably over the period the U.S. holder held the common stock or ADSs. See "Item 10.E. Taxation — United States Taxation — Shares of Common Stock and ADSs — Passive Foreign Investment Company Rules."

This annual report contains "forward-looking statements" that are subject to various risks and uncertainties.

This annual report contains "forward-looking statements" that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. These forward-looking statements include, but are not limited to, those statements using words such as "anticipate," "believe," "continues," "expect," "estimate," "intend," "project," "aim," "plan," "likely to," "target," "contemplate," "predict," "potential" and similar expressions and future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may," or similar expressions generally intended to identify forward-looking statements. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. We caution you that reliance on any forward-looking statement involves



risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in the risk factors discussed above. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

Item 4. Information on the Company

Item 4.A. History and Development of the Company

We were established by the Government on April 1, 1968, under the Commercial Code, to manufacture and distribute steel rolled products and plates in the domestic and overseas markets. The Government owned more than 70% of our equity until 1988, when the Government reduced its ownership of our common stock to 35% through a public offering and listing our shares on the KRX KOSPI Market. In December 1998, the Government sold all of our common stock it owned directly, and The Korea Development Bank completed the sale of our shares that it owned in September 2000. The Government no longer holds any direct interest in us, and our outstanding common stock is currently held by individuals and institutions. See “Item 7. Major Shareholders and Related Party Transactions — Item 7A. Major Stockholders.”

On March 1, 2022, we spun off our domestic steel production and sales business (through a vertical spin-off in accordance with Articles 530-2 through 530-12 of the Korean Commercial Code) to establish a wholly-owned subsidiary (POSCO), and we converted into a holding company (POSCO HOLDINGS INC.) within the meaning of the Monopoly Regulation and Fair Trade Act in order to more effectively promote the growth of the group’s businesses, enhance synergies among the group’s businesses and actively explore diversification opportunities in promising business areas. The registration of the Spin-off occurred on March 2, 2022. As part of the Spin-off, we amended our name from POSCO to POSCO HOLDINGS INC., and the newly created wholly-owned subsidiary was named POSCO.

Our legal and commercial name is POSCO HOLDINGS INC. Our principal executive offices are located at POSCO Center, 440 Teheran-ro, Gangnam-gu, Seoul, Korea 06194, and our telephone number is +82-2-3457-0114. The address of our English website is <http://www.posco-inc.com>.

The SEC maintains a website (<http://www.sec.gov>), which contains reports, information statements and other information regarding issuers that file electronically with the SEC.

Item 4.B. Business Overview

The Company

We are a holding company, and we operate through our consolidated subsidiaries including POSCO, one of the largest steel producers in the world. We also engage in businesses that complement our steel manufacturing operations and also carefully seek out promising investment opportunities to diversify our businesses both vertically and horizontally. POSCO International is a global trading company that primarily engages in trading of steel and raw materials as well as investing in energy and mineral development projects throughout the world. POSCO E&C is one of the leading engineering and construction companies in Korea that primarily engages in the planning, design and construction of industrial plants and architectural works and civil engineering. POSCO Energy Corporation is the largest private power generation company in Korea.

One of our principal strategies is to take advantage of our holding company structure to invest in promising businesses. We have made investments in the past decade to secure new growth engines



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by diversifying into new businesses related to our steel operations that we believe will offer greater potential returns, as well as entering into new businesses not related to our steel operations such as hydrogen-related businesses, production of anode and cathode materials for rechargeable batteries, alternative energy solutions, LNG and agricultural trading, and production of comprehensive materials such as lithium.

Our Steel Operations

POSCO is the largest fully integrated steel producer in Korea, and one of the largest steel producers in the world, based on annual crude steel production. We, through POSCO and our other steel producing subsidiaries, produced approximately 43.0 million tons of crude steel and stainless steel in 2021, a substantial portion of which was produced at Pohang Works and Gwangyang Works. As of December 31, 2021, we had approximately 45.3 million tons of annual crude steel and stainless steel production capacity, including 40.7 million tons of production capacity in Korea. We believe Pohang Works and Gwangyang Works are two of the most technologically advanced integrated steel facilities in the world. We manufacture and sell a diversified line of steel products, including cold rolled and hot rolled products, stainless steel products, plates, wire rods and silicon steel sheets, and we are able to meet a broad range of customer needs from manufacturing industries that consume steel, including automotive, shipbuilding, home appliance, engineering and machinery industries.

Korea is our most important market. Domestic sales accounted for 42.6% of the Steel Segment's total revenue in 2021 and 38.6% in 2020. We believe that POSCO's steel products constituted approximately 53% of the total sales volume of such steel products sold in Korea in 2021 and approximately 51% in 2020. The Steel Segment's export sales and overseas sales to customers abroad accounted for 57.4% of the Steel Segment's total revenue in 2021 and 61.4% in 2020. The Steel Segment's major export market is Asia, with China accounting for 30.6%, Asia other than China and Japan accounting for 21.9%, and Japan accounting for 10.0% of the Steel Segment's total steel export revenue in 2020, and China accounting for 35.8%, Asia other than China and Japan accounting for 20.4%, and Japan accounting for 9.3% of the Steel Segment's total steel export revenue in 2020.

We generated revenue of Won 76,009 billion and profit of Won 7,176 billion in 2021, compared to revenue of Won 57,467 billion and profit of Won 1,748 billion in 2020. We had total assets of Won 92,299 billion and total equity of Won 54,714 billion as of December 31, 2021, compared to total assets of Won 79,684 billion and total equity of Won 47,604 billion as of December 31, 2020.

Major Products

We, through POSCO and our other steel producing subsidiaries, manufacture and sell a broad line of steel products, including the following:

- cold rolled products;
- hot rolled products;
- stainless steel products;
- plates;
- wire rods; and
- silicon steel sheets.



The table below sets out our revenue of steel products produced by us and directly sold to external customers which are recognized as external revenue of the Steel Segment, by major steel product categories for the periods indicated. Such amounts do not include steel products produced by us and sold to our consolidated sales subsidiaries (including POSCO International).

	For the Year Ended December 31,					
	2019		2020		2021	
	Billions of Won	%	Billions of Won	%	Billions of Won	%
Steel Products						
Cold rolled products	₩ 10,057	31.4%	₩ 8,539	29.6%	₩ 11,607	28.2%
Hot rolled products	5,252	16.4	5,148	17.8	8,452	20.6
Stainless steel products	6,956	21.7	6,779	23.5	8,479	20.6
Plates	4,070	12.7	3,128	10.8	4,751	11.6
Wire rods	1,749	5.5	1,489	5.2	2,132	5.2
Silicon steel sheets	923	2.9	1,118	3.9	1,139	2.8
Sub-total	29,007	90.6	26,201	90.7	36,560	89.0
Others	3,070	9.4	2,692	9.3	4,533	11.0
Total	₩ 32,078	100.0%	₩ 28,893	100.0%	₩ 41,093	100.0%

The table below sets out our sales volume of the principal categories of steel products produced by us and directly sold to external customers, which are recognized as external sales volume of the Steel Segment, by major steel product categories for the periods indicated. Such amounts do not include steel products produced by us and sold to our sales consolidated subsidiaries (including POSCO International).

	For the Year Ended December 31,					
	2019		2020		2021	
	Thousands of Tons	%	Thousands of Tons	%	Thousands of Tons	%
Steel Products						
Cold rolled products	11,196	36.9%	10,341	35.4%	10,373	34.8%
Hot rolled products	7,891	26.0	8,237	28.2	8,862	29.7
Stainless steel products	2,973	9.8	2,990	10.2	2,984	10.0
Plates	5,399	17.8	4,768	16.3	4,823	16.2
Wire rods	2,095	6.9	1,955	6.7	2,063	6.9
Silicon steel sheets	816	2.7	886	3.0	735	2.5
Total ⁽¹⁾	30,369	100.0%	29,177	100.0%	29,840	100.0%

(1) Not including sales volume of steel products categorized under "others."

In addition to steel products produced by us and directly sold to external customers, we engage our consolidated sales subsidiaries (including POSCO International) to sell our steel products produced by us. Our revenue from steel products produced by us and sold to our consolidated sales subsidiaries that in turn sold them to their external customers amounted to Won 7,740 billion in 2019, Won 7,018 billion in 2020 and Won 7,840 billion in 2021. Sales of such steel products by our consolidated sales subsidiaries to external customers are recognized as external revenue of the Trading Segment.

Cold Rolled Products

Cold rolled coils and further refined galvanized cold rolled products are used mainly in the automotive industry to produce car body panels. Other users include the household goods, electrical appliances, engineering and metal goods industries.

Our deliveries of cold rolled products produced by us and directly sold to external customers amounted to 10,373 thousand tons in 2021, representing 34.8% of our total sales volume of principal steel products produced by us and directly sold to external customers.



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Cold rolled products constitute our largest product category in terms of sales volume and revenue from steel products produced by us and directly sold to external customers. In 2021, our sales volume of cold rolled products produced by us and directly sold to external customers increased slightly by 0.3% compared to our sales volume in 2020.

We believe POSCO had a domestic market share for cold rolled products of approximately 61% in 2021.

Hot Rolled Products

Hot rolled coils and sheets have many different industrial applications. They are used to manufacture structural steel used in the construction of buildings, industrial pipes and tanks, and automobile chassis. Hot rolled coil is also manufactured in a wide range of widths and thicknesses as the feedstock for higher value-added products such as cold rolled products and silicon steel sheets.

Our deliveries of hot rolled products produced by us and directly sold to external customers amounted to 8,862 thousand tons in 2021, representing 29.7% of our total sales volume of principal steel products produced by us and directly sold to external customers. The largest customers of our hot rolled products are downstream steelmakers in Korea which use the products to manufacture pipes and cold rolled products.

Hot rolled products constitute our second largest product category in terms of sales volume and third largest product category in terms of revenue from steel products produced by us and directly sold to external customers. In 2021, our sales volume of hot rolled products produced by us and directly sold to external customers increased by 7.6% compared to our sales volume in 2020 primarily due to our efforts to adjust our product portfolio and increase the production and sales of hot rolled products.

We believe POSCO had a domestic market share for hot rolled products of approximately 59% in 2021.

Stainless Steel Products

Stainless steel products are used to manufacture household goods and are also used by the chemical industry, paper mills, the aviation industry, the automotive industry, the construction industry and the food processing industry.

Our deliveries of stainless steel products produced by us and directly sold to external customers amounted to 2,984 thousand tons in 2021, representing 10.0% of our total sales volume of principal steel products produced by us and directly sold to external customers.

Stainless steel products constitute our second largest product category in terms of revenue from steel products produced by us and directly sold to external customers. Although sales of stainless steel products accounted for only 10.0% of total sales volume of the principal steel products produced by us and directly sold to external customers in 2021, they represented 20.6% of our total revenue from such steel products in 2021. In 2021, our sales volume of stainless steel products produced by us and directly sold to external customers decreased slightly by 0.2% compared to our sales volume in 2020.

We believe POSCO had a domestic market share for stainless steel products of approximately 54% in 2021.

Plates

Plates are used in shipbuilding, structural steelwork, offshore oil and gas production, power generation, mining, and the manufacture of earth-moving and mechanical handling equipment, boiler and pressure vessels and other industrial machinery.



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Our deliveries of plates produced by us and directly sold to external customers amounted to 4,823 thousand tons in 2021, representing 16.2% of our total sales volume of principal steel products produced by us and directly sold to external customers. The Korean shipbuilding industry, which uses plates to manufacture chemical tankers, rigs, bulk carriers and containers, and the construction industry are our largest customers of plates.

In 2021, our sales volume of plates produced by us and directly sold to external customers increased by 1.1% compared to our sales volume in 2020, as sales recovered from a temporary decrease in sales volume in 2020 following the start of the COVID-19 pandemic.

We believe POSCO had a domestic market share for plates of approximately 52% in 2021.

Wire Rods

Wire rods are used mainly by manufacturers of wire, fasteners, nails, bolts, nuts and welding rods. Wire rods are also used in the manufacture of coil springs, tension bars and tire cords in the automotive industry.

Our deliveries of wire rods produced by us and directly sold to external customers amounted to 2,063 thousand tons in 2021, representing 6.9% of our total sales volume of principal steel products produced by us and directly sold to external customers. The largest customers for our wire rods are manufacturers of wire ropes and fasteners.

In 2021, our sales volume of wire rods produced by us and directly sold to external customers increased by 5.5% compared to 2020 primarily due to an increase in sales of wire rods to customers in the United States.

We believe POSCO had a domestic market share for wire rods of approximately 53% in 2021.

Silicon Steel Sheets

Silicon steel sheets are used mainly in the manufacture of power transformers and generators and rotating machines.

Our deliveries of silicon steel sheets produced by us and directly sold to external customers amounted to 735 thousand tons in 2021, representing 2.5% of our total sales volume of principal steel products produced by us and directly sold to external customers.

In 2021, our sales volume of silicon steel sheets produced by us and directly sold to external customers decreased by 17.1% compared to 2020 primarily due to the classification of POSCO Mobility Solution Corporation as a sales subsidiary, which in turn led to the reclassification of the sales of silicon steel sheets of POSCO Mobility Solution Corporation from the Steel Segment to the Trading Segment, as well as a decrease in sales to China caused by a regional lockdown in China in response to the COVID-19 pandemic.

We believe POSCO had a domestic market share for silicon steel sheets of approximately 80% in 2021.

Others

Other products include lower value-added semi-finished products such as pig iron, billets, blooms and slab.

Markets

Korea is our most important market. Domestic sales represented 42.6% of the Steel Segment's total revenue in 2021. The Steel Segment's export sales and overseas sales to customers abroad



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represented 57.4% of the Steel Segment's total revenue in 2021. Our sales strategy has been to devote our production primarily to satisfy domestic demand, while seeking export sales to utilize capacity to the fullest extent and to expand our international market presence.

Domestic Market

We primarily sell in Korea higher value-added and other finished products to end-users and semi-finished products to other steel manufacturers for further processing. Local distribution companies and sales affiliates sell finished steel products to low-volume customers. We provide service technicians for large customers and distributors in each important product area.

The table below sets out our estimate of the market share of our steel products in Korea for the periods indicated based on sales volume.

Source	For the Year Ended December 31,		
	2019	2020	2021
POSCO's sales ⁽¹⁾	48.1%	51.0%	52.5%
Other domestic steel companies' sales	27.0	29.2	26.6
Imports	24.9	19.8	20.9
Total	100.0%	100.0%	100.0%

- (1) POSCO's sales volume includes steel products produced by POSCO (but not by our other subsidiaries) and sold through our consolidated sales subsidiaries as well as steel products produced by POSCO (but not by our other subsidiaries) and directly sold to external customers.

Exports

The Steel Segment's export sales and overseas sales to customers abroad represented 57.4% of the Steel Segment's total revenue in 2021, 62.5% of which was generated from exports sales and overseas sales to customers in Asian countries. The Steel Segment's export sales and overseas sales to customers abroad in terms of such revenue increased by 31.6% from Won 22,056 billion in 2020 to Won 29,022 billion in 2021.



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The tables below set out our export sales and overseas sales to customers abroad in terms of revenue from steel products produced and sold by us (including our consolidated sales subsidiaries), by geographical market and by product for the periods indicated.

Region	For the Year Ended December 31,					
	2019		2020		2021	
	Billions of Won	%	Billions of Won	%	Billions of Won	%
China	₩ 7,322	29.3%	₩ 7,888	35.8%	₩ 8,875	30.6%
Asia (other than China and Japan)	5,622	22.5	4,506	20.4	6,365	21.9
Japan	2,686	10.8	2,052	9.3	2,906	10.0
Europe	2,662	10.7	2,324	10.5	3,114	10.7
North America	1,858	7.4	1,315	6.0	2,173	7.5
Middle East	271	1.1	189	0.9	31	0.1
Others	4,551	18.2	3,782	17.1	5,558	19.2
Total	₩ 24,971	100.0%	₩ 22,056	100.0%	₩ 29,022	100.0%

Steel Products	For the Year Ended December 31,					
	2019		2020		2021	
	Billions of Won	%	Billions of Won	%	Billions of Won	%
Cold rolled products	₩ 9,949	39.8%	₩ 8,011	36.3%	₩ 10,664	36.7%
Hot rolled products	3,159	12.6	3,115	14.1	4,229	14.6
Stainless steel products	5,918	23.7	5,410	24.5	6,251	21.5
Plates	2,128	8.5	1,859	8.4	2,501	8.6
Wire rods	729	2.9	683	3.1	850	2.9
Silicon steel sheets	988	4.0	999	4.5	1,186	4.1
Others	2,101	8.4	1,979	9.0	3,341	11.5
Total	₩ 24,971	100.0%	₩ 22,056	100.0%	₩ 29,022	100.0%

We distribute our export products mostly through Korean trading companies, including POSCO International, and our overseas sales subsidiaries. Our largest export market in 2021 was China, which accounted for 30.6% of our export revenue from steel products produced and sold by us. The principal products exported to China were cold rolled products, including continuous galvanized products. Our exports to China increased by 12.5% from Won 7,888 billion in 2020 to Won 8,875 billion in 2021 primarily due to increases in sales of stainless steel products reflecting pricing increase.

Our second largest export market in 2021 was Asia (other than China and Japan), which accounted for 21.9% of our export revenue from steel products produced and sold by us. The principal products exported to Asia (other than China and Japan) were cold rolled products, including continuous galvanized products. Our exports to Asia (other than China and Japan) increased by 41.3% from Won 4,506 billion in 2020 to Won 6,365 billion in 2021 primarily due to increases in sales of cold-rolled products.

Anti-Dumping, Safeguard and Countervailing Duty Proceedings

From time to time, our exporting activities have become subject to anti-dumping, safeguard and countervailing proceedings. As a steel producer with global sales and operations, we are involved in trade remedy proceedings in markets worldwide, including in the United States. We actively participate in such proceedings to minimize any adverse effects and associated risks. While there has been an increase in the number of trade cases in recent years, and an increased focus on trade issues by government officials, such cases have been limited in scope relative to our global sales and operations. We continue to carefully monitor developments with respect to trade remedy policy in all markets in which we participate and, where necessary, vigorously defend our rights through litigation before tribunals such as the U.S. Court of International Trade. Our products that are subject to



anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs in the aggregate currently have not had a material adverse impact on our business and operations in recent years.

Pricing Policy

We determine the sales price of our products based on market conditions, taking into consideration production outlook of the global steel industry and global economic conditions in general. In setting prices, we take into account our costs, including those of raw materials, supply and demand in the Korean market, exchange rates, and conditions in the international steel market. Our prices can fluctuate considerably over time, depending on market conditions and other factors. The prices of our higher value-added steel products in the largest markets are determined considering the prices of similar products charged by our competitors.

Raw Materials

Steel Production

The principal raw materials used in producing steel through the basic oxygen steelmaking method are iron ore and coal. We require approximately 1.7 tons of iron ore and 0.7 tons of coal to produce one ton of steel. We import all of the coal and virtually all of the iron ore that we use. In 2021, POSCO imported approximately 55 million dry metric tons of iron ore and 28 million wet metric tons of coal. Iron ore is imported primarily from Australia, Brazil and Canada. Coal is imported primarily from Australia, Canada and Russia.

We purchase a substantial portion of our iron ore and coal imports pursuant to long-term contracts. Our long-term supply contracts generally have terms of three to ten years and provide for periodic price adjustments to the then-market prices. We typically adjust the prices on a quarterly basis and maintain approximately one month of inventory of raw materials. Such price adjustments are driven by various factors, including the global economic outlook, global market prices of raw materials and steel products, supply and demand outlook of raw materials and production costs of raw materials. For both coal and iron ore, we typically agree on the purchase price with the suppliers primarily based on the spot market price periodically announced by Platts (Premium Low Vol Coking Coal, FOB Australia Index and Iron Ore 62% Fe, CFR China Index). We or the suppliers may cancel the long-term contracts only if performance under the contracts is prevented by causes beyond our or their control and these causes continue for a specified period.

We also engage in exploration and production projects abroad to enhance our ability to meet the requirements for high-quality raw materials, by acquiring mining rights of raw materials or by investing in projects either as part of a consortium or through an acquisition of a minority interest. In 2021, we purchased approximately 39% of our iron ore imports and 15% of our coal imports from foreign mines in which we have made investments. Our major investments to procure supplies of coal, iron ore and nickel are primarily located in Australia, Canada, Brazil and New Caledonia. We will continue to selectively seek opportunities to enter into additional strategic relationships that would enhance our ability to meet the requirements for principal raw materials.

The average market price of coal per wet metric ton (Premium Low Vol Coking Coal, FOB Australia Index announced by Platts) was US\$176 in 2019, US\$124 in 2020 and US\$226 in 2021. The average market price of iron ore per dry metric ton (Iron Ore 62% Fe, CFR China Index announced by Platts) was US\$93 in 2019, US\$109 in 2020 and US\$160 in 2021. We currently do not depend on any single country or supplier for our coal or iron ore.

Stainless Steel Production

The principal raw materials for the production of stainless steel are ferronickel, ferrochrome and stainless steel scrap. We purchase a majority of our ferronickel primarily from suppliers in Korea that



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procure nickel ore from New Caledonia, and the remainder primarily from leading suppliers in Indonesia, Japan and Ukraine. Our primary suppliers of ferrochrome are located in South Africa, India and Kazakhstan. Our stainless steel scraps are primarily supplied by domestic and overseas suppliers in Japan and Southeast Asia. Revert scraps from the Pohang Steelworks are also used for our stainless steel production. The average market price of nickel per ton on the London Metal Exchange was US\$13,936 in 2019, US\$13,789 in 2020 and US\$18,448 in 2021.

Transportation

In order to meet our transportation needs for iron ore and coal, we have entered into long-term contracts with shipping companies. Such contracts are performed by a fleet of dedicated vessels on a consecutive voyage basis with fully loaded cargo for each voyage. These vessels under long-term contracts transported approximately 63% of the total requirements in 2021, and the remaining approximately 37% was transported by vessels sourced through short to medium term contracts, depending on market conditions. We plan to continue to optimize the fleet of dedicated vessels that we use in order to cope with changes in the global shipping environment, as well as upgrade some of the existing vessels with energy-saving and eco-friendly technologies.

The Steelmaking Process

POSCO's major production facilities, Pohang Works and Gwangyang Works, produce steel by the basic oxygen steelmaking method. The stainless steel plant at Pohang Works produces stainless steel by the electric arc furnace method. Continuous casting improves product quality by imparting a homogenous structure to the steel. Pohang Works and Gwangyang Works produce all of their products through the continuous casting.

Steel — Basic Oxygen Steelmaking Method

First, molten pig iron is produced in a blast furnace from iron ore, which is the basic raw material used in steelmaking. Molten pig iron is then refined into molten steel in converters by blowing pure oxygen at high pressure to remove impurities. Different desired steel properties may also be obtained by regulating the chemical contents.

At this point, molten steel is made into semi-finished products such as slabs, blooms or billets at the continuous casting machine. Slabs, blooms and billets are produced at different standardized sizes and shapes. Slabs, blooms and billets are semi-finished lower margin products that we either use to produce our further processed products or sell to other steelmakers that produce further processed steel products.

Slabs are processed to produce hot rolled coil products at hot strip mills or to produce plates at plate mills. Hot rolled coils are an intermediate stage product that may either be sold to our customers as various finished products or be further processed by us or our customers into higher value-added products, such as cold rolled sheets and silicon steel sheets. Blooms and billets are processed into wire rods at wire rod mills.

Stainless Steel — Electric Arc Furnace Method

Stainless steel is produced from stainless steel scrap, chrome, nickel and steel scrap using an electric arc furnace. Stainless steel is then processed into higher value-added products by methods similar to those used for steel production. Stainless steel slabs are produced at a continuous casting mill. The slabs are processed at hot rolling mills into stainless steel hot coil, which can be further processed at cold strip mills to produce stainless cold rolled steel products.



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Steel Making Operations Located Outside Korea

In order to effectively implement our strategic initiatives and to solidify our leadership position in the global steel industry, we have established various subsidiaries and joint ventures in Korea and elsewhere around the world that engage in steel production activities.

China. We entered into an agreement with Sagang Group Co. to establish POSCO (Zhangjiagang), a joint venture company in China for the manufacture and sale of stainless cold rolled steel products. POSCO HOLDINGS INC. has an 82.5% interest in the joint venture (including 23.9% interest held by POSCO China Holding Corporation), which commenced production of stainless cold rolled steel products in December 1998. In 2021, POSCO (Zhangjiagang) had an annual production capacity of 1,100 thousand tons of stainless steel products and it produced 989 thousand tons of stainless steel products. See “Item 4D. Property, Plants and Equipment — Production Facilities Abroad — POSCO (Zhangjiagang).”

Indonesia. We entered into an agreement with PT. Krakatau Steel (Persero) Tbk. to establish PT. Krakatau POSCO Co., Ltd. (“PT. Krakatau POSCO”), a joint venture company in Indonesia for the manufacture and sale of plates and slabs. POSCO HOLDINGS INC. holds a 70.0% interest in the joint venture. We completed the construction of a steel manufacturing plant in December 2013. In 2021, PT. Krakatau POSCO had an annual production capacity of 3,000 thousand tons of plates and slabs and it produced 3,135 thousand tons of plates and slabs. See “Item 4D. Property, Plants and Equipment — Production Facilities Abroad — PT. Krakatau POSCO.”

Vietnam. We established POSCO YAMATO VINA STEEL JOINT STOCK COMPANY (“POSCO VINA” and formerly known as POSCO SS VINA JOINT STOCK COMPANY), a wholly owned subsidiary engaged in the manufacture and sale of shape steel and steel reinforcement products. The plant became operational in June 2015. In 2021, POSCO VINA had an annual production capacity of 550 thousand tons of shape steel and steel reinforcement products and it produced 577 thousand tons of shape steel and steel reinforcement products. See “Item 4D. Property, Plants and Equipment — Production Facilities Abroad — POSCO VINA.”

Competition

Domestic Market

POSCO is the largest fully integrated steel producer in Korea. In hot rolled products, where we believe POSCO had a market share of approximately 59% in 2021, we face competition from Hyundai Steel Co., Ltd. and from various foreign producers, primarily from China and Japan. In cold rolled products and stainless steel products, where we believe POSCO had a market share of approximately 61% and 54%, respectively, in 2021, we compete with Hyundai Steel Co., Ltd., smaller specialized domestic manufacturers and various foreign producers, primarily from China and Japan. For a discussion of domestic market shares, see “— Markets — Domestic Market.”

The Korean Government does not impose quotas on or provide subsidies to local steel producers. As a World Trade Organization signatory, Korea has also removed all steel tariffs.

Export Markets

The competitors in our export markets include all the leading steel manufacturers of the world. In the past decade, there has been a trend toward industry consolidation among our competitors, and smaller competitors in the global steel market today may become larger competitors in the future. In recent years, a slowdown in domestic demand for steel products in China resulting from slowed economic growth, combined with an expansion in steel production capacity, has led to production over-capacity in the Chinese steel industry, which in turn has led the Chinese government to pursue aggressive consolidation in the Chinese steel industry, such as the consolidation of Baosteel Group



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and Wuhan Iron and Steel in 2016, that has resulted in fewer but larger steel manufacturers that are able to compete more effectively in the global steel industry. Competition from global steel manufacturers with significant production capacity such as ArcelorMittal S.A. and Nippon Steel & Sumitomo Metal Corporation, as well as competitors from emerging markets, especially from China and India, could result in a significant increase in competition. Major competitive factors include range of products offered, quality, price, delivery performance and customer service. Our larger competitors may use their resources, which may be greater than ours, against us in a variety of ways, including by making additional acquisitions, investing more aggressively in product development and capacity and displacing demand for our export products.

Various export markets currently impose tariffs on different types of steel products. However, we do not believe that tariffs significantly affect our ability to compete in these markets.

Our Other Businesses

Trading

Our trading activities consist primarily of trading activities of POSCO International. Our consolidated subsidiaries that also engage in trading activities include POSCO Asia Co., Ltd. located in Hong Kong, POSCO Japan Co., Ltd. located in Tokyo, Japan, POSCO America Corporation located in Georgia, U.S.A., POSCO (Thailand) Company Limited located in Chonburi, Thailand and POSCO Singapore LNG Trading Pte. Ltd. in Singapore.

POSCO International is a global trading company that primarily engages in trading of steel and raw materials as well as investing in energy and mineral development projects. It also manufactures and sells textiles and agricultural commodities.

The following table sets forth a breakdown of POSCO International's total consolidated sales by export sales, domestic sales and third-country trades for the periods indicated:

Sales Category	For the Year Ended December 31,					
	2019		2020		2021	
	(in billions of Won, except percentages)					
Export trading sales	₩ 8,210	33.6%	₩ 6,825	31.8%	₩ 10,715	31.6%
Domestic trading sales	3,863	15.8	3,181	14.8	5,546	16.3
Third-country trades	18,827	77.1	17,538	81.7	27,224	80.2
Total sales prior to consolidation adjustments	30,900	126.5	27,543	128.3	43,484	128.1
Consolidation adjustments	(6,477)	26.5	(6,071)	(28.3)	(9,543)	(28.1)
Total sales	₩ 24,423	100.0%	₩ 21,472	100.0%	₩ 33,942	100.0%

Trading Activities. POSCO International's trading activities consist of exporting and importing a wide variety of products and commodities, including iron and steel, raw materials for steel production, non-ferrous metals, chemicals, automotive parts, machinery and plant equipment, electronics products, agricultural commodities and textiles. POSCO International is also engaged in third-country trade that does not involve exports from or imports to Korea. The products are obtained from and supplied to numerous suppliers and purchasers in Korea and overseas, which are procured through a global trading network comprised of overseas trading subsidiaries, branches and representative offices. Such subsidiaries and offices support POSCO International's trading activities by locating suitable local suppliers and purchasers on behalf of customers, identifying business opportunities and providing information regarding local market conditions.

In most cases, POSCO International enters into trading transactions after the underlying sale and purchase contracts have been matched, which mitigates inventory and price risks to POSCO International. POSCO International typically enters into trading transactions as a principal, and in



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limited cases as an import or export agent. When acting as a principal or an agent, POSCO International derives its gross trading profit from the margin between the selling price of the products and the purchase price it pays for such products. In the case of principal transactions, the selling price is recorded as sales and the purchase price is recorded as cost of sales, while only the margin is recorded as sales in the case of agency transactions in which POSCO International does not assume the risks and rewards of ownership of the goods. In the instances in which it acts as an arranger for a third country transaction, POSCO International derives its gross trading profit from, and records as sales, the commission paid to it by the customer. The sizes of margins and commissions for POSCO International's trading activities vary depending on a number of factors, including prevailing supply and demand conditions for the product involved, the cost of financing, insurance, storage and transport and the creditworthiness of the customer, and tends to decline as the product or market matures.

In connection with its export and import transactions, POSCO International has accounts receivable and payable in a number of currencies, but principally in Dollars. POSCO International's exposure to fluctuations in exchange rates, including the Won/Dollar exchange rate, is limited because trading transactions typically involve matched purchase and sale contracts, which result in limited settlement exposure, and because POSCO International's contracts with domestic suppliers of products for export and with domestic purchasers of imported products are generally denominated in Dollars. Although the impact of exchange rate fluctuations is substantially mitigated by such strategies, POSCO International also periodically enters into derivative contracts, primarily currency forward contracts, to further hedge its foreign exchange risks.

In connection with its trading activities, POSCO International arranges insurance and product transport at the request of customers, the costs of which generally become reflected in the sales price of the relevant products, and also provides financing services to its purchasers and suppliers as necessary. In the case of trading transactions involving large-scale industrial or construction projects, POSCO International also provides necessary project planning and organizing services to its customers.

Natural Resources Development Activities. POSCO International also invests in energy and mineral development projects throughout the world. In particular, POSCO International holds interests in several gas field projects in Myanmar, where production of gas commenced in July 2013. POSCO International recognized revenues of approximately Won 723 billion in 2019, Won 605 billion in 2020 and Won 449 billion in 2021 from the Myanmar gas field projects. Such natural resources development projects, while entailing higher risks than the traditional trading business, offer higher potential returns. POSCO International intends to continue to expand its operations by carefully seeking out promising energy development projects abroad.

Competition. POSCO International competes principally with other Korean general trading companies that are affiliated with major domestic business groups, as well as global trading companies based in other countries. In the domestic market, competition for export transactions on behalf of domestic suppliers and import transactions on behalf of domestic purchasers was limited, as most affiliated general trading companies of large Korean business groups generally relied on affiliate transactions for the bulk of their trading business. However, in recent years, many of these Korean general trading companies have reduced their reliance on their affiliated business group and transactions carried out on behalf of their member companies and instead have generally evolved to focus on segments of the import and export markets in which they have a competitive advantage. As a result, competition among Korean general trading companies in the area of traditional trade has become more intense. POSCO International's principal competitors in the overseas trading markets include Korean trading companies that operate in various international markets, as well as foreign trading companies, particularly those based in Japan. As POSCO International diversifies into businesses other than traditional trading such as natural resources development, it also increasingly competes with other Korean and international companies involved in these businesses.



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Construction

POSCO E&C is one of the leading engineering and construction companies in Korea, primarily engaged in the planning, design and construction of industrial plants and architectural works and civil engineering projects. In particular, POSCO E&C has established itself as one of the premier engineering and construction companies in Korea through:

- its strong and stable customer base; and
- its cutting-edge technological expertise obtained from construction of advanced integrated steel plants, as well as participation in numerous modernization and rationalization projects at our Pohang Works and Gwangyang Works.

Leveraging its technical know-how and track record of building some of the leading industrial complexes in Korea, POSCO E&C has also focused on diversifying its operations into construction of high-end apartment complexes and participating in a wider range of architectural works and civil engineering projects, as well as engaging in urban planning and development projects and expanding its operations abroad. In September 2015, we completed the sale of a 38.0% interest in POSCO E&C to Public Investment Fund, a sovereign wealth fund in Saudi Arabia, for US\$1.05 billion. In connection with the sale, POSCO E&C and PIF agreed to jointly explore additional business opportunities in Saudi Arabia, including participating in various infrastructure projects sponsored by the Saudi Arabian government.

POSCO E&C also has substantial experience in the energy field obtained from the construction of various power plants for member companies of the POSCO Group, specializing primarily in engineering and construction of LNG and coal-fired thermal power plants. In response to increasing demand from the energy industry, POSCO E&C plans to continue to target opportunities in power plant construction, especially in Asia and Africa, which it believes offers significant growth potential.

Competition. Competition in the construction industry is based primarily on price, reputation for quality, reliability, punctuality and financial strength of contractors. In Korea, POSCO E&C's main competition in the construction of residential and non-residential buildings, EPC projects, urban planning and development projects and civil works projects consists of approximately ten major domestic construction companies, all of which are member companies of other large business groups in Korea and are capable of undertaking larger-scale, higher-value-added projects that offer greater potential returns. A series of measures introduced by the Government over the past few years to regulate housing prices in Korea, as well as an increasing popularity of low-bid contracts in civil works project mandates, have contributed to increased competition in the Korean construction industry in recent years. In the overseas markets, POSCO E&C faces competition from local construction companies and other major Korean construction companies with overseas operations, as well as international construction companies from other countries.

Others

As part of our diversification efforts, we strive to identify business opportunities that supplement our steel, trading and construction segments, including power generation, LNG logistics, manufacturing of various industrial materials and network and system integration.

POSCO Energy Corporation. In 2006, we acquired the largest domestic private power utility company that operates LNG combined cycle power generation facilities with total power generation capacity of 1,800 megawatts and subsequently renamed it POSCO Energy Corporation. Since our acquisition, POSCO Energy Corporation has expanded its power generation capacity by constructing additional power plants in Korea and Southeast Asia. POSCO Energy Corporation's total power generation capacity was approximately 3,412 megawatts as of December 31, 2021. POSCO Energy Corporation is also selectively seeking opportunities to expand into solar, wind and other renewable energy businesses in order to become an integrated provider of energy solutions.



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POSCO Energy Corporation also operates an LNG receiving terminal with an aggregate capacity to process up to 3.0 million tons of LNG annually in Gwangyang as of December 31, 2021. In order to achieve maximum operational efficiency of our LNG terminal, it participates in the LNG trading and LNG ship gas trial businesses.

POSCO Chemical Co., Ltd. POSCO Chemical Co., Ltd. specializes in the manufacturing of refractories and lime used in steel manufacturing processes as well as a wide range of chemical products. It also expanded into the anode and cathode manufacturing business in 2018 following its merger with POSCO ESM Co., Ltd., our former subsidiary specializing in the production of battery materials.

Others. POSCO M-Tech Co., Ltd. produces aluminum deoxidizers, substances used to remove excess oxygen during the steel manufacturing process to improve durability of steel products, and it also provides integrated steel product packing solutions for steel production facilities. POSCO ICT Co., Ltd. provides information and technology consulting and system network integration and outsourcing services.

Insurance

We maintain property insurance for our property, plant and equipment that we believe to be consistent with market practice in Korea.

Government Regulations

Pursuant to the Monopoly Regulation and Fair Trade Act of Korea, we, as a non-financial holding company, are required to maintain the shareholding ratio of our subsidiaries above a certain threshold (i.e., 20% in case of a public company and 40% in case of a private company) and are also required to maintain our liabilities-to-equity ratio below 200%. In addition, we may not own the shares of any Korean companies that are not our affiliates in excess of 5% of the total outstanding shares of such company (except under certain exempted cases) nor control any Korean financial institutions or insurance companies. We are also required to annually report to the Korea Fair Trade Commission whether we have complied with such restrictive requirements. In the event we breach such obligations, we will be subject to administrative penalty.

Item 4.C. Organizational Structure

The following table sets out the jurisdiction of incorporation and our ownership interests of our significant subsidiaries as of March 2, 2022:

Name	Jurisdiction of Incorporation	Percentage of Ownership
POSCO	Korea	100.0%
POSCO International Corporation	Korea	62.9%
POSCO Engineering & Construction Co., Ltd.	Korea	52.8%
POSCO Energy Corporation	Korea	100.0%
PT. Krakatau POSCO	Indonesia	70.0%
POSCO Asia Co., Ltd.	Hong Kong	100.0%
POSCO Maharashtra Steel Private Limited	India	100.0%
POSCO (Zhangjiagang) Stainless Steel Co., Ltd.	China	82.5% ⁽¹⁾
POSCO Chemical Co., Ltd.	Korea	59.7%
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Vietnam	51.0%

(1) POSCO HOLDINGS INC. holds a 58.6% interest and POSCO-China holds a 23.9% interest.

Item 4.D. Property, Plants and Equipment

POSCO's principal properties are Pohang Works, which is located at Youngil Bay on the southeastern coast of Korea, and Gwangyang Works, which is located in Gwangyang City in the



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southwestern region of Korea. We also maintain and operate production properties abroad, including plants operated by POSCO (Zhangjiagang) in China, PT. Krakatau POSCO in Indonesia and POSCO VINA in Vietnam. We may increase our production capacity in the future when we increase our capacity as part of our facilities expansion or as a result of continued modernization and rationalization of our existing facilities. For a discussion of major items of our capital expenditures currently in progress, see “Item 5. Operating and Financial Review and Prospects — Item 5.B. Liquidity and Capital Resources — Liquidity — Capital Expenditures and Capital Expansion.”

We are vigorous in our efforts to engage in environmentally responsible management of, and to protect the environment from damage resulting from, our operations. Our levels of pollution control are higher than those mandated by Government standards. We established an on-line environmental monitoring system with real-time feedback on pollutant levels and a forecast system of pollutant concentration in surrounding areas. We also undergo periodic environmental inspection by both internal and external inspectors in accordance with ISO 14001 standards to monitor execution and maintenance of our environmental management plan. We also operate a certification program targeting our suppliers and outsourcing partners, pursuant to which they are encouraged to establish environmental management systems of their own. In December 2020, we announced our plan to work towards carbon neutrality by 2050.

Production Facilities in Korea

Our main production facilities in Korea consist of POSCO’s Pohang Works and Gwangyang Works. In 2021, our crude steel and stainless steel production capacity in Korea was 40.68 million tons.

Pohang Works

Construction of Pohang Works began in 1970 and ended in 1983. Pohang Works produces a wide variety of steel products. Products produced at Pohang Works include hot rolled sheets, plates, wire rods and cold rolled sheets, as well as specialty steel products such as stainless steel sheets and silicon steel sheets. These products can also be customized to meet the specifications of our customers.

Situated on a site of 8.9 million square meters at Youngil Bay on the southeastern coast of Korea, Pohang Works consists of iron-making, crude steelmaking and continuous casting and other rolling facilities. Pohang Works also has docking facilities capable of accommodating large ships for unloading raw materials, storage areas for raw materials and separate docking facilities for ships carrying products for export. Pohang Works is equipped with a highly advanced computerized production-management system allowing constant monitoring and control of the production process.

Gwangyang Works

Construction of Gwangyang Works began in 1985 and ended in 1992. Gwangyang Works specializes in high volume production of a limited number of steel products. Products manufactured at Gwangyang Works include both hot and cold rolled types.

Situated on a site of 13.7 million square meters reclaimed from the sea in Gwangyang City in the southwestern region of Korea, Gwangyang Works is comprised of iron-making plants, steelmaking plants, continuous casting plants, hot strip mills and thin-slab hot rolling plants. The site also features docking and unloading facilities for raw materials capable of accommodating large ships for unloading raw materials, storage areas for raw materials and separate docking facilities for ships carrying products for export.

We believe Gwangyang Works is one of the most technologically advanced integrated steel facilities in the world. Gwangyang Works has a completely automated, linear production system that



enables the whole production process, from iron-making to finished products, to take place without interruption. This advanced system reduces the production time for hot rolled products to only four hours. Like Pohang Works, Gwangyang Works is equipped with a highly advanced computerized production-management system allowing constant monitoring and control of the production process.

Capacity Utilization Rates

The following table sets out the capacity utilization rates of POSCO's production facilities in Korea for the periods indicated.

	As of or for the Year Ended December 31,		
	2019	2020	2021
Crude steel and stainless steel production capacity for the year (million tons per year)	42.39	40.68	40.68
Actual crude steel and stainless steel output (million tons)	38.01	35.94	38.26
Capacity utilization rate (%) ⁽¹⁾	89.7%	88.3%	94.1%

(1) Calculated by dividing actual crude steel and stainless steel output by the actual crude steel and stainless steel production capacity for the relevant period as determined by us.

Production Facilities Abroad

Our various subsidiaries and joint ventures around the world, including POSCO (Zhangjiagang) in China, PT. Krakatau POSCO in Indonesia and POSCO VINA in Vietnam, engage in steel production activities. For a discussion of such operations, see "Item 4. Information on the Company — Item 4.B. Business Overview — Steel Making Operations Located Outside Korea."

POSCO (Zhangjiagang)

The following table sets out POSCO (Zhangjiagang)'s capacity utilization rates for the periods indicated.

	As of or for the Year Ended December 31,		
	2019	2020	2021
Crude steel and stainless steel production capacity for the year (million tons per year)	1.10	1.10	1.10
Actual crude steel and stainless steel output (million tons)	1.13	0.99	0.99
Capacity utilization rate (%) ⁽¹⁾	103.1%	89.9%	89.9%

(1) Calculated by dividing actual crude steel and stainless steel output by the actual crude steel and stainless steel production capacity for the relevant period as determined by us.

PT. Krakatau POSCO

The following table sets out PT. Krakatau POSCO's capacity utilization rates for the periods indicated.

	As of or for the Year Ended December 31,		
	2019	2020	2021
Crude steel production capacity for the year (million tons per year)	2.94	3.00	3.00
Actual crude steel output (million tons)	3.02	3.10	3.14
Capacity utilization rate (%) ⁽¹⁾	102.5%	103.3%	104.5%

(1) Calculated by dividing actual crude steel output by the actual crude steel production capacity for the relevant period as determined by us.



POSCO VINA

The following table sets out POSCO VINA's capacity utilization rates for the periods indicated.

	As of or for the Year Ended December 31,		
	2019	2020	2021
Crude steel production capacity for the year (million tons per year)	1.10	0.55	0.55
Actual crude steel output (million tons)	0.79	0.55	0.58
Capacity utilization rate (%) ⁽¹⁾	71.7%	100.8%	104.9%

(1) Calculated by dividing actual crude steel output by the actual crude steel production capacity for the relevant period as determined by us.

Item 4A. Unresolved Staff Comments

We do not have any unresolved comments from the Securities and Exchange Commission staff regarding our periodic reports under the Exchange Act of 1934.

Item 5. Operating and Financial Review and Prospects

Item 5.A. Operating Results

The following discussion and analysis is based on our consolidated financial statements, which have been prepared in accordance with IFRS, as issued by the IASB. Unless otherwise noted, the amounts included in Item 5.A. are presented on a consolidated basis.

Overview

We are a holding company, and we operate through our consolidated subsidiaries including POSCO, one of the largest steel producers in the world. We also engage in businesses that complement our steel manufacturing operations and also carefully seek out promising investment opportunities to diversify our businesses both vertically and horizontally.

We have four reportable operating segments — a steel segment, a trading segment, a construction segment and a segment that contains operations of all other entities which fall below the reporting thresholds. The steel segment includes production of steel products and sale of such products. The trading segment consists primarily of global trading activities and natural resources development activities of POSCO International. POSCO International exports and imports a wide range of steel products that are both obtained from and supplied to POSCO, as well as between other suppliers and purchasers in Korea and overseas. The construction segment includes planning, designing and construction of industrial plants, civil engineering projects and commercial and residential buildings, both in Korea and overseas. The “others” segment includes power generation, LNG logistics, manufacturing of various industrial materials and network and system integration. See Note 40 to the Consolidated Financial Statements.

One of the major factors contributing to our historical performance has been the growth of the Korean economy, and our future performance will depend at least in part on Korea's general economic growth and prospects. For a description of recent developments that have had and may continue to have an adverse effect on our results of operations and financial condition, see “Item 3. Key Information — Item 3.D. Risk Factors — Korea is our most important market, and our current business and future growth could be materially and adversely affected if economic conditions in Korea deteriorate.” A number of other factors have had or are expected to have a material impact on our results of operations, financial condition and capital expenditures. These factors include:

- our sales volume, unit prices and product mix;



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- costs and production efficiency; and
- exchange rate fluctuations.

As a result of these factors, our financial results in the past may not be indicative of future results or trends in those results.

Sales Volume, Prices and Product Mix

In recent years, our net sales have been affected by the following factors:

- the demand for our products in the Korean market and our capacity to meet that demand;
- our ability to compete for sales in the export market;
- price levels; and
- our ability to improve our product mix.

Domestic demand for our products is affected by the condition of major steel consuming industries, such as construction, shipbuilding, automotive, electrical appliances and downstream steel processors, and the Korean economy in general.

In 2020, the unit sales prices in Won for each of our principal product lines of steel products, other than silicon steel sheets, decreased compared to 2019, reflecting generally weak global market conditions in 2020 due to the COVID-19 pandemic. The weighted average unit price for our principal product lines of steel products decreased by 6.0% from 2019 to 2020, which was mitigated by the depreciation in the average value of the Won against the Dollar in 2020 that increased our export prices in Won terms. The average exchange rate of the Won against the Dollar, as announced by Seoul Money Brokerage Services, Ltd., depreciated from Won 1,165.7 to US\$1.00 in 2019 to Won 1,180.1 to US\$1.00 in 2020.

The unit sales price of plates, which accounted for 16.3% of total sales volume of the principal steel products produced by us and directly sold to external customers, decreased by 13.0% in 2020. The unit sales price of wire rods, which accounted for 6.7% of total sales volume of such products, decreased by 8.8% in 2020. The unit sales price of cold rolled products, which accounted for 35.4% of total sales volume of such products, decreased by 8.1% in 2020. The unit sales price of hot rolled products, which accounted for 28.2% of total sales volume of such products, decreased by 6.1% in 2020. The unit sales price of stainless steel products, which accounted for 10.2% of total sales volume of such products, decreased by 3.1% in 2020. On the other hand, the unit sales price of silicon steel sheets, which accounted for 3.0% of total sales volume of such products, increased by 11.5% in 2020.

In 2021, the unit sales prices in Won for each of our principal product lines of steel products increased compared to 2020, reflecting generally strong global market conditions in 2021. The weighted average unit price for our principal product lines of steel products increased by 36.4% from 2020 to 2021, which impact was offset in part by the appreciation in the average value of the Won against the Dollar in 2021 that decreased our export prices in Won terms. The average exchange rate of the Won against the Dollar, as announced by Seoul Money Brokerage Services, Ltd., appreciated from Won 1,180.1 to US\$1.00 in 2020 to Won 1,144.4 to US\$1.00 in 2021.

The unit sales price of hot rolled products, which accounted for 29.7% of total sales volume of the principal steel products produced by us and directly sold to external customers, increased by 52.6% in 2021. The unit sales price of plates, which accounted for 16.2% of total sales volume of such products, increased by 50.1% in 2021. The unit sales price of wire rods, which accounted for 6.9% of total sales volume of such products, increased by 35.7% in 2021. The unit sales price of cold rolled products, which accounted for 34.8% of total sales volume of such products, increased by 35.5% in 2021. The unit sales price of stainless steel products, which accounted for 10.0% of total sales volume



of such products, increased by 25.3% in 2021. The unit sales price of silicon steel sheets, which accounted for 2.5% of total sales volume of such products, increased by 22.8% in 2021.

The table below sets out the average unit sales prices for our semi-finished and finished steel products produced by us and directly sold to external customers for the periods indicated.

Products	For the Year Ended December 31,		
	2019	2020	2021
	(In thousands of Won per ton)		
Cold rolled products	₩ 898	₩ 826	₩ 1,118
Hot rolled products	666	625	954
Stainless steel products	2,340	2,267	2,842
Plates	754	656	985
Wire rods	835	762	1,033
Silicon steel sheets	1,132	1,262	1,550
Average ⁽¹⁾	₩ 955	₩ 898	₩ 1,225

(1) "Average" prices are based on the weighted average, by sales volume, of our sales for the listed principal products produced by us and directly sold to external customers. See "Item 4. Information on the Company — Item 4.B. Business Overview — Major Products." The average unit sales price calculation does not include sales results of steel products categorized as "others."

Costs and Production Efficiency

Our major costs and operating expenses are raw material purchases, depreciation, labor and other purchases. The table below sets out our cost of sales and selling and administrative expenses as a percentage of our revenue as well as gross profit margin and operating profit margin for the periods indicated.

	For the Year Ended December 31,		
	2019	2020	2021
	(Percentage of net sales)		
Cost of sales	90.2%	91.9%	84.4%
Selling and administrative expenses	3.7	4.0	3.5
Gross margin	9.8	8.1	15.6
Operating profit margin	5.0	3.6	11.5

Our operating profit margin decreased from 5.0% in 2019 to 3.6% in 2020 but increased to 11.5% in 2021 as discussed below.

We are closely monitoring changes in market conditions and we implemented the following measures in recent years to improve our profit margins:

- pursuing cost reduction through enhancing product designs, improving productivity and reducing fixed costs;
- focusing on marketing activities to increase the sales of higher margin, higher value-added products and to strengthen our domestic market position;
- pursuing synergies among member companies of the POSCO Group through corporate restructurings; and
- establishing a special sales committee to more effectively respond to changes in market trends and preparing responses to various scenarios of future sales.



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Production capacity represents our maximum production capacity that can be achieved with an optimal level of operations of our facilities. The table below sets out certain information regarding our production capacity and efficiency in the production of steel products for the periods indicated.

	For the Year Ended December 31,		
	2019	2020	2021
Crude steel and stainless steel production capacity (million tons per year)	47.5	45.3	45.3
POSCO	42.4	40.7	40.7
POSCO (Zhangjiagang).	1.1	1.1	1.1
PT. Krakatau POSCO	2.9	3.0	3.0
POSCO VINA	1.1	0.6	0.6
Actual crude steel and stainless steel output (million tons)	42.9	40.6	43.0
POSCO	38.0	35.9	38.3
POSCO (Zhangjiagang).	1.1	1.0	1.0
PT. Krakatau POSCO	3.0	3.1	3.1
POSCO VINA	0.8	0.6	0.6
Capacity utilization rate (%)	90.4%	89.5%	94.8%
POSCO	89.7%	88.3%	94.1%
POSCO (Zhangjiagang).	103.1%	89.9%	89.9%
PT. Krakatau POSCO	102.5%	103.3%	104.5%
POSCO VINA	71.7%	100.8%	104.9%

Exchange Rate Fluctuations

Our consolidated financial statements are prepared from our local currency denominated financial results, assets and liabilities and our subsidiaries around the world, which are then translated into Won. A substantial proportion of our consolidated financial results is accounted for in currencies other than the Won. Accordingly, our consolidated financial results and assets and liabilities may be materially affected by changes in the exchange rates of foreign currencies. In 2021, 57.4% of the Steel Segment's total revenue was in overseas markets outside of Korea. To the extent that we incur costs in one currency and make sales in another, our profit margins may be affected by changes in the exchange rates between the two currencies. Since the currency in which sales are recorded may not be the same as the currency in which expenses are incurred, foreign exchange rate fluctuations may materially affect our results of operations. Depreciation of the Won may materially affect the results of our operations because, among other things, it causes:

- an increase in the amount of Won required for us to make interest and principal payments on our foreign currency-denominated debt;
- an increase in Won terms in the costs of raw materials and equipment that we purchase from overseas sources and a substantial portion of our freight costs, which are denominated primarily in Dollars; and
- foreign exchange translation losses on foreign-currency denominated liabilities, which lower our earnings for accounting purposes.

Appreciation of the Won against major currencies, on the other hand, causes:

- our export products to be less competitive by raising our prices in Dollar, Yen and Renminbi terms; and
- a reduction in net sales and accounts receivables in Won from export sales, which are primarily denominated in Dollars and to a lesser extent in Yen and Renminbi.

The overall net impact from fluctuations of the Won against major currencies is difficult to estimate and varies from year to year. We strive to naturally offset our foreign exchange risk by matching foreign currency receivables with our foreign currency payables and our overseas subsidiaries have sought to further mitigate the adverse impact of exchange rate fluctuations by



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conducting business transactions in the local currency of the respective market in which the transactions occur. In particular, POSCO International's exposure to fluctuations in exchange rates, including the Won/Dollar exchange rate, is limited because trading transactions typically involve matched purchase and sale contracts, which result in limited settlement exposure, and because POSCO International's contracts with domestic suppliers of products for export and with domestic purchasers of imported products are generally denominated in Dollars. Although the impact of exchange rate fluctuations is partially mitigated by such strategies, we and our subsidiaries, particularly POSCO International and POSCO E&C, also periodically enter into derivative contracts, primarily foreign currency swaps and forward exchange contracts, to further hedge some of our foreign exchange risks. However, our results of operations have historically been affected by exchange rate fluctuations and there can be no assurance that such strategies will be sufficient to reduce or eliminate the adverse impact of such fluctuations in the future.

Recent Accounting Changes

For a discussion of new standards, interpretations and amendments to existing standards that have been published, see Note 2 to the Consolidated Financial Statements.

Explanatory Note Regarding Presentation of Certain Financial Information under K-IFRS

In addition to preparing financial statements in accordance with IFRS as issued by the IASB included in this annual report, we also prepare financial statements in accordance with K-IFRS as adopted by the KASB, which we are required to file with the Financial Services Commission and the Korea Exchange under the FSCMA.

K-IFRS differs in certain respects from IFRS as issued by the IASB in the presentation of operating profit. For example, under K-IFRS, revenue from the development and sale of real estate is recognized using the percentage of completion method. However, under IFRS as issued by the IASB, revenue from the development and sale of certain real estate is recognized when an individual unit of residential real estate is delivered to the buyer. As a result, our consolidated statements of comprehensive income and our consolidated statements of financial position prepared in accordance with IFRS as issued by the IASB included in this annual report differ from our consolidated statements of comprehensive income and consolidated statements of financial position prepared in accordance with K-IFRS.



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The table below sets forth a reconciliation of our operating profit and net income or loss as presented in our consolidated statements of comprehensive income prepared in accordance with IFRS as issued by the IASB for each of the years ended December 31, 2019, 2020 and 2021 to our operating profit and net income or loss in our consolidated statements of comprehensive income prepared in accordance with K-IFRS, for each of the corresponding years, taking into account such differences:

	For the Year Ended December 31,		
	2019	2020	2021
	(In millions of Won)		
Operating profit under IFRS as issued by the IASB	₩ 3,222,713	₩ 2,054,370	₩ 8,775,305
Additions:			
Impairment loss on other receivables	80,323	53,105	—
Impairment loss on assets held for sale	38,328	5,030	—
Loss on disposals of investments in subsidiaries, associates and joint ventures	6,539	14,632	12,882
Loss on disposals of property, plant and equipment	120,227	142,126	95,720
Impairment loss on property, plant and equipment	442,700	27,040	311,520
Impairment loss on investment property	32,642	—	—
Impairment loss on intangible assets	191,021	197,776	224,328
Increase to provisions	23,074	30,536	37,962
Loss on valuation of firm commitment	37,685	93,098	111,542
Donations	51,567	45,652	101,258
Idle tangible asset expenses	34,152	19,276	23,843
Others	112,029	70,408	108,438
	1,170,287	698,679	1,027,493
Deductions:			
Reversal of impairment loss on other receivables	—	—	(12,975)
Gain on disposals of assets held for sale	(37,461)	(841)	(60,208)
Gain on disposals of investment in subsidiaries, associates and joint ventures	(27,836)	(88,836)	(85,981)
Gain on disposals of property, plant and equipment	(49,367)	(15,548)	(12,016)
Gain on disposals of intangible assets	(1,896)	(815)	(273)
Gain on valuation of firm commitment	(60,201)	(107,511)	(169,485)
Gain on valuation of emission rights	(25,440)	—	—
Gain on disposals of emission rights	(11,141)	(24,851)	(567)
Reversal of other provisions	(36,522)	(5,154)	(33,887)
Premium income	(3,326)	(25,253)	(38,115)
Others	(197,701)	(133,527)	(177,465)
	(450,891)	(402,336)	(590,972)
Revenue recognition related to development and sale of real estate	(418,862)	326,118	323,144
Cost of sales recognition related to development and sale of real estate	345,605	(273,796)	(296,881)
Operating profit under K-IFRS	₩ 3,868,854	₩ 2,403,035	₩ 9,238,089
Net profit under IFRS as issued by the IASB	₩ 2,038,165	₩ 1,748,492	₩ 7,175,982
Adjustments related to development and sale of real estate:			
Revenue	(418,862)	326,118	323,144
Cost of sales	345,605	(273,796)	(296,881)
Income tax	17,728	(12,662)	(6,355)
Net income under K-IFRS	₩ 1,982,637	₩ 1,788,152	₩ 7,195,890



Operating Results – 2020 Compared to 2021

The following table presents our statement of comprehensive income information and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes 2020 versus 2021	
	2020	2021	Amount	%
	(In billions of Won)			
Revenue	₩ 57,467	₩ 76,009	₩ 18,543	32.3%
Cost of sales	52,799	64,154	11,356	21.5
Gross profit	4,668	11,855	7,187	154.0
Selling and administrative expenses:				
Impairment loss (reversal of impairment loss) on trade				
accounts and notes receivable	1	40	39	4,743.5
Other administrative expenses	1,940	2,210	270	13.9
Selling expenses	377	393	16	4.3
Other operating income and expenses:				
Impairment loss (reversal of impairment loss) on other				
receivables	53	(13)	(66)	N.A. ⁽¹⁾
Other operating income	402	578	176	43.7
Other operating expenses	646	1,027	382	59.2
Operating profit	2,054	8,775	6,721	327.2
Share of profit of equity-accounted investees, net	133	650	516	387.3
Finance income	2,677	2,730	53	2.0
Finance costs	2,892	2,765	(127)	(4.4)
Profit before income tax	1,973	9,390	7,417	376.0
Income tax expense	224	2,214	1,990	887.1
Profit	1,748	7,176	5,427	310.4
Profit for the period attributable to owners of the controlling				
company	1,581	6,607	5,026	317.8
Profit for the period attributable to non-controlling interests ...	167	569	402	240.3

(1) N.A. means not applicable.

Revenue

The following table presents our revenue by segment and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
	2020	2021	2020 versus 2021	
			Amount	%
	(In billions of Won)			
Steel Segment:				
External revenue	₩ 28,893	₩ 41,093	₩ 12,201	42.2%
Internal revenue	15,365	22,456	7,090	46.1
Total revenue from Steel Segment	44,258	63,549	19,291	43.6
Trading Segment:				
External revenue	19,345	25,066	5,720	29.6
Internal revenue	12,947	20,225	7,278	56.2
Total revenue from Trading Segment	32,292	45,290	12,998	40.3
Construction Segment:				
External revenue	6,576	6,398	(178)	(2.7)
Internal revenue	1,034	1,014	(20)	(1.9)
Total revenue from Construction Segment	7,610	7,413	(197)	(2.6)
Others Segment:				
External revenue	2,979	3,775	796	26.7
Internal revenue	2,610	3,013	403	15.4
Total revenue from Others Segment	5,588	6,788	1,199	21.5
Total revenue prior to consolidation adjustments	89,749	123,040	33,291	37.1
Consolidation adjustments	(31,956)	(46,707)	(14,751)	46.2
Basis difference adjustments ⁽¹⁾	(326)	(323)	3	(0.9)
Revenue	₩ 57,467	₩ 76,009	18,543	32.3

- (1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

Our revenue increased by 32.3%, or Won 18,543 billion, from Won 57,467 billion in 2020 to Won 76,009 billion in 2021 due to increases in external revenues of the Steel Segment, the Trading Segment and the Others Segment, which was in small part offset by a decrease in external revenue of the Construction Segment. Specifically:

Steel Segment. External revenue from the Steel Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation, increased by 42.2%, or Won 12,201 billion, from Won 28,893 billion in 2020 to Won 41,093 billion in 2021 primarily due to an increase in the average unit sales price per ton of the principal steel products produced by us and sold to external customers and, to a much lesser extent, an increase in our sales volume of the principal steel products produced by us and directly sold to external customers. The weighted average unit sales price per ton of the principal steel products produced by us and directly sold to external customers increased by 36.4% from Won 898,008 per ton in 2020 to Won 1,225,209 per ton in 2021, reflecting generally strong global market conditions in 2021. The overall sales volume of the principal steel products produced by us and directly sold to external customers increased by 2.3% from 29.2 million tons in 2020 to 29.8 million tons in 2021. Such factors were principally attributable to the following:

- The unit sales prices in Won of each of our principal product lines increased from 2020 to 2021. The unit sales prices in Won of hot rolled products, plates, wire rods, cold rolled products, stainless steel products and silicon steel sheets produced by us and directly sold



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to external customers increased by 52.6%, 50.1%, 35.7%, 35.5%, 25.3% and 22.8%, respectively, from 2020 to 2021. For a discussion of changes in the unit sales prices of each of our principal product lines, see “— Overview — Sales Volume, Prices and Product Mix” above.

- The sales volume of hot rolled products, wire rods, plates and cold rolled products increased from 2020 to 2021, the impact of which was partially offset by decreases in the sales volume of silicon steel sheets and stainless steel products from 2020 to 2021. The sales volume of hot rolled products, wire rods, plates and cold rolled products produced by us and directly sold to external customers increased by 7.6%, 5.5%, 1.1% and 0.3%, respectively, from 2020 to 2021. On the other hand, the sales volume of silicon steel sheets and stainless steel products produced by us and directly sold to external customers decreased by 17.1% and 0.2%, respectively, from 2020 to 2021. For a discussion of changes in the sales volume of each of our principal product lines, see “Item 4.B. Business Overview — Major Products.”

Total revenue from the Steel Segment, which includes internal revenue from inter-company transactions, increased by 43.6%, or Won 19,291 billion, from Won 44,258 billion in 2020 to Won 63,549 billion in 2021 as internal revenue from inter-company transactions increased by 46.1%, or Won 7,090 billion, from Won 15,365 billion in 2020 to Won 22,456 billion in 2021 primarily due to an increase in the sale prices of steel products sold through trading subsidiaries, particularly POSCO International.

Trading Segment. External revenue from the Trading Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation, increased by 29.6%, or Won 5,720 billion, from Won 19,345 billion in 2020 to Won 25,066 billion in 2021 primarily due to increases in the prices and volume of steel products traded by POSCO International, which was offset in part by a decrease in POSCO International’s revenues from the Myanmar gas field projects.

Total revenue from the Trading Segment, which includes internal revenue from inter-company transactions, increased by 40.3%, or Won 12,998 billion, from Won 32,292 billion in 2020 to Won 45,290 billion in 2021 as internal revenue from inter-company transactions increased by 56.2%, or Won 7,278 billion, from Won 12,947 billion in 2020 to Won 20,225 billion in 2021 primarily due to increases in prices of steel products and raw materials traded as inter-company transactions.

Construction Segment. External revenue from the Construction Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation and basis difference adjustments, decreased by 2.7%, or Won 178 billion, from Won 6,576 billion in 2020 to Won 6,398 billion in 2021 primarily due to a decrease in external revenue from plant construction projects, which was partially offset by increases in external revenue from architectural works and infrastructure projects.

Total revenue from the Construction Segment, which includes internal revenue from inter-company transactions, decreased by 2.6%, or Won 197 billion, from Won 7,610 billion in 2020 to Won 7,413 billion in 2021 as internal revenue from inter-company transactions decreased by 1.9%, or Won 20 billion, from Won 1,034 billion in 2020 to Won 1,014 billion in 2021. Such decrease in internal revenue reflected a decrease in the amount of construction activities for member companies of the POSCO Group from 2020 to 2021.

Others Segment. The Others Segment primarily includes power generation, manufacturing of various industrial materials and provision of information technology services. External revenue from the Others Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation, increased by 26.7%, or Won 796 billion, from Won 2,979 billion in 2020 to Won 3,775 billion in 2021, primarily due to increases in revenue of POSCO Energy Corporation and POSCO Chemical Co., Ltd. The increase in revenue of POSCO Energy Corporation primarily reflected an increase in revenue from its LNG terminal-related businesses. The revenue of



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FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO Chemical Co., Ltd. increased primarily due to an increase in sales of anode and cathode materials used, among others, in the production of electric batteries.

Total revenue from the Others Segment, which includes internal revenue from inter-company transactions, increased by 21.5%, or Won 1,199 billion, from Won 5,588 billion in 2020 to Won 6,788 billion in 2021 as internal revenue from inter-company transactions increased by 15.4%, or Won 403 billion, from Won 2,610 billion in 2020 to Won 3,013 billion in 2021 primarily due to an increase in POSCO Energy's revenue from sales of electricity to member companies of the POSCO group from 2020 to 2021.

Cost of Sales

The following table presents a breakdown of our cost of sales by segment, prior to adjusting for inter-company transactions that are eliminated during consolidation and basis difference, and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
	2020	2021	2020 versus 2021	
			Amount	%
	(In billions of Won)			
Steel Segment	₩ 41,598	₩ 53,644	₩ 12,046	29.0%
Trading Segment	31,258	44,018	12,760	40.8
Construction Segment	6,904	6,532	(372)	(5.4)
Others Segment	4,874	6,007	1,133	23.2
Consolidation adjustments	(31,562)	(45,750)	(14,188)	45.0
Basis difference adjustments ⁽¹⁾	(274)	(297)	(23)	8.4
Cost of sales	₩ 52,799	₩ 64,154	11,356	21.5

- (1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

Our cost of sales increased by 21.5%, or Won 11,356 billion, from Won 52,799 billion in 2020 to Won 64,154 billion in 2021 primarily due to increases in cost of sales of the Trading Segment and the Steel Segment. Specifically:

Steel Segment. The cost of sales of our Steel Segment, prior to consolidation, increased by 29.0%, or Won 12,046 billion, from Won 41,598 billion in 2020 to Won 53,644 billion in 2021 primarily due to increases in the average prices in Won terms of our key raw materials. The average market price of coal per wet metric ton (Premium Low Vol Coking Coal, FOB Australia Index announced by Platts) increased from US\$124 in 2020 to US\$226 in 2021. The average market price of iron ore per dry metric ton (Iron Ore 62% Fe, CFR China Index announced by Platts) increased from US\$109 in 2020 to US\$160 in 2021.

Trading Segment. The cost of sales of our Trading Segment, prior to consolidation, increased by 40.8%, or Won 12,760 billion, from Won 31,258 billion in 2020 to Won 44,018 billion in 2021 primarily due to increases in the prices of items traded by POSCO International, particularly steel products.

Construction Segment. The cost of sales of our Construction Segment, prior to consolidation and basis difference adjustments, decreased by 5.4%, or Won 372 billion, from Won 6,904 billion in 2020 to Won 6,532 billion in 2021 reflecting a decrease in the progress of plant construction projects, which was partially offset by increases in the progress of architectural works and infrastructure projects.



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FORM 20-F	None		TOK	CLN	PS	PMT 1C

Others Segment. The cost of sales of our Others Segment, prior to consolidation, increased by 23.2%, or Won 1,133 billion, from Won 4,874 billion in 2020 to Won 6,007 billion in 2021 primarily due to an increase in the cost of sales of POSCO Energy reflecting an increase in the global price of LNG in 2021 as well as an increase in the cost of sales of POSCO Chemical reflecting an increase in production and sales of anode and cathode materials used, among others, in the production of electric batteries.

Gross Profit

The following table presents our gross profit by segment, prior to adjusting for inter-company transactions that are eliminated during consolidation and basis difference, and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
	2020		2020 versus 2021	
	2020	2021	Amount	%
	(In billions of Won)			
Steel Segment	₩ 2,660	₩ 9,905	₩ 7,245	272.3%
Trading Segment	1,034	1,272	238	23.1
Construction Segment	706	881	175	24.7
Others Segment	714	781	66	9.3
Consolidation adjustments	(394)	(958)	(563)	142.8
Basis difference adjustments ⁽¹⁾	(52)	(26)	26	(49.8)
Gross profit	₩ 4,668	₩ 11,855	7,187	154.0

- (1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

Our gross profit increased by 154.0%, or Won 7,187 billion, from Won 4,668 billion in 2020 to Won 11,855 billion in 2021 primarily due to increase in gross profit of the Steel Segment. Our gross margin, which is gross profit as a percentage of total revenue, increased from 8.1% in 2020 to 15.6% in 2021. Specifically:

Steel Segment. The gross profit of our Steel Segment, prior to consolidation, increased by 272.3%, or Won 7,245 billion, from Won 2,660 billion in 2020 to Won 9,905 billion in 2021 primarily due to an increase in the average unit sales price per ton of the principal steel products produced by us and sold to external and internal customers that outpaced an increase in the average prices in Won terms of the principal raw materials used to manufacture our finished steel products. The gross margin of our Steel Segment increased from 6.0% in 2020 to 15.6% in 2021.

Trading Segment. The gross profit of our Trading Segment, prior to consolidation, increased by 23.1%, or Won 238 billion, from Won 1,034 billion in 2020 to Won 1,272 billion in 2021 primarily due to an increase in gross profit from POSCO International's steel products trading activities. The gross margin of our Trading Segment decreased from 3.2% in 2020 to 2.8% in 2021.

Construction Segment. The gross profit of our Construction Segment, prior to consolidation and basis difference adjustments, increased by 24.7%, or Won 175 billion, from Won 706 billion in 2020 to Won 881 billion in 2021 primarily reflecting an increase in POSCO E&C's participation in higher margin plant and architectural works construction projects in 2021. The gross margin of our Construction Segment increased from 9.3% in 2020 to 11.9% in 2021.

Others Segment. The gross profit of our Others Segment, prior to consolidation, increased by 9.3%, or Won 66 billion, from Won 714 billion in 2020 to Won 781 billion in 2021 primarily due to an increase in the gross profit of POSCO Chemical reflecting expansion in production and sales of anode



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FORM 20-F	None		TOK	CLN	PS PMT	1C

and cathode materials. On the other hand, the gross margin of POSCO Energy decreased from 2020 to 2021 reflecting an increase in cost of sales resulting principally from an increase in the global price of LNG, which outpaced POSCO Energy's increase in revenue. The gross margin of our Others Segment decreased from 12.8% in 2020 to 11.5% in 2021.

Selling and Administrative Expenses

The following table presents a breakdown of our selling and administrative expenses and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes 2020 versus 2021	
	2020	2021	Amount	%
	(In billions of Won)			
Impairment loss on trade accounts and notes receivable	₩ 1	₩ 40	₩ 39	N.M. ⁽¹⁾
Freight and custody expenses	₩ 181	₩ 193	₩ 12	6.9%
Sales commissions	87	65	(21)	(24.7)
Sales insurance premium	30	41	11	35.3
Contract cost	46	61	15	32.9
Others	33	32	(1)	(2.4)
Total selling expenses	₩ 377	₩ 393	16	4.3
Wages and salaries	₩ 829	₩ 942	₩ 113	13.7%
Expenses related to post-employment benefits	83	143	60	71.7
Other employee benefits	187	207	20	10.7
Depreciation	146	144	(2)	(1.7)
Amortization	115	87	(28)	(24.3)
Taxes and public dues	59	86	27	44.8
Rental	35	29	(6)	(18.0)
Advertising	72	89	17	24.4
Research and development	116	123	7	5.9
Service fees	157	187	31	19.6
Others	140	173	33	23.3
Total other administrative expenses	₩ 1,940	₩ 2,210	270	13.9
Total selling and administrative expenses	₩ 2,317	₩ 2,643	326	14.1

(1) N.M. means not meaningful.

Our selling and administrative expenses increased by 14.1%, or Won 326 billion, from Won 2,317 billion in 2020 to Won 2,643 billion in 2021, primarily due to increases in wages and salaries, expenses relating to post-employment benefits, impairment loss on trade accounts and notes receivables, and service fees, the impact of which was partially offset by decreases in amortization and sales commissions. Such factors were principally attributable to the following:

- Our wages and salaries increased by 13.7%, or Won 113 billion, from Won 829 billion in 2020 to Won 942 billion in 2021 primarily due to increases in bonus payments and our wage level.
- Our expenses related to post-employment benefits increased by 71.7%, or Won 60 billion, from Won 83 billion in 2020 to Won 143 billion in 2021 primarily due to increases in retirement allowances provided by POSCO E&C and POSCO ICT Co., Ltd. in 2021.
- Our impairment loss on trade accounts and notes receivable increased by Won 39 billion from Won 1 billion in 2020 to Won 40 billion in 2021 primarily related to impairment of trade accounts and notes receivable of POSCO International.
- Our service fees increased by 19.6%, or Won 31 billion, from Won 157 billion in 2020 to Won 187 billion in 2021 primarily due to an increase in payment guarantee fees reflecting an increase in our revenue.



- Our amortization decreased by 24.3%, or Won 28 billion, from Won 115 billion in 2020 to Won 87 billion in 2021 primarily due to completion of amortization of some of our major intangible assets.
- Our sales commissions decreased by 24.7%, or Won 21 billion, from Won 87 billion in 2020 to Won 65 billion in 2021 primarily reflecting a decrease in sales commission rates reflecting a recovery in demand for steel products.

Other Operating Income and Expenses

The following table presents our impairment loss on other receivables and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
	2020	2021	2020 versus 2021	
			Amount	%
	(In billions of Won)			
Impairment loss (reversal of impairment loss) on other receivables	₩ 53	₩ (13)	₩ (66)	NA ⁽¹⁾

(1) N.A. means not applicable.

We recorded impairment loss on other receivables of Won 53 billion in 2020 compared to a reversal of impairment loss on other receivables of Won 13 billion in 2021. In 2020, our impairment loss on other receivables of Won 53 billion related primarily to POSCO International's investments in natural resource projects in Indonesia and Madagascar. In 2021, our reversal of impairment loss on other receivables of Won 13 billion related primarily to our reclassification of impairment loss on a long-term loan provided by POSCO E&C related to a construction project.

The following table presents a breakdown of our other operating income and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
	2020	2021	2020 versus 2021	
			Amount	%
	(In billions of Won)			
Gain on disposal of assets held for sale	₩ 1	₩ 60	₩ 59	N.M. ⁽¹⁾
Gain on disposal of investments in subsidiaries, associates and joint ventures	89	86	(3)	(3.2)
Gain on disposal of property, plant and equipment	16	12	(4)	(22.7)
Gain on disposal of intangible assets	1	—	(1)	(100.0)
Gain on valuation of firm commitment	108	169	62	57.6
Gain on disposal of emission rights	25	1	(24)	(97.7)
Reversal of other provisions	5	34	29	557.5
Premium income	25	38	13	50.9
Others	134	177	44	32.9
Total other operating income	₩ 402	₩ 578	176	43.7

(1) N.M. means not meaningful.

Our other operating income increased by 43.7%, or Won 176 billion, from Won 402 billion in 2020 to Won 578 billion in 2021, primarily due to increases in gain on valuation of firm commitment, gain on disposal of assets held for sale, and reversal of other provisions, the impact of which was partially offset by a decrease in gain on disposal of emission rights. Such factors were principally attributable to the following:

- Our gain on valuation of firm commitment increased by 57.6%, or Won 62 billion, from Won 108 billion in 2020 to Won 169 billion in 2021 primarily due to an increase in valuation of firm commitment of POSCO International.



- Our gain on disposal of assets held for sale increased by Won 59 billion from Won 1 billion in 2020 to Won 60 billion in 2021 primarily due to compensation we received from the transfer of the Yang-Hak Park site in 2021.
- Our reversal of other provisions increased by 557.5%, or Won 29 billion, from Won 5 billion in 2020 to Won 34 billion in 2021 primarily due to a reversal of provisions relating to loans to Daewoo Motors India guaranteed by POSCO International.
- We recognized gain on disposal of emission rights of Won 25 billion in 2020, compared to Won 1 billion of such gain in 2021.

The following table presents a breakdown of our other operating expenses and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
			2020 versus 2021	
	2020	2021	Amount	%
	(In billions of Won)			
Impairment loss on assets held for sale	₩ 5	₩ —	₩ (5)	(100.0)%
Loss on disposals of investments in subsidiaries, associates and joint ventures	15	13	(2)	(12.0)
Loss on disposals of property, plant and equipment	142	96	(46)	(32.7)
Impairment loss on property, plant and equipment	27	312	284	1,052.1
Impairment loss on intangible assets	197	224	27	13.4
Loss on valuation of firm commitment	93	112	18	19.8
Idle tangible asset expenses	19	24	5	23.7
Increase to provisions	30	37	7	24.3
Donations	46	101	56	121.8
Others	70	108	38	54.0
Total other operating expenses	₩ 646	₩ 1,027	382	59.2

Our other operating expenses increased by 59.2%, or Won 382 billion, from Won 646 billion in the 2020 to Won 1,027 billion in 2021, primarily due to increases in impairment loss on property, plant and equipment and donations, the impact of which was partially offset by a decrease in loss on disposal of property, plant and equipment. Such factors were principally attributable to the following:

- Our impairment loss on property, plant and equipment increased by 1,052.1%, or Won 284 billion, from Won 27 billion in 2020 to Won 312 billion in 2021. In 2020, we recognized impairment loss of Won 17 billion related to a fire at a stainless steel production facility at Pohang Works. In 2021, we recognized impairment loss of Won 218 billion related to the reclassification of a synthetic natural gas facility as an asset held for sale and Won 28 billion related to a coal mine in Australia invested by POSCO International.
- Our donations increased by 121.8%, or Won 56 billion, from Won 46 billion in 2020 to Won 101 billion in 2021 primarily due to increases in donations to welfare funds of small and medium-sized suppliers of POSCO International and POSCO.
- We recognized loss on disposal of property, plant and equipment of Won 142 billion in 2020 and Won 96 billion in 2021 that related primarily to disposal of property, plant and equipment from upgrading of production facilities of POSCO.

We also recognized impairment loss on intangible assets of Won 197 billion in 2020 and Won 224 billion in 2021 that primarily related to POSCO International. In 2020, we recognized impairment loss on goodwill of Won 189 billion related to the recoverable amount of POSCO International, which is determined based on its value in use. In 2021, we recognized impairment loss on goodwill of Won 189 billion, Won 185 billion of which related to the recoverable amount of POSCO International.



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Operating Profit

Due to the factors described above, our operating profit increased by 327.2%, or Won 6,721 billion, from Won 2,054 billion in 2020 to Won 8,775 billion in 2021. Our operating margin increased from 3.6% in 2020 to 11.5% in 2021.

Share of Profit of Equity-Accounted Investees

Our share of profit of equity-accounted investees increased by 387.3%, or Won 516 billion, from Won 133 billion in 2020 to Won 650 billion in 2021.

In 2020, we recognized a net gain for our proportionate share of equity-accounted investees of Won 133 billion primarily due to our share of gains of Won 235 billion of Roy Hill Holdings Pty Ltd., Won 46 billion of South-East Asia Gas Pipeline Company Ltd. and Won 37 billion of AES-VCM Mong Duong Power Company Limited, the impact of which was partially offset by our share of loss of Won 61 billion of CSP – Compania Siderurgica do Pecem and Won 40 billion of Eureka Loly LLC.

In 2021, we recognized a net gain for our proportionate share of equity-accounted investees of Won 650 billion primarily due to our share of gains of Won 393 billion of Roy Hill Holdings Pty Ltd., Won 52 billion of KOBASCO and Won 48 billion of South-East Asia Gas Pipeline Company Ltd., the impact of which was partially offset by our share of loss of Won 33 billion of Eureka Loly LLC. See Note 11 to the Consolidated Financial Statements.

Finance Income and Finance Costs

The following table presents a breakdown of our finance income and costs and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
			2020 versus 2021	
	2020	2021	Amount	%
	(In billions of Won)			
Interest income	₩ 372	₩ 292	₩ (80)	(21.5)%
Dividend income	38	74	36	94.1
Gain on foreign currency transactions	1,148	1,080	(68)	(5.9)
Gain on foreign currency translations	574	298	(276)	(48.0)
Gain on derivatives transactions	352	402	50	14.3
Gain on valuations of derivatives	116	371	255	220.6
Gain on disposals of financial assets at fair value through profit or loss	16	20	5	29.1
Gain on valuations of financial assets at fair value through profit or loss	52	102	50	97.2
Gain on valuations of financial liabilities at fair value through profit or loss	—	54	54	N.A. ⁽¹⁾
Others	10	36	26	260.7
Total finance income	₩ 2,677	₩ 2,730	53	2.0
Interest expenses	₩ 639	₩ 440	(199)	(31.1)
Loss on foreign currency transactions	1,068	985	(83)	(7.7)
Loss on foreign currency translations	425	555	129	30.4
Loss on derivatives transactions	410	497	87	21.2
Loss on valuations of derivatives	230	101	(128)	(55.9)
Loss on disposal of trade accounts and notes receivable	16	18	2	12.3
Loss on disposal of financial assets at fair value through profit or loss	6	8	2	42.7
Loss on valuations of financial assets at fair value through profit or loss	67	114	46	68.7
Others	32	48	16	49.9
Total finance costs	₩ 2,892	₩ 2,765	(127)	(4.4)



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(1) N.A. means not available.

Our interest expense decreased by 31.1% or Won 199 billion, from Won 639 billion in 2020 to Won 440 billion in 2021 primarily due to a general decrease in interest rates in Korea and abroad as well as a decrease in our average balance of interest-bearing financial liabilities in 2021.

Our interest income decreased by 21.5%, or Won 80 billion, from Won 372 billion in 2020 to Won 292 billion in 2021 primarily due to a general decrease in interest rates in Korea and abroad in 2021, which was partially offset by an increase in the average balance of interest-earning financial assets in 2021.

We recognized net gain on foreign currency translations of Won 149 billion in 2020 compared to a net loss on foreign currency translations of Won 257 billion in 2021, as the Won appreciated against the Dollar at year end in 2020 but depreciated in 2021. In terms of the market average exchange rates announced by Seoul Money Brokerage Services, Ltd., the Won appreciated against the Dollar from ₩1,157.8 to US\$1.00 as of December 31, 2019 to ₩1,088.0 to US\$1.00 as of December 31, 2020, but depreciated to ₩1,185.5 to US\$1.00 as of December 31, 2021. In addition, our net gain on foreign currency transactions increased by 18.8%, or Won 15 billion, from Won 80 billion in 2020 to Won 95 billion in 2021, as the average value of the Won against the Dollar depreciated in 2020 but appreciated in 2021. The market average exchange rate, which was Won 1,157.8 to US\$1.00 as of December 31, 2019, depreciated during 2020 to an average of Won 1,180.1 to US\$1.00 in 2020 but appreciated during 2021 to an average of Won 1,144.4 to US\$1.00 in 2021. Against such fluctuations, we recognized a net loss on valuations of derivatives of Won 114 billion in 2020 compared to a net gain on valuations of derivatives of Won 270 billion in 2021, and our net loss on transactions of derivatives increased by 63.1%, or Won 37 billion, from Won 58 billion in 2020 to Won 95 billion in 2021.

Profit before Income Taxes

Due to the factors described above, our profit before income taxes increased by 376.0%, or Won 7,417 billion, from Won 1,973 billion in 2020 to Won 9,390 billion in 2021.

The following table presents our profit and loss by segment, prior to adjusting for goodwill and corporate fair value adjustments, elimination of inter-segment profits, income tax expense and basis difference, and changes therein for 2020 and 2021.

	For the Year Ended December 31,		Changes	
	2020	2021	2020 versus 2021	
			Amount	%
	(In billions of Won)			
Steel Segment	₩ 712	₩ 6,588	₩5,876	825.4%
Trading Segment	157	325	168	106.7
Construction Segment	150	164	14	9.5
Others Segment	294	361	67	23.0
Goodwill and corporate fair value adjustments	(75)	(63)	12	(16.3)
Elimination of inter-segment profits	550	(180)	(730)	N.A. ⁽²⁾
Income tax expense	237	2,220	1,983	837.0
Basis difference adjustments ⁽¹⁾	(52)	(26)	26	(49.8)
Profit before income taxes	₩ 1,973	₩ 9,390	7,417	376.0

(1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

(2) N.A. means not applicable.



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Income Tax Expense

Our income tax expense increased by 887.1%, or Won 1,990 billion, from Won 224 billion in 2020 to Won 2,214 billion in 2021, primarily reflecting an increase in profit before income tax described above. Our effective tax rate increased from 11.4% in 2020 to 23.6% in 2021. In 2020, our effective tax rate of 11.4% was lower than the statutory rate of 27.5% primarily due to adjustments for changes in our estimation on deductibility of temporary difference related to synthetic natural gas facilities and business combination of our off-gas power station business. See Note 35 to the Consolidated Financial Statements.

Profit

Due to the factors described above, our profit increased by 310.4%, or Won 5,427 billion, from Won 1,748 billion in 2020 to Won 7,176 billion in 2021.

Operating Results – 2019 Compared to 2020

The following table presents our statement of comprehensive income information and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
	2019	2020	2019 versus 2020	
			Amount	%
		(In billions of Won)		
Revenue	₩ 64,786	₩ 57,467	₩(7,319)	(11.3)%
Cost of sales	58,462	52,799	(5,664)	(9.7)
Gross profit	6,324	4,668	(1,656)	(26.2)
Selling and administrative expenses:				
Impairment loss (reversal of impairment loss) on trade accounts and notes receivable	(28)	1	29	N.A. ⁽¹⁾
Other administrative expenses	2,041	1,940	(102)	(5.0)
Selling expenses	368	377	9	2.3
Other operating income and expenses:				
Impairment loss on other receivables	80	53	(27)	(33.9)
Other operating income	451	402	(49)	(10.8)
Other operating expenses	1,090	646	(444)	(40.8)
Operating profit	3,223	2,054	(1,168)	(36.3)
Share of profit of equity-accounted investees, net	274	133	(140)	(51.3)
Finance income	1,872	2,677	805	43.0
Finance costs	2,242	2,892	650	29.0
Profit before income tax	3,127	1,973	(1,154)	(36.9)
Income tax expense	1,088	224	(864)	(79.4)
Profit	2,038	1,748	(290)	(14.2)
Profit for the period attributable to owners of the controlling company	1,864	1,581	(283)	(15.2)
Profit for the period attributable to non-controlling interests	174	167	(6)	(3.7)

(1) N.A. means not applicable.



Revenue

The following table presents our revenue by segment and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
	2019	2020	2019 versus 2020	
			Amount	%
	(In billions of Won)			
Steel Segment:				
External revenue	₩ 32,078	₩ 28,893	₩ (3,186)	(9.9)%
Internal revenue	17,730	15,365	(2,365)	(13.3)
Total revenue from Steel Segment	49,808	44,258	(5,550)	(11.1)
Trading Segment:				
External revenue	22,157	19,345	(2,812)	(12.7)
Internal revenue	15,468	12,947	(2,521)	(16.3)
Total revenue from Trading Segment	37,625	32,292	(5,333)	(14.2)
Construction Segment:				
External revenue	6,945	6,576	(369)	(5.3)
Internal revenue	743	1,034	290	39.1
Total revenue from Construction Segment	7,688	7,610	(78)	(1.0)
Others Segment:				
External revenue	3,187	2,979	(208)	(6.5)
Internal revenue	2,796	2,610	(186)	(6.7)
Total revenue from Others Segment	5,983	5,588	(394)	(6.6)
Total revenue prior to consolidation adjustments	101,104	89,749	(11,355)	(11.2)
Consolidation adjustments	(36,737)	(31,956)	4,781	(13.0)
Basis difference adjustments ⁽¹⁾	419	(326)	(745)	N.A. ⁽²⁾
Revenue	₩ 64,786	₩ 57,467	(7,319)	(11.3)

(1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

(2) N.A. means not applicable.

Our revenue decreased by 11.3%, or Won 7,319 billion, from Won 64,786 billion in 2019 to Won 57,467 billion in 2020 due to decreases in external revenues of all of our segments. Specifically:

Steel Segment. External revenue from the Steel Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation, decreased by 9.9%, or Won 3,186 billion, from Won 32,078 billion in 2019 to Won 28,893 billion in 2020 primarily due to a decrease in the average unit sales price per ton of the principal steel products produced by us and sold to external customers and, to a lesser extent, a decrease in our sales volume of the principal steel products produced by us and directly sold to external customers. The weighted average unit sales price per ton of the principal steel products produced by us and directly sold to external customers decreased by 6.0% from Won 955,209 per ton in 2019 to Won 898,008 per ton in 2020, reflecting generally weak global market conditions in 2020 due to the COVID-19 pandemic. Our sales prices generally decreased in the first, second and third quarters of 2020 compared to the prior quarter, but recovered in the fourth quarter of 2020. The overall sales volume of the principal steel products produced by us and directly sold to external customers decreased by 3.9% from 30.4 million tons in 2019 to 29.2 billion tons in 2020, reflecting weak demand in 2020 due to the COVID-19 pandemic. Our sales volume decrease from the first quarter of 2020 to the second quarter of 2020, but gradually



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recovered in the third and fourth quarters of 2020. Such factors were principally attributable to the following:

- The unit sales prices in Won of each of our principal product lines, other than silicon steel sheets, decreased from 2019 to 2020. The unit sales prices in Won of plates, wire rods, cold rolled products, hot rolled products and stainless steel products produced by us and directly sold to external customers decreased by 13.0%, 8.8%, 8.1%, 6.1% and 3.1%, respectively, from 2019 to 2020. On the other hand, the unit sales price in Won of silicon steel sheets increased by 11.5% from 2019 to 2020. For a discussion of changes in the unit sales prices of each of our principal product lines, see “— Overview — Sales Volume, Prices and Product Mix” above.
- The sales volume of plates, cold rolled products and wire rods decreased from 2019 to 2020, the impact of which was partially offset by increases in the sales volume of silicon steel sheets, hot rolled products and stainless steel products from 2019 to 2020. The sales volume of plates, cold rolled products and wire rods produced by us and directly sold to external customers decreased by 11.7%, 7.6% and 6.7%, respectively, from 2019 to 2020. On the other hand, the sales volume of silicon steel sheets, hot rolled products and stainless steel products produced by us and directly sold to external customers increased by 8.6%, 4.4% and 0.6%, respectively, from 2019 to 2020. For a discussion of changes in the sales volume of each of our principal product lines, see “Item 4.B. Business Overview — Major Products.”

Total revenue from the Steel Segment, which includes internal revenue from inter-company transactions, decreased by 11.1%, or Won 5,550 billion, from Won 49,808 billion in 2019 to Won 44,258 billion in 2020 as internal revenue from inter-company transactions decreased by 13.3%, or Won 2,365 billion, from Won 17,730 billion in 2019 to Won 15,365 billion in 2020 primarily due to a decrease in our steel sales activities through trading subsidiaries, particularly POSCO International.

Trading Segment. External revenue from the Trading Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation, decreased by 12.7%, or Won 2,812 billion, from Won 22,157 billion in 2019 to Won 19,345 billion in 2020 primarily due to a decrease in POSCO International’s trading sales that were negatively impacted by the COVID-19 pandemic and a decrease in revenue from its Myanmar gas field projects, which was negatively impacted by a decrease in global prices of natural gas in 2020 as well as a temporary suspension of production for 20 days in September 2020 for maintenance activities.

Total revenue from the Trading Segment, which includes internal revenue from inter-company transactions, decreased by 14.2%, or Won 5,333 billion, from Won 37,625 billion in 2019 to Won 32,292 billion in 2020 as internal revenue from inter-company transactions decreased by 16.3%, or Won 2,521 billion, from Won 15,468 billion in 2019 to Won 12,947 billion in 2020 primarily due to a decrease in our steel sales activities through trading subsidiaries from 2019 to 2020.

Construction Segment. External revenue from the Construction Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation and basis difference adjustments, decreased by 5.3%, or Won 369 billion, from Won 6,945 billion in 2019 to Won 6,576 billion in 2020 primarily due to a decrease in external revenue from architectural works construction projects, which was partially offset by an increase in external revenue from plant construction projects.

Total revenue from the Construction Segment, which includes internal revenue from inter-company transactions, decreased by 1.0%, or Won 78 billion, from Won 7,688 billion in 2019 to Won 7,610 billion in 2020 as internal revenue from inter-company transactions increased by 39.1%, or Won 290 billion, from Won 743 billion in 2019 to Won 1,034 billion in 2020. Such increase in internal revenue reflected an increase in the amount of construction activities for member companies of the POSCO Group from 2019 to 2020.



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Others Segment. The Others Segment primarily includes power generation, manufacturing of various industrial materials and provision of information technology services. External revenue from the Others Segment, which does not include internal revenue from inter-company transactions that are eliminated during consolidation, decreased by 6.5%, or Won 208 billion, from Won 3,187 billion in 2019 to Won 2,979 billion in 2020, primarily due to a decrease in revenue of POSCO Energy Corporation, which was partially offset by an increase in revenue of POSCO Chemical Co., Ltd. The decrease in revenue of POSCO Energy Corporation primarily reflected a decrease in the price of electricity, which was partially offset by an increase in revenue from its LNG terminal-related businesses. On the other hand, the revenue of POSCO Chemical Co., Ltd. increased primarily due to an increase in sales of anode and cathode materials used, among others, in electric batteries.

Total revenue from the Others Segment, which includes internal revenue from inter-company transactions, decreased by 6.6%, or Won 394 billion, from Won 5,983 billion in 2019 to Won 5,588 billion in 2020 as internal revenue from inter-company transactions decreased by 6.7%, or Won 186 billion, from Won 2,796 billion in 2019 to Won 2,610 billion in 2020 primarily due to a decrease in POSCO Energy's revenue from sales of electricity to member companies of the POSCO group from 2019 to 2020.

Cost of Sales

The following table presents a breakdown of our cost of sales by segment, prior to adjusting for inter-company transactions that are eliminated during consolidation and basis difference, and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
	2019	2020	2019 versus 2020	
			Amount	%
		(In billions of Won)		
Steel Segment	₩ 45,642	₩ 41,598	₩ (4,044)	(8.9)%
Trading Segment	36,330	31,258	(5,072)	(14.0)
Construction Segment	7,155	6,904	(251)	(3.5)
Others Segment	5,324	4,874	(450)	(8.5)
Consolidation adjustments	(36,334)	(31,562)	4,772	(13.1)
Basis difference adjustments ⁽¹⁾	346	(274)	(619)	N.A. ⁽²⁾
Cost of sales	₩ 58,462	₩ 52,799	(5,664)	(9.7)

(1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

(2) N.A. means not applicable.

Our cost of sales decreased by 9.7%, or Won 5,664 billion, from Won 58,462 billion in 2019 to Won 52,799 billion in 2020 due to decreases in cost of sales of all of our segments. Specifically:

Steel Segment. The cost of sales of our Steel Segment, prior to consolidation, decreased by 8.9%, or Won 4,044 billion, from Won 45,642 billion in 2019 to Won 41,598 billion in 2020 primarily due to a decrease in the average prices in Won terms of coal used to manufacture our steel products as well as a decrease in our sales volume of principal steel products produced by us and sold to external customers, the impact of which was partially offset by an increase in the average price in Won terms of iron ore used to manufacture our steel products. The average market price of coal per wet metric ton (Premium Low Vol Coking Coal, FOB Australia Index announced by Platts) decreased from US\$176 in 2019 to US\$124 in 2020. On the other hand, the average market price of iron ore per dry metric ton (Iron Ore 62% Fe, CFR China Index announced by Platts) increased from US\$93 in 2019 to US\$109 in 2020.



Trading Segment. The cost of sales of our Trading Segment, prior to consolidation, decreased by 14.0%, or Won 5,072 billion, from Won 36,330 billion in 2019 to Won 31,258 billion in 2020 primarily due to decreases in trading activities as well as natural resources development activities of POSCO International.

Construction Segment. The cost of sales of our Construction Segment, prior to consolidation and basis difference adjustments, decreased by 3.5%, or Won 251 billion, from Won 7,155 billion in 2019 to Won 6,904 billion in 2020 reflecting a decrease in the average prices in Won terms of certain raw materials used in construction activities as well as a decrease in the progress of architectural works construction projects, which impact was partially offset by an increase in the progress of plant construction projects.

Others Segment. The cost of sales of our Others Segment, prior to consolidation, decreased by 8.5%, or Won 450 billion, from Won 5,324 billion in 2019 to Won 4,874 billion in 2020 primarily due to a decrease in the cost of sales of POSCO Energy Corporation reflecting a decrease in the global price of LNG in 2020 as well as its decision to directly import LNG used in some of its power plants.

Gross Profit

The following table presents our gross profit by segment, prior to adjusting for inter-company transactions that are eliminated during consolidation and basis difference, and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
	2019	2020	2019 versus 2020	
			Amount	%
	(In billions of Won)			
Steel Segment	₩ 4,166	₩ 2,660	₩ (1,506)	(36.1)%
Trading Segment	1,295	1,034	(261)	(20.1)
Construction Segment	533	706	173	32.5
Others Segment	659	714	56	8.4
Consolidation adjustments	(403)	(394)	8	(2.1)
Basis difference adjustments ⁽¹⁾	73	(52)	(126)	N.A. ⁽²⁾
Gross profit	₩ 6,324	₩ 4,668	(1,656)	(26.2)

(1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

(2) N.A. means not applicable.

Our gross profit decreased by 26.2%, or Won 1,656 billion, from Won 6,324 billion in 2019 to Won 4,668 billion in 2020 primarily due to decreases in gross profit of the Steel Segment and the Trading Segment, the impact of which was partially offset by increases in gross profit of the Construction Segment and the Others Segment. Our gross margin, which is gross profit as a percentage of total revenue, decreased from 9.8% in 2019 to 8.1% in 2020.

Steel Segment. The gross profit of our Steel Segment, prior to consolidation, decreased by 36.1%, or Won 1,506 billion, from Won 4,166 billion in 2019 to Won 2,660 billion in 2020 primarily due to a decrease in the average unit sales price per ton of the principal steel products produced by us and sold to external and internal customers that outpaced a decrease in the average prices in Won terms of certain raw materials used to manufacture our finished steel products. The gross margin of our Steel Segment decreased from 8.4% in 2019 to 6.0% in 2020.

Trading Segment. The gross profit of our Trading Segment, prior to consolidation, decreased by 20.1%, or Won 261 billion, from Won 1,295 billion in 2019 to Won 1,034 billion in 2020 primarily due



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FORM 20-F	None		TOK	CLN	PS PMT	1C

to a decrease in gross profit from POSCO International's natural resources development activities. In particular, gross profit from POSCO International's Myanmar gas field projects was negatively impacted by a decrease in global prices of natural gas in 2020 as well as a temporary suspension of production for 20 days in September 2020 for maintenance activities. The gross margin of our Trading Segment decreased from 3.4% in 2019 to 3.2% in 2020.

Construction Segment. The gross profit of our Construction Segment, prior to consolidation and basis difference adjustments, increased by 32.5%, or Won 173 billion, from Won 533 billion in 2019 to Won 706 billion in 2020 primarily reflecting an increase in POSCO E&C's participation in higher margin plant and architectural works construction projects in 2020. The gross margin of our Construction Segment increased from 6.9% in 2019 to 9.3% in 2020.

Others Segment. The gross profit of our Others Segment, prior to consolidation, increased by 8.4%, or Won 56 billion, from Won 659 billion in 2019 to Won 714 billion in 2020 primarily due to an increase in the gross profit of POSCO Energy Corporation. POSCO Energy Corporation's gross profit increased from 2019 to 2020 primarily due to its decision to directly import LNG used in some of its power plants as well as improved operational efficiency of its LNG terminal-related businesses. The gross margin of our Others Segment improved from 11.0% in 2019 to 12.8% in 2020.

Selling and Administrative Expenses

The following table presents a breakdown of our selling and administrative expenses and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
			2019 versus 2020	
	2019	2020	Amount	%
	(In billions of Won)			
Impairment loss (reversal of impairment loss) on trade accounts and notes receivable	₩ (28)	₩ 1	₩ 29	N.A. ⁽¹⁾
Freight and custody expenses	₩ 180	₩ 181	₩ 0	0.1%
Sales commissions	74	87	13	17.5
Sales promotion	10	7	(3)	(29.1)
Sales insurance premium	33	30	(2)	(7.0)
Contract cost	38	46	8	21.4
Others	33	26	(7)	(22.3)
Total selling expenses	₩ 368	₩ 377	9	2.3
Wages and salaries	₩ 841	₩ 829	₩ (12)	(1.4)%
Expenses related to post-employment benefits	89	83	(6)	(6.6)
Other employee benefits	178	187	9	5.2
Depreciation	131	146	15	11.5
Amortization	112	115	3	2.7
Taxes and public dues	79	59	(20)	(24.9)
Rental	40	35	(5)	(12.3)
Advertising	83	72	(11)	(13.1)
Research and development	110	116	6	5.4
Service fees	193	157	(37)	(19.1)
Others	185	140	(45)	(24.2)
Total other administrative expenses	₩ 2,041	₩ 1,940	(102)	(5.0)
Total selling and administrative expenses	₩ 2,381	₩ 2,317	(64)	(2.7)

(1) N.A. means not applicable.

Our selling and administrative expenses decreased by 2.7%, or Won 64 billion, from Won 2,381 billion in 2019 to Won 2,317 billion in 2020, primarily due to decreases in service fees, taxes and public fees and wages and salaries, the impact of which was partially offset by a reversal of



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impairment loss on trade accounts and notes receivable in 2019 compared to impairment loss on trade accounts and notes receivable in 2020 as well as an increase in depreciation and sales commissions. Such factors were principally attributable to the following:

- Our service fees decreased by 19.1%, or Won 37 billion, from Won 193 billion in 2019 to Won 157 billion in 2020 primarily due to decreases in brokerage fees relating to imports and exports and third-party consulting fees.
- Taxes and public fees decreased by 24.9%, or Won 20 billion, from Won 79 billion in 2019 to Won 59 billion in 2020 primarily due to the business combination of our LNG storage facilities and off-gas combined cycle power plants in 2019, which were not repeated in 2020.
- Our wages and salaries decreased by 1.4%, or Won 12 billion, from Won 841 billion in 2019 to Won 829 billion in 2020 primarily due to a decrease in the employees of POSCO ICT Co., Ltd.
- We recognized reversal of such impairment loss of Won 28 billion in 2019 primarily due to a reversal of impairment loss on trade accounts and notes receivables of POSCO E&C. On the other hand, in 2020, we recognized impairment loss on trade accounts and notes receivables of Won 1 billion primarily due to impairment loss on accounts receivables of Donghoon SP Co., Ltd.
- Our depreciation increased by 11.5%, or Won 15 billion, from Won 131 billion in 2019 to Won 146 billion in 2020 primarily due to acquisitions of new assets, including silos in Pohang Works, by us and POSCO Energy.
- Our sales commissions increased by 17.5%, or Won 13 billion, from Won 74 billion in 2019 to Won 87 billion in 2020 primarily due to an increase sales commission related to claims.

Other Operating Income and Expenses

The following table presents our impairment loss on other receivables and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
	2019	2020	2019 versus 2020	
			Amount	%
	(In billions of Won)			
Impairment loss on other receivables	₩ 80	₩ 53	₩ (27)	(33.9)%

Our impairment loss on other receivables decreased by 33.9%, or Won 27 billion, from Won 80 billion in 2019 to Won 53 billion in 2020 primarily due to the sale of POSCO China Dalian Plate Processing Center in 2020 and the removal of its impairment loss.



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The following table presents a breakdown of our other operating income and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
	2019		2019 versus 2020	
	2019	2020	Amount	%
	(In billions of Won)			
Gain on disposal of assets held for sale	₩ 37	₩ 1	₩(37)	(97.8)%
Gain on disposal of investments in subsidiaries, associates and joint ventures	28	89	61	219.1
Gain on disposal of property, plant and equipment	49	16	(34)	(68.5)
Gain on disposal of intangible assets	2	1	(1)	(57.0)
Gain on valuation of firm commitment	60	108	47	78.6
Gain on valuation of emission rights	25	—	(25)	(100.0)
Gain on disposal of emission rights	11	25	14	123.1
Reversal of other provisions	37	5	(31)	(85.9)
Premium income	3	25	22	659.3
Others	198	134	(64)	(32.5)
Total other operating income	₩ 451	₩ 402	(49)	(10.8)

Our other operating income decreased by 10.8%, or Won 49 billion, from Won 451 billion in 2019 to Won 402 billion in 2020, primarily due to our recognition of a refund of value added tax related to imported LNG in 2019, compared to no such refund in 2020, as well as decreases in gain on disposal of assets held for sale, gain on disposal of property, plant and equipment and reversal of other provisions, the impact of which was partially offset by an increase in gain on disposal of investments in subsidiaries, associates and joint ventures. Such factors were principally attributable to the following:

- In 2019, we recognized a refund of Won 74 billion of value added tax related to imported LNG (which is included in “others”), compared to no such refund in 2020.
- Our gain on disposal of assets held for sale decreased by 97.8%, or Won 37 billion, from Won 37 billion in 2019 to Won 1 billion in 2020. In 2019, we recognized gain from our disposal of FINEX plant no. 1, compared to no such gain in 2020.
- Our gain on disposal of property, plant and equipment decreased by 68.5%, or Won 34 billion, from Won 49 billion in 2019 to Won 16 billion in 2020 primarily due to gains from the disposal of equipment of FINEX plant no. 1 in 2019, compared to no such gain in 2020.
- Our reversal of other provisions decreased by 85.9%, or Won 31 billion, from Won 37 billion in 2019 to Won 5 billion in 2020 primarily due to a reversal of other provisions relating to a lawsuit involving POSCO E&C in 2019, compared to no such reversal in 2020
- Our gain on disposal of investments in subsidiaries, associates and joint ventures increased by 219.1%, or Won 61 billion, from Won 28 billion in 2019 to Won 89 billion in 2020. In 2019, we recognized gain on disposal of investments in subsidiaries, associates and joint ventures primarily related to our disposal of POSPOWER Co., Ltd. In 2020, such gain primarily related to our disposal of investments in Incheon-Gimpo Expressway Co. Ltd.

The following table presents a breakdown of our other operating expenses and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
			2019 versus 2020	
	2019	2020	Amount	%
	(In billions of Won)			
Impairment loss on assets held for sale	₩ 38	₩ 5	₩ (33)	(86.9)%
Loss on disposals of investments in subsidiaries, associates and joint ventures	7	15	8	123.8
Loss on disposals of property, plant and equipment	120	142	22	18.2
Impairment loss on property, plant and equipment	443	27	(416)	(93.9)
Impairment loss on investment property	33	—	(33)	(100.0)
Impairment loss on intangible assets	191	197	7	3.5
Loss on valuation of firm commitment	38	93	55	147.0
Idle tangible asset expenses	34	19	(15)	(43.6)
Increase to provisions	23	30	7	32.3
Donations	52	46	(6)	(11.5)
Others	112	70	(42)	(37.2)
Total other operating expenses	₩ 1,090	₩ 646	(444)	(40.8)

Our other operating expenses decreased by 40.8%, or Won 444 billion, from Won 1,090 billion in the 2019 to Won 646 billion in 2020, primarily due to a decrease in impairment loss on property, plant and equipment, which was partially offset by an increase in loss on valuation of firm commitment. Such factors were principally attributable to the following:

- Our impairment loss on property, plant and equipment decreased by 93.9%, or Won 416 billion, from Won 443 billion in 2019 to Won 27 billion in 2020. In 2019, we recognized impairment loss of Won 205 billion incurred by POSCO VINA, Won 74 billion related to the discontinued operation of a ferro silicon facility in Pohang Works and Won 70 billion related to the discontinued operation of a compact endless cast-rolling mill in Gwangyang Works. In 2020, we recognized impairment loss of Won 17 billion related to a fire at a stainless steel production facility at Pohang Works.
- Our loss on valuation of firm commitment increased by 147.0%, or Won 55 billion, from Won 38 billion in 2019 to Won 93 billion in 2020 primarily due to an increase in loss on valuation of derivatives relating to POSCO International.

We also recognized impairment loss on intangible assets of Won 191 billion in 2019 and Won 197 billion in 2020 that primarily related to POSCO International. In 2019, we recognized write-offs of intangible assets of Won 118 billion related to the termination of the Block AD-7 exploration project in Myanmar by POSCO International. In 2020, we recognized impairment loss on goodwill of Won 189 billion related to the recoverable amount of POSCO International, which are determined based on its value in use.

Operating Profit

Due to the factors described above, our operating profit decreased by 36.3%, or Won 1,168 billion, from Won 3,223 billion in 2019 to Won 2,054 billion in 2020. Our operating margin decreased from 5.0% in 2019 to 3.6% in 2020.

Share of Profit of Equity-Accounted Investees

Our share of profit of equity-accounted investees decreased by 51.3%, or Won 140 billion, from Won 274 billion in 2019 to Won 133 billion in 2020.

In 2019, we recognized a net gain for our proportionate share of equity-accounted investees of Won 274 billion primarily due to our share of gains of Won 158 billion of Roy Hill Holdings Pty Ltd,



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Won 64 billion of South-East Asia Gas Pipeline Company Ltd., Won 56 billion of KOBASCO and Won 28 billion of SNNC Co., Ltd., the impact of which was partially offset by our share of loss of Won 58 billion of CSP – Compania Siderurgica do Pecem. See Note 11 to the Consolidated Financial Statements.

In 2020, we recognized a net gain for our proportionate share of equity-accounted investees of Won 133 billion primarily due to our share of gains of Won 235 billion of Roy Hill Holdings Pty Ltd., Won 46 billion of South-East Asia Gas Pipeline Company Ltd. and Won 37 billion of AES-VCM Mong Duong Power Company Limited, the impact of which was partially offset by our share of loss of Won 61 billion of CSP – Compania Siderurgica do Pecem and Won 40 billion of Eureka Loly LLC. See Note 11 to the Consolidated Financial Statements.

Finance Income and Finance Costs

The following table presents a breakdown of our finance income and costs and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
	2019	2020	2019 versus 2020	
			Amount	%
	(In billions of Won)			
Interest income	₩ 352	₩ 372	₩ 20	5.6%
Dividend income	75	38	(37)	(49.2)
Gain on foreign currency transactions	825	1,148	323	39.2
Gain on foreign currency translations	206	574	368	178.8
Gain on derivatives transactions	196	352	156	79.7
Gain on valuations of derivatives	163	116	(48)	(29.3)
Gain on disposals of financial assets at fair value through profit or loss	9	16	7	82.4
Gain on valuations of financial assets at fair value through profit or loss	42	52	9	21.9
Others	3	10	7	189.1
Total finance income	₩ 1,872	₩ 2,677	805	43.0
Interest expenses	₩ 756	₩ 639	(117)	(15.5)
Loss on foreign currency transactions	747	1,068	321	43.0
Loss on foreign currency translations	319	425	106	33.2
Loss on derivatives transactions	228	410	182	79.7
Loss on valuations of derivatives	47	230	182	383.7
Loss on disposal of trade accounts and notes receivable	37	16	(21)	(57.2)
Loss on disposal of financial assets at fair value through profit or loss	3	6	3	87.6
Loss on valuations of financial assets at fair value through profit or loss	66	67	2	2.5
Others	39	32	(7)	(18.2)
Total finance costs	₩ 2,242	₩ 2,892	650	29.0

Our interest expense decreased by 15.5%, or Won 117 billion, from Won 756 billion in 2019 to Won 639 billion in 2020 primarily due to a general decrease in interest rates in Korea and abroad as well as a decrease in our interest-bearing financial liabilities in 2020.

Our interest income increased by 5.6%, or Won 20 billion, from Won 352 billion in 2019 to Won 372 billion in 2020 primarily due to an increase in the average balance of interest-earning financial assets in 2020, which was partially offset by a general decrease in interest rates in Korea and abroad in 2020.

We recognized net loss on foreign currency translations of Won 113 billion in 2019 compared to a net gain on foreign currency translations of Won 149 billion in 2020, as the Won depreciated against



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the Dollar at year end in 2019 but appreciated in 2020. In terms of the market average exchange rates announced by Seoul Money Brokerage Services, Ltd., the Won depreciated against the Dollar from Won 1,118.1 to US\$1.00 as of December 31, 2018 to Won 1,157.8 to US\$1.00 as of December 31, 2019, but appreciated to Won 1,088.0 to US\$1.00 as of December 31, 2020. In addition, our net gain on foreign currency transactions increased by 2.3%, or Won 2 billion, from Won 78 billion in 2019 to Won 80 billion in 2020, as the average value of the Won against the Dollar depreciated in 2019 and 2020. The market average exchange rate, which was Won 1,118.1 to US\$1.00 as of December 31, 2018, depreciated during 2019 to an average of Won 1,165.7 to US\$1.00 in 2019 and further depreciated during 2020 to an average of Won 1,180.1 to US\$1.00 in 2020. Against such fluctuations, we recognized a net gain on valuations of derivatives of Won 116 billion in 2019 compared to a net loss on valuations of derivatives of Won 114 billion in 2020, and our net loss on transactions of derivatives increased by 80.1%, or Won 26 billion, from Won 32 billion in 2019 to Won 58 billion in 2020.

Our dividend income decreased by 49.2%, or Won 37 billion, from Won 75 billion in 2019 to Won 38 billion in 2020 primarily due to a decrease in profitability of some of our equity-accounted investees that pay dividends.

Profit before Income Taxes

Due to the factors described above, our profit before income taxes decreased by 36.9%, or Won 1,154 billion, from Won 3,127 billion in 2019 to Won 1,973 billion in 2020.

The following table presents our profit and loss by segment, prior to adjusting for goodwill and corporate fair value adjustments, elimination of inter-segment profits, income tax expense and basis difference, and changes therein for 2019 and 2020.

	For the Year Ended December 31,		Changes	
			2019 versus 2020	
	2019	2020	Amount	%
	(In billions of Won)			
Steel Segment	₩ 586	₩ 712	₩ 126	21.5%
Trading Segment	165	157	(8)	(5.0)
Construction Segment	28	150	122	439.9
Others Segment	545	294	(251)	(46.1)
Goodwill and corporate fair value adjustments	(80)	(75)	6	(6.9)
Elimination of inter-segment profits	739	550	(189)	(25.5)
Income tax expense	1,071	237	(834)	(77.9)
Basis difference adjustments ⁽¹⁾	73	(52)	(126)	N.A. ⁽²⁾
Profit before income taxes	₩ 3,127	₩ 1,973	(1,154)	(36.9)

(1) Basis difference adjustments are related to the difference in recognizing revenue and expenses of the Construction Segment in connection with the development and sale of certain residential real estate between the report reviewed by the chief executive officer and the consolidated financial statements. See Notes 3 and 40 to the Consolidated Financial Statements.

(2) N.A. means not available.

Income Tax Expense

Our income tax expense decreased by 79.4%, or Won 864 billion, from Won 1,088 billion in 2019 to Won 224 billion in 2020, primarily reflecting a decrease in profit before income tax described above. Our effective tax rate decreased from 34.8% in 2019 to 11.4% in 2020. In 2019, our effective tax rate was higher than the statutory rate primarily due to the effect of deductible temporary difference in our investments in subsidiaries, associates and joint ventures, for which no deferred tax assets were recognized. In 2020, our effective tax rate was lower than the statutory rate primarily due to income tax



benefit from changes in our estimation on deductibility of temporary difference related to synthetic natural gas facilities and business combination of off-gas power station business. See Note 35 to the Consolidated Financial Statements.

Profit

Due to the factors described above, our profit decreased by 14.2%, or Won 290 billion, from Won 2,038 billion in 2019 to Won 1,748 billion in 2020.

Item 5.B. Liquidity and Capital Resources

The following table sets forth the summary of our cash flows for the periods indicated.

	For the Year Ended December 31,		
	2019	2020	2021
	(In billions of Won)		
Net cash provided by operating activities	₩ 6,005	₩ 8,686	₩ 6,259
Net cash used in investing activities	(3,683)	(6,259)	(5,583)
Net cash used in financing activities	(1,512)	(1,091)	(769)
Effect of exchange rate fluctuation on cash held	62	(95)	113
Cash and cash equivalents at beginning of the period	2,644	3,515	4,756
Cash and cash equivalents at end of the period	3,515	4,756	4,776
Net increase in cash and cash equivalents	871	1,240	20

Capital Requirements

Historically, uses of cash consisted principally of purchases of property, plant and equipment and other assets and repayments of outstanding debt and payments of dividends. From time to time, we also use cash for repurchases of our shares as well as investments related to our diversification efforts.

Net cash used in investing activities was Won 3,683 billion in 2019, Won 6,259 billion in 2020 and Won 5,584 billion in 2021. Our cash outflows for acquisition of property, plant and equipment were Won 2,519 billion in 2019, Won 3,154 billion in 2020 and Won 3,069 billion in 2021. We currently expect our cash outflows for acquisition of property, plant and equipment and investments in joint ventures and associates to be approximately Won 8.9 trillion in 2022, which we may adjust on an on-going basis subject to market demand for our products, the production outlook of the global steel industry and global economic conditions in general. We may delay or not implement some of our current capital expenditure plans based on our assessment of such market conditions. We had net acquisitions of short-term financial instruments of Won 647 billion in 2019, Won 2,807 billion in 2020 and Won 1,461 billion in 2021.

In our financing activities, we used cash of Won 3,747 billion in 2019, Won 3,644 billion in 2020 and Won 3,720 billion in 2021 for repayments of borrowings. We paid dividends on common stock in the amount of Won 946 billion in 2019, Won 659 billion in 2020 and Won 1,311 billion in 2021. In April 2020, we entered into a trust contract to engage in repurchases of our shares until April 2021 for up to Won 1.0 trillion, and we used cash of Won 883 billion in 2020 for acquisition of treasury shares. The trust contract was terminated in April 2021, and we used cash of Won 117 billion in the first quarter of 2021 for acquisition of treasury shares prior to such termination.

In recent years, we have also selectively considered various opportunities to acquire or invest in companies that may complement our businesses, as well as invest in overseas resources development projects. We may require additional capital for such acquisitions or entering into other strategic relationships. Other than capital required for such activities, we anticipate that capital expenditures, repayments of outstanding debt and payments of cash dividends will represent the most significant uses of funds for the next several years.



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Payments of contractual obligations and commitments will also require considerable resources. In our ordinary course of business, we routinely enter into commercial commitments for various aspects of our operations, including raw materials purchase obligations and long-term shipping service contracts, as well as issue guarantees for indebtedness of our related parties and others. For our contingent liabilities on outstanding guarantees provided by us, see Note 38(b) to the Consolidated Financial Statements. Our purchase obligations include supply contracts to purchase iron ore, coal, nickel, LNG and other raw materials. These contracts generally have terms of one to ten years and the long-term contracts provide for periodic price adjustments according to the market prices. As of December 31, 2021, 32 million tons of iron ore and 5 million tons of coal remained to be purchased under long-term contracts. In addition, we entered into an agreement with Tangguh LNG Consortium in Indonesia to purchase 550 thousand tons of LNG for 20 years commencing in August 2005. The purchase price under the agreement with Tangguh LNG Consortium is variable based on the monthly standard oil price (as represented by the Japan Customs cleared Crude Price), subject to a ceiling.

Capital Resources

We have traditionally met our working capital and other capital requirements principally from cash provided by operations, while raising the remainder of our requirements primarily through long-term debt and short-term borrowings. We expect that these sources will continue to be our principal sources of cash in the future. From time to time, we may also generate cash through issuance of hybrid bonds and sale of treasury shares and our holdings in available-for-sale securities.

Our net cash provided by operating activities increased by 44.7%, or Won 2,681 billion, from Won 6,005 billion in 2019 to Won 8,686 billion in 2020. Our gross cash flow from our sales activities decreased as discussed above. However, we recorded cash outflow related to our management of trade accounts and notes payable in 2019 compared to cash inflow related to more efficient management of trade accounts and notes payable in 2020, which in turn positively impacted our net cash provided by operating activities. In addition, cash outflows related to income taxes paid decreased from Won 1,513 billion in 2019 to Won 651 billion in 2020. Our cash inflow related to trade accounts and notes receivable also increased from 2019 to 2020 due to our more efficient management of trade accounts and notes receivable, which in turn positively impacted our net cash provided by operating activities.

Our net cash provided by operating activities decreased by 27.9%, or Won 2,427 billion, from Won 8,686 billion in 2020 to Won 6,259 billion in 2021. Our gross cash flow from our sales activities increased as discussed above. However, we recorded cash inflow of Won 1,718 billion related to our management of inventories in 2020 compared to cash outflow of Won 6,050 billion related to build up of our inventories in response to recovery of demand for our steel products in 2021, which in turn negatively impacted our net cash provided by operating activities.

We had net proceeds from borrowings, after adjusting for repayments of borrowings, of Won 1,900 billion in 2019, Won 766 billion in 2020 and Won 639 billion in 2021. We had net repayment of short-term borrowings, after deducting for proceeds of short-term borrowings, of Won 2,195 billion in 2019, net proceeds from short-term borrowings, after adjusting for repayment of short-term borrowings, of Won 36 billion in 2020 and net repayment of short-term borrowings, after deducting for proceeds of short-term borrowings, of Won 330 billion in 2021. Long-term borrowings, excluding current installments, were Won 11,893 billion as of December 31, 2019, Won 11,820 billion as of December 31, 2020 and Won 12,911 billion as of December 31, 2021. Total short-term borrowings and current installments of long-term borrowings were Won 8,548 billion as of December 31, 2019, Won 8,678 billion as of December 31, 2020 and Won 8,830 billion as of December 31, 2021.

We periodically increase our short-term borrowings and adjust our long-term borrowings depending on changes in our capital requirements. For the maturity profile of our borrowings, their currency denomination and interest rates, see Notes 17 and 23 to the Consolidated Financial



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Statements. We continually take into consideration various factors when meeting our financial requirements, including financial market conditions, specific funding needs at a given time, and hedging requirements to address our market risks such as exchange rate risk and interest rate risk. Outstanding hybrid bonds were Won 199 billion as of December 31, 2019, 2020 and 2021. From time to time, we also generate cash from the sale of our treasury shares. Our net borrowings-to-equity ratio, which is calculated by deducting cash and cash equivalents from total borrowings and dividing the net amount by our total equity, was 35.42% as of December 31, 2019, 33.07% as of December 31, 2020 and 31.01% as of December 31, 2021.

We believe that we have sufficient working capital for our current requirements and that we have a variety of alternatives available to us to satisfy our liquidity requirements to the extent that they are not met by funds generated by operations, including the issuance of debt and equity securities and bank borrowings denominated in Won and various foreign currencies. However, our ability to rely on some of these alternatives could be affected by factors such as the liquidity of the Korean and the global financial markets, prevailing interest rates, our credit rating and the Government's policies regarding Won currency and foreign currency borrowings. For a discussion of our use of financial instruments for hedging purposes, see "Item 11. Quantitative and Qualitative Disclosures about Market Risk.

Liquidity

We had working capital (current assets minus current liabilities) of Won 18,593 billion as of December 31, 2019, Won 19,193 billion as of December 31, 2020 and Won 26,148 billion as of December 31, 2021. Our holdings of cash and cash equivalents (which do not include cash and cash equivalents categorized under "assets held for sale") were Won 3,515 billion as of December 31, 2019, Won 4,755 billion as of December 31, 2020 and Won 4,775 billion as of December 31, 2021. As of December 31, 2021, we held approximately 42% of such cash and cash equivalents denominated in Won and the remainder denominated in foreign currencies. Our holding of other receivables and other short-term financial assets were Won 10,578 billion as of December 31, 2019, Won 13,203 billion as of December 31, 2020 and Won 15,552 billion as of December 31, 2021. As of December 31, 2021, approximately 14% of our cash and cash equivalents, other receivables and other short-term financial assets were held outside of Korea, which we expect to use in our operations abroad, including capital expenditure activities. In the event that such assets are needed for our operations in Korea, such amounts are typically not restricted under local laws from being used in Korea. In addition, we believe that there are no material tax implications in the event our foreign subsidiaries elect to grant cash dividends to us. POSCO had total available credit lines of Won 2,000 billion as of December 31, 2021, Won 672 billion of which was used as of such date. We have not had, and do not believe that we will have, difficulty gaining access to short-term financing sufficient to meet our current requirements.

Our liquidity is affected by exchange rate fluctuations. See "— Overview — Exchange Rate Fluctuations."

Capital Expenditures and Capacity Expansion

Cash used for acquisitions of property, plant and equipment was Won 2,519 billion in 2019, Won 3,154 billion in 2020 and Won 3,069 billion in 2021. We currently expect our cash outflows for acquisition of property, plant and equipment and investments in joint ventures and associates to be approximately Won 8.9 trillion in 2022, which we may adjust on an on-going basis subject to market demand for our products, the production outlook of the global steel industry and global economic conditions in general. We may delay or not implement some of our current capital expenditure plans based on our assessment of such market conditions.

Our current plan for capital investment in production facilities emphasizes capacity rationalization, increased production of higher value-added products, improvements in the efficiency of



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older facilities in order to reduce operating costs and construction and expansion of facilities related to our non-steel businesses. The following table sets out the major items of our capital expenditures as of December 31, 2021:

Project	Expected Completion Date	Total Cost of Project	Estimated Remaining Cost of Completion as of December 31, 2021
		(In billions of Won)	
Construction of no. 6 cokes plant at Pohang Works	December 2026	₩1,712	₩989
Rationalization of hot-rolling furnace no. 2 at Pohang Works	October 2028	1,158	832
Construction of electric steel production facilities at Gwangyang Works	December 2025	909	909
Construction of lithium brine commercialization facilities in Argentina	April 2024	996	996

Item 5.C. Research and Development, Patents and Licenses, Etc.

We maintain a research and development program to carry out basic research and applied technology development activities. As of December 31, 2021, POSCO Technical Research Laboratories employed 918 personnel, including 520 researchers. Our technology development department also works closely with the Pohang University of Science & Technology, Korea's first research-oriented college founded by us in 1986, and the Research Institute of Industrial Science and Technology, Korea's first private comprehensive research institute founded by us in 1987. We also established POSCO Research Institute (POSRI) in 1994, which engages in research activities and consulting services.

Our research and development program has filed approximately 45,900 industrial rights applications relating to steel-making technology, approximately 11,600 of which were registered as of December 31, 2021, and has successfully applied many of these to the improvement of our manufacturing process.

Item 5.D. Trend Information

These matters are discussed under Item 5.A. and Item 5.B. above where relevant.

Item 5.E. Critical Accounting Estimates

Our financial statements are prepared in accordance with IFRS as issued by IASB. See Note 2 to the Consolidated Financial Statements for a discussion of our critical accounting estimates.

Item 6. Directors, Senior Management and Employees

Item 6.A. Directors and Senior Management

Board of Directors

Our board of directors has the ultimate responsibility for the management of our business affairs. Our board consists of five directors who are our executive officers ("Inside Directors") and seven directors who are outside directors ("Outside Directors"). Our shareholders elect both the Inside Directors and Outside Directors at a general meeting of shareholders. Candidates for Inside Directors are recommended to shareholders by the board of directors after the board reviews such candidates' qualifications, and candidates for Outside Directors are recommended to the shareholders by a separate board committee consisting of three Outside Directors and one Inside Director ("Director Candidate Recommendation Committee") after the committee reviews such candidates' qualifications. Pursuant to the Korean Commercial Act and our articles of incorporation, any shareholder holding our outstanding shares with voting rights may suggest candidates for Outside Directors to the Director Candidate Recommendation Committee.



Our board of directors maintains the following special committees:

- the Environmental, Social and Governance (“ESG”) Committee;
- the Director Candidate Recommendation Committee;
- the Evaluation and Compensation Committee;
- the Finance Committee; and
- the Audit Committee.

Our board committees are described in greater detail below under “— Item 6.C. Board Practices.”

Under the Commercial Code and our articles of incorporation, one Chairman should be elected among the Outside Directors and several Representative Directors may be elected among the Inside Directors by our board of directors’ resolution.

Inside Directors

As of March 31, 2022, our Inside Directors are as follows:

Name	Position	Responsibilities and Division	Years as Director	Age	Expiration of Term of Office
Choi, Jeong-Woo	Chief Executive Officer and Representative Director	—	3	64	March 2024
Chon, Jung-Son	Representative Director and President	Head of Corporate Strategy Team, POSCO HOLDINGS INC.	4	59	March 2023
Chung, Chang-Hwa	Senior Executive Vice President	Head of POSCO N.EX.T Hub, POSCO HOLDINGS INC.	1	60	March 2023
Yoo, Byeong-Og	Senior Executive Vice President	Head of Green Materials and Energy Business Team, POSCO HOLDINGS INC.	—	59	March 2023
Kim, Hag-Dong	Non-standing Director	Representative Director and Vice Chairman, POSCO	3	62	March 2023

All Inside Directors are engaged in our business on a full-time basis.



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Outside Directors

Each of our Outside Directors meets the applicable independence standards set forth under the rules of the FSCMA.

Name	Position	Principal Occupation	Years as Director	Age	Expiration of Term of Office
Kim, Sung-Jin	Chairman	Former Minister, Ministry of Oceans and Fisheries	4	72	March 2024
Chang, Seung-Wha	Director	Professor of Law, Seoul National University	5	58	March 2023
Pahk, Heui-Jae	Director	Professor of Mechanical and Aerospace Engineering, Seoul National University	3	60	March 2025
Yoo, Young-Sook	Director	Former Principal Research Scientist, Korea Institute of Science and Technology (KIST)	1	66	March 2024
Kwon, Tae-Kyun	Director	Former Korean Ambassador to the United Arab Emirates	1	66	March 2024
Yoo, Jin-Nyong	Director	Chief Executive Officer, Angel 6+	—	64	March 2025
Sohn, Sung-Kyu	Director	Professor, Yonsei University School of Business	—	62	March 2025

The term of office of the Director elected in March 2022 is up to three years. Each Director's term expires at the close of the ordinary general meeting of shareholders convened in respect of the fiscal year that is the last one to end during such Director's tenure.

Senior Management

In addition to the Inside Directors who are also our executive officers, we have the following executive officers as of March 2, 2022:

Name	Position	Responsibility and Division	Age
Oh, Seokkeun	Executive Officer	Head of Communications Team	60
Jeong, Daehyung	Executive Officer	Chief of Strategy and Business Development (Corporate Strategy Team)	53
Park, Jeong Bin	Executive Officer	Chief of Investments (Corporate Strategy Team)	53
Kim, Youngjoong	Executive Officer	Head of Steel Business Team	57
Kim, Wonhee	Executive Officer	Head of Green Infrastructure Business Team	56
Chung, Kyungjin	Executive Officer	Head of Finance Team	56
Seo, Sangchul	Executive Officer	Chief of Taxes (Finance Team)	58
Yang, Byeongho	Executive Officer	Head of ESG Team	55
Kim, Myeoungho	Executive Officer	Co-chief of Corporate Legal (Corporate Legal Team)	51
Kwon, Youngkyun	Executive Officer	Co-chief of Corporate Legal (Corporate Legal Team)	48
Kim, Yongsoo	Executive Officer	Head of Human Resources Management Team	56
Park, Jinwoo	Executive Officer	Chief of Public Relations (Communication Team)	55
Oh, Youngdal	Executive Officer	Chief of Business Cooperation (Communication Team)	53
Lee, Jaewan	Executive Officer	Head of Global Relations Team	54
Lee, Kyungsub	Executive Officer	Co-chief of LiB Materials Business (Green Materials and Energy Business Team)	56
Lee, Sangmin	Executive Officer	Co-chief of LiB Materials Business (Green Materials and Energy Business Team)	58
Cho, Juik	Executive Officer	Chief of Hydrogen Business (Green Materials & Energy Business Team)	56



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Name	Position	Responsibility and Division	Age
Kim, Joomin	Executive Officer	Head of Artificial Intelligence Research and Development Laboratories	50
Kim, Pilho	Executive Officer	Head of Manufacturing Artificial Intelligence Center	49
Kim, Do-hyeong	Executive Officer	Head of LiB Materials Research and Development Laboratories	60
Park, Seongjin	Executive Officer	Chief of Industry and Academy Research Cooperation	53
Kim, Keunhwan	Executive Officer	Chief of Venture Valley Planning	52
Kim, Jungyoung	Executive Officer	Head of N.EX.T Hub Construction Task Force Team	60

Item 6.B. Compensation

Compensation of Directors and Officers

Salaries and bonuses for Inside Directors and salaries for Outside Directors are paid in accordance with standards decided by the board of directors within the limitation of directors remuneration approved by the annual general meeting of shareholders. In addition, executive officers' compensation is paid in accordance with standards decided by the board of directors. In 2021, the aggregate compensation paid and accrued to our Directors and executive officers was approximately Won 47 billion and the aggregate amount set aside or accrued by us to provide pension and retirement benefits to such persons was Won 15 billion.

Among those who received total annual compensation exceeding Won 500 million in 2021, the highest-paid five individuals were as follows:

Name	Position	Total Compensation in 2021	Long-term Incentive Compensation for Payment Subsequent to 2021
(In millions of Won)			
Choi, Jeong-Woo	Chief Executive Officer and Representative Director	1,829	—
Kim, Hag-Dong	Non-standing Director	1,147	—
Chang, In-Hwa	Former Senior Executive Vice President	2,980	178
Oh, Gyu-Seok	Former Senior Executive Vice President	1,086	175
Jeong, Tak	Former Senior Executive Vice President	1,001	—

Item 6.C. Board Practices

ESG Committee

The ESG Committee is composed of three Outside Directors, Yoo, Young-Sook, Kim, Sung-Jin and Kwon, Tae-Kyun, and one Inside Director, Yoo, Byeong-Og. The ESG Committee oversees decisions with respect to our ESG policies, including policies related to environment, climate change, low carbon and governance. It also reviews operational matters of our board of directors and special committees, reviews plans related to safety and health, and manages and monitors ESG activities.

Director Candidate Recommendation Committee

The Director Candidate Recommendation Committee is composed of three Outside Directors, Kwon, Tae-Kyun, Chang, Seung-Wha and Yoo, Jin-Nyong. The Director Candidate Recommendation Committee reviews the qualifications of potential candidates and proposes nominees to serve on our board of directors as an Outside Director. Any shareholder holding our outstanding shares with voting rights may suggest candidates for Outside Directors to the Director Candidate Recommendation Committee.



Evaluation and Compensation Committee

The Evaluation and Compensation Committee is composed of four Outside Directors, Chang, Seung-Wha, Pahk, Heui-Jae, Yoo, Young-Sook and Sohn, Sung-Kyu. The Evaluation and Compensation Committee's primary responsibilities include establishing evaluation procedures and compensation plans for executive officers and taking necessary measures to execute such plans.

Finance Committee

The Finance Committee is composed of three Outside Directors, Pahk, Heui-Jae, Yoo, Young-Sook and Kwon, Tae-Kyun, and one Inside Director, Chon, Jung-Son. This committee is an operational committee that oversees decisions with respect to finance and operational matters, including making assessments with respect to potential capital investments and evaluating prospective capital-raising activities.

Audit Committee

Under Korean law and our articles of incorporation, we are required to have an Audit Committee. The Audit Committee may be composed of three or more directors; all members of the Audit Committee must be Outside Directors. Audit Committee members must also meet the applicable independence criteria set forth under the rules and regulations of the Sarbanes-Oxley Act of 2002. Members of the Audit Committee are elected by the shareholders at the ordinary general meeting of shareholders. We currently have an Audit Committee composed of three Outside Directors. Members of our Audit Committee are Sohn, Sung-Kyu, Kim, Sung-Jin and Yoo, Jin-Nyong.

The duties of the Audit Committee include:

- engaging independent auditors;
- approving independent audit fees;
- approving audit and non-audit services;
- reviewing annual financial statements;
- reviewing audit results and reports, including management comments and recommendations;
- reviewing our system of controls and policies, including those covering conflicts of interest and business ethics; and
- examining improprieties or suspected improprieties.

In addition, in connection with general meetings of stockholders, the committee examines the agenda for, and financial statements and other reports to be submitted by, the board of directors at each general meeting of stockholders. Our internal and external auditors report directly to the Audit Committee. The committee holds regular meetings at least once each quarter, and more frequently as needed.

Item 6.D. Employees

As of December 31, 2021, we had 36,619 employees, including 18,372 persons employed by our subsidiaries. Of the total number of employees, approximately 85.7% are technicians and skilled laborers and 14.3% are administrative staff. We use subcontractors for maintenance, cleaning and transport activities. We had 35,393 employees, including 17,530 persons employed by our subsidiaries, as of December 31, 2020 and 35,261 employees, including 17,758 persons employed by our subsidiaries, as of December 31, 2019.



We consider our relations with our work force to be satisfactory. We have never experienced a work stoppage or strike. Wages of our employees are among the highest of manufacturing companies in Korea. In addition to a base monthly wage, employees receive periodic bonuses and allowances. Base wages are determined annually following negotiations between the management and the majority labor union. A limited number of our employees are members of the Federation of Korean Metal Workers' Trade Unions or the Korean Metal Workers' Union. The Federation of Korean Metal Workers' Trade Unions currently negotiates the terms of employment with the management.

In accordance with the National Pension Act of Korea, we contribute an amount equal to 4.5% of an employee's standard monthly wages, and each employee contributes 4.5% of his or her standard monthly wages, into his or her personal pension account. Our employees, including executive officers as well as non-executive employees, are subject to a pension insurance system, under which we make monthly contributions to the pension accounts of the employees, and upon retirement, such employees are paid from their pension accounts. Prior to 2011, our executive and non-executive employees were subject to a lump-sum severance payment system, under which they were entitled to receive a lump-sum severance payment upon termination of their employment, based on their length of service and salary level at the time of termination. Starting in 2011, in accordance with the Korean Employee Retirement Income Security Act, we replaced such lump-sum severance payment system with our current pension insurance system in the form of either a defined benefit plan or a defined contribution plan. Our employees have the option of choosing either the defined benefit plan or the defined contribution plan. See Note 21 to the Consolidated Financial Statements. Lump-sum severance amounts previously accrued prior to our adoption of the current pension insurance system continue to remain payable. We also provide a wide range of fringe benefits to our employees, including housing, housing loans, company-provided hospitals and schools, a company-sponsored pension program, an employee welfare fund, industrial disaster insurance and cultural and athletic facilities.

As of December 31, 2021, our employees owned, through our employee stock ownership association, approximately 1.45% of our common stock in their employee accounts.

Item 6.E. Share Ownership

The persons who are currently our Directors or executive officers held, as a group, 8,315 common shares as of March 31, 2022, the most recent practicable date for which this information is available. The table below shows the ownership of our common shares by our Directors and executive officers.

Name	Number of Common Shares
Choi, Jeong-Woo	1,526
Chon, Jung-Son	1,262
Chung, Chang-Hwa	650
Yoo, Byeong-Og	1,149
Kim, Hag-Dong	1,460
Jeong, Daehyung	130
Kim, Youngjoong	350
Kim, Wonhee	120
Chung, Kyungjin	294
Yang, Byeongho	322
Kim, Yongsoo	42
Park, Jinwoo	92
Lee, Kyungsub	200
Lee, Sangmin	89
Cho, Juik	200
Park, Seongjin	200
Kim, Keunhwan	229
Total	8,315



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PS PMT 1C**Item 7. Major Shareholders and Related Party Transactions****Item 7.A. Major Shareholders**

The following table sets forth certain information relating to the shareholders of our common stock issued as of December 31, 2021.

Shareholders	Number of Shares Owned	Percentage
National Pension Service	8,063,521	9.25%
BlackRock Fund Advisors ^{(1) (2) (3)}	4,381,134	5.02
Government of Singapore ⁽⁴⁾	3,827,263	4.39
Nippon Steel Corporation ⁽¹⁾	2,894,712	3.32
FMR LLC ⁽²⁾	2,274,323	2.61
Treasury shares	11,561,263	13.26
Others	54,184,619	62.15
Total issued shares of common stock	87,186,835	100.00%

(1) Includes ADRs.

(2) Includes shares held by subsidiaries and others.

(3) The number of shares owned by the shareholder is based on the status report of large-scale shareholders filed with the Korea Exchange.

(4) Includes shares held by GIC Private Limited.

As of December 31, 2021, there were 6,516,962 shares of common stock outstanding in the form of ADRs, representing 7.47% of the total issued shares of common stock.

Item 7.B. Related Party Transactions

We have issued guarantees in favor of affiliated and related companies, and we have also engaged in various transactions with our subsidiaries and affiliated companies. See Notes 37 and 38 to the Consolidated Financial Statements.

As of December 31, 2019, 2020 and 2021, we had no loans outstanding to our executive officers and Directors.

Item 7.C. Interests of Experts and Counsel

Not applicable

Item 8. Financial Information**Item 8.A. Consolidated Statements and Other Financial Information**

See "Item 18. Financial Statements" and pages F-1 through F-140.

Legal Proceedings**Trade Remedy Proceedings**

As a steel producer with global sales and operations, we are involved in trade remedy proceedings in markets worldwide, including in the United States. We proactively participate in and plan for such proceedings to minimize any adverse effects and associated risks. While there has been an increase in the number of trade cases in recent years, and an increased focus on trade issues by government officials, all such cases have been product and market-specific, and thus have been limited in scope relative to our global sales and operations. We continue to carefully monitor developments with respect to trade remedy policy in all markets in which we participate and, where



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necessary, vigorously defend our rights through litigation before tribunals such as the U.S. Court of International Trade. Our products that are subject to anti-dumping, safeguard or countervailing duty proceedings in the aggregate currently do not account for a material portion of our total sales, and such proceedings have not had a material adverse impact on our business and operations in recent years. However, there can be no assurance that increases in, or new impositions of, anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs on our exports of products abroad may not have a material adverse impact on our exports in the future. See “Item 4. Information on the Company — Item 4.B. Business Overview — Markets — Exports.”

Loans to Daewoo Motors India Guaranteed by Predecessor of POSCO International

In May 2002, Industrial Development Bank of India brought a suit against Daewoo International Corporation (currently, POSCO International), Daewoo Motors India Ltd., Daewoo Corporation and Daewoo Construction & Engineering Co., Ltd. in the India Delhi Mumbai Court, regarding its loans to Daewoo Motors India Ltd. guaranteed by Daewoo Co., Ltd. (predecessor of POSCO International). The total claim amount is 4.46 billion Indian Rupees, and POSCO International recorded provision of Won 2.6 billion relating to its portion of the guarantee alleged by Industrial Development Bank of India. Daewoo International Corporation challenged the jurisdiction of the court in 2003. The outcome of such lawsuits remains uncertain and POSCO International’s provision is classified as a non-current liability as of December 31, 2021.

Legal Proceedings Related to the Songdo Project

In March 2019, affiliates of Gale Investments Company, LLC, a former joint venture partner of POSCO E&C in the urban planning and development project in Songdo International City in Incheon (the “Songdo Project”), filed a claim in the United States District Court for the Southern District of New York and filed a request for arbitration pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce (“ICA”) against POSCO E&C, claiming POSCO E&C wrongfully seized and sold certain properties of the claimants. In December 2013, POSCO E&C and one of the claimants entered into a series of loan facility agreements with several lenders to finance the Songdo Project, with their respective stakes in the joint venture pledged as collateral. The loan facility agreements entitled POSCO E&C to certain subrogation rights related to guaranteeing the obligations of the claimant to repay the principal amounts of the loans. In 2017, upon default of certain series of the loans, POSCO E&C exercised such subrogation rights, claimed the pledged assets of the claimant and sold such assets. The claimants are seeking damages of approximately Won 2,400 billion allegedly resulting from POSCO E&C’s purported wrongful seizure and sale of such properties as well as alleged overcharges made by POSCO E&C while serving as the construction contractor for the Songdo Project. While the claim in the United States District Court for the Southern District of New York was dismissed in November 2020, POSCO E&C believes that its actions were legally permissible and is vigorously defending against the claims made by the claimants in the ICA proceeding.

Dividends

The amount of dividends paid on our common stock is subject to approval at the annual general meeting of shareholders, which is typically held in February or March of the following year. In addition to our annual dividends, our board of directors is authorized to declare and distribute quarterly dividends under our articles of incorporation. If we decide to pay quarterly dividends, our articles of incorporation authorize us to pay them in cash to the shareholders of record as of the end of March, June and September of the relevant fiscal year. We may pay cash dividends out of retained earnings that have not been appropriated to statutory reserves.

The table below sets out the annual dividends declared on the outstanding common stock to shareholders of record on December 31 of the years indicated and the interim dividends (including quarterly dividends starting in the second half of 2016), declared on the outstanding common stock to



applicable shareholders of record of the years indicated. A total of 87,186,835 shares of common stock were issued as of December 31, 2021. Of these shares and as of such date, 75,625,572 shares were outstanding and 11,561,263 shares were held by us in treasury. The annual dividends set out for each of the years below were paid in the immediately following year.

Year	Annual Dividend per Common Stock to Public	Interim Dividend per Common Stock (In Won)	Average Total Dividend per Common Stock
2017	3,500	4,500	8,000
2018	5,000	5,000	10,000
2019	4,000	6,000	10,000
2020	4,500	3,500	8,000
2021	5,000	12,000	17,000

Owners of the ADSs are entitled to receive any dividends payable in respect of the underlying shares of common stock.

Historically, we have paid to holders of record of our common stock an annual dividend. However, we can give no assurance that we will continue to declare and pay any dividends in the future.

Item 8.B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our Consolidated Financial Statements included in this annual report.

Item 9. The Offer and Listing

Item 9.A. Offer and Listing Details

Notes

Not applicable

Common Stock

The principal trading market for our common stock is the KRX KOSPI Market. Our common stock, which is in registered form and has a par value of Won 5,000 per share, has been listed on the KRX KOSPI Market since June 1988 under the identifying code 005490.

ADSs

Our common stock is also listed on the New York Stock Exchange in the form of ADSs. The ADSs have been issued by Citibank, N.A. as ADR depository and are listed on the New York Stock Exchange under the symbol "PKX." One ADS represents one-fourth of one share of common stock. As of December 31, 2021, 26,067,848 ADSs representing 6,516,962 common shares were outstanding, representing 7.47% of total issued shares of common stock.

Item 9.B. Plan of Distribution

Not applicable

Item 9.C. Markets

See "Item 9.A. Offering and Listing Details."



Item 9.D. Selling Shareholders

Not applicable

Item 9.E. Dilution

Not applicable

Item 9.F. Expenses of the Issuer

Not applicable

Item 10. Additional Information

Item 10.A. Share Capital

Currently, our authorized share capital is 200,000,000 shares, which consists of shares of common stock, par value Won 5,000 per share ("Common Shares") and shares of non-voting stock, par value Won 5,000 per share ("Non-Voting Preferred Shares"). Our Non-Voting Preferred Shares have a preferential right to dividend payments. Common Shares and Non-Voting Preferred Shares together are referred to as "Shares." Under our articles of incorporation, we are authorized to issue Non-Voting Preferred Shares up to the limit prescribed by applicable law, the aggregate of which currently is one-quarter of our total issued and outstanding capital stock. As of December 31, 2021, 87,186,835 Common Shares were issued, of which 11,561,263 shares were held by us in treasury. We have never issued any Non-Voting Preferred Shares. All of the issued and outstanding Common Shares are fully-paid and non-assessable and are in registered form. We issue share certificates in denominations of 1, 5, 10, 50, 100, 500, 1,000 and 10,000 shares.

Item 10.B. Memorandum and Articles of Association

Under Article 2 of our articles of incorporation, the primary purpose of POSCO HOLDINGS INC. is to engage in, among others: controlling the businesses of, and guiding, organizing and improving the management of, subsidiaries by acquiring and owning the shares or ownership interests in subsidiaries (including sub-subsidiaries and companies controlled by such sub-subsidiaries, collectively "subsidiaries"); the management and licensing of intellectual property rights including brands and trademarks; investments related to start-up assistance and new technology; market research, management advisory and consulting services; technology research and commissioned services; matters entrusted by subsidiaries to assist the subsidiaries' businesses; the supply of gas such as hydrogen and resources development business; the leasing of real estate and distribution businesses; and any other activities that are related, directly or indirectly, to the attainment and continuation of the foregoing purposes.

The following provides information relating to our capital stock, including brief summaries of material provisions of our articles of incorporation, the FSCMA, the Commercial Code and related laws, all as currently in effect. The following summaries are subject to, and are qualified in their entirety by reference to, our articles of incorporation and the applicable provisions of the FSCMA and the Commercial Code. We have filed copies of our articles of incorporation and these laws (except for the newly enacted the FSCMA) as exhibits to registration statements under the Securities Act or the Securities Exchange Act previously filed by us.

Board of Directors

Under our articles of incorporation and the Commercial Code, any director who has a special interest in a proposal or a resolution is prohibited from voting on such proposal or resolution at the



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meeting of the board of directors. Any resolution of the board of directors must be approved by an affirmative majority vote of the directors present at the meeting of the board of directors. The compensation for directors, including severance benefits, is paid within the limitation approved by the annual general meeting of shareholders.

Dividends

We distribute dividends to our shareholders in proportion to the number of shares owned by each shareholder. The Common Shares represented by the ADSs have the same dividend rights as other outstanding Common Shares.

Holders of Non-Voting Preferred Shares are entitled to receive dividends in priority to the holders of Common Shares in an amount not less than 9% of the par value of the Non-Voting Preferred Shares as determined by the board of directors at the time of their issuance. If the amount available for dividends is less than the aggregate amount of such minimum dividend, we do not have to declare dividends on the Non-Voting Preferred Shares.

We may declare dividends annually at the annual general meeting of shareholders which is held within three months after the end of the fiscal year. We pay the annual dividend shortly after the annual general meeting to the shareholders of record as of the end of the preceding fiscal year. In addition, we may declare quarterly dividends pursuant to a board resolution each fiscal year to the eligible shareholders recorded as of the end of March, June and September of the relevant fiscal year. We may distribute the annual dividend in cash, Shares or other form of property. However, we may distribute the quarterly dividend only in cash. A dividend of Shares must be distributed at par value and may not exceed one-half of the annual and quarterly dividends declared each fiscal year in the aggregate. We have no obligation to pay any dividend unclaimed for five years from the payment date.

Under the Commercial Code, we may pay dividends only to the extent the net asset amount in our balance sheets exceeds the sum of the following: (i) our stated capital, (ii) the total amount of our capital surplus reserve and earned surplus reserve accumulated up to the end of the relevant dividend period, (iii) the legal reserve to be set aside for dividends, and (iv) unrealized profits determined in the Presidential Decree to the Commercial Code. We may not pay dividends unless we have set aside as earned surplus reserve an amount equal to at least 10% of the cash portion of dividends or unless we have accumulated earned surplus reserve of not less than one-half of our stated capital. We may not use legal reserve to pay cash dividends but may transfer amounts from legal reserve to capital stock or use legal reserve to reduce an accumulated deficit.

Distribution of Free Shares

In addition to paying dividends in Shares out of our retained or current earnings, we may also distribute to our shareholders an amount transferred from our capital surplus or legal reserve to our stated capital in the form of free shares. We must distribute such free shares to all our shareholders in proportion to their existing shareholdings.

Preemptive Rights and Issuance of Additional Shares

We may issue authorized but unissued shares at times and, unless otherwise provided in the Commercial Code or our articles of incorporation, on the terms our board of directors may determine. All our shareholders are generally entitled to subscribe for any newly issued Shares in proportion to their existing shareholdings. We must offer new Shares on uniform terms to all shareholders who have preemptive rights and are listed on our shareholders' register as of the relevant record date. Under the Commercial Code, we may vary, without shareholders' approval, the terms of these preemptive rights for different classes of shares. We must give public notice of the preemptive rights regarding new Shares and their transferability at least two weeks before the relevant record date. Our board of directors may determine how to distribute Shares for which preemptive rights have not been exercised or where fractions of Shares occur.



Under our articles of incorporation, we may issue new Shares pursuant to a board resolution to persons other than existing shareholders, who in these circumstances will not have preemptive rights, if the new Shares are:

- offered publicly or to underwriters for underwriting pursuant to the FSCMA and other applicable regulations;
- issued to members of our employee stock ownership association pursuant to the FSCMA and other applicable regulations;
- represented by depositary receipts pursuant to the FSCMA and other applicable regulations;
- issued in a general public offering pursuant to a board resolution in accordance with the FSCMA and other applicable regulations, the amount of which is no more than 10% of the outstanding Shares;
- issued to our creditors pursuant to a debt-equity swap;
- issued to domestic or foreign entities pursuant to a joint venture agreement, strategic coalition or technology license or transfer agreement when deemed necessary for management purposes; or
- issued to domestic or foreign financial institutions when necessary for raising funds in emergency cases.

In addition, we may issue convertible bonds or bonds with warrants, each up to an aggregate principal amount of Won 2 trillion, to persons other than existing shareholders.

Members of our employee stock ownership association, whether or not they are our shareholders, generally have a preemptive right to subscribe for up to 20% of the Shares publicly offered pursuant to the FSCMA. This right is exercisable only to the extent that the total number of Shares so acquired and held by members of our employee stock ownership association does not exceed 20% of the total number of Shares then issued. As of December 31, 2021, our employees owned, through our employee stock ownership association, approximately 1.45% of our common stock in their employee accounts.

General Meeting of Shareholders

We hold the annual general meeting of shareholders within three months after the end of each fiscal year. The record date of the register of shareholders is December 31 of each year, and such shareholders listed on the register of shareholder as of the record date are entitled to exercise their right at the general meeting of shareholders. Subject to a board resolution, court approval or other applicable laws and regulations, we may hold an extraordinary general meeting of shareholders:

- as necessary;
- at the request of holders of an aggregate of 3% or more of our outstanding Shares;
- at the request of shareholders holding an aggregate of 1.5% or more of our outstanding Shares for at least six months; or
- at the request of our Audit Committee.

Holders of Non-Voting Preferred Shares may request a general meeting of shareholders only after the Non-Voting Preferred Shares become entitled to vote or “enfranchised,” as described under “— Voting Rights” below.

We must give shareholders written notice or electronic document setting out the date, place and agenda of the meeting at least two weeks before the date of the general meeting of shareholders.



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However, for holders of 1% or less of the total number of issued and outstanding voting Shares, we may give notice by placing at least two public notices in at least two daily newspapers or by notices to be posted on the electronic disclosure database system maintained by the Financial Supervisory Service or the Korea Exchange at least two weeks in advance of the meeting. Currently, we use *The Seoul Shinmun* published in Seoul, *The Maeil Shinmun* published in Taegu and *The Kwangju Ilbo* published in Kwangju for this purpose. Shareholders not on the shareholders' register as of the record date are not entitled to receive notice of the general meeting of shareholders or attend or vote at the meeting. Holders of Non-Voting Preferred Shares, unless enfranchised, are not entitled to receive notice of general meetings of shareholders, but may attend such meetings. Our general meetings of shareholders are held either in Pohang or at a near-by place if necessary.

Voting Rights

Holders of our Common Shares are entitled to one vote for each Common Share, except that voting rights of Common Shares held by us, or by a corporate shareholder that is 10% (or more) owned by us either directly or indirectly, may not be exercised. The Commercial Code permitted cumulative voting, under which voting method each shareholder would have multiple voting rights corresponding to the number of directors to be appointed in the voting and may exercise all voting rights cumulatively to elect one director.

Our shareholders may adopt resolutions at a general meeting by an affirmative majority vote of the voting Shares present or represented at the meeting, where the affirmative votes also represent at least one-fourth of our total voting Shares then issued and outstanding. However, under the Commercial Code and our articles of incorporation, the following matters, among others, require approval by the holders of at least two-thirds of the voting Shares present or represented at a meeting, where the affirmative votes also represent at least one-third of our total voting Shares then issued and outstanding:

- amending our articles of incorporation;
- removing a director;
- effecting any dissolution, merger or consolidation of us;
- transferring the whole or any significant part of our business;
- acquisition of all or a part of the business of any other company that may have a material impact on our business;
- issuing any new Shares at a price lower than their par value; or
- approving matters required to be approved at a general meeting of shareholders, which have material effects on our assets, as determined by the board of directors.

In general, holders of Non-Voting Preferred Shares are not entitled to vote on any resolution or receive notice of any general meeting of shareholders. However, in the case of amendments to our articles of incorporation, or any merger or consolidation of us, or in some other cases that affect the rights or interests of the Non-Voting Preferred Shares, approval of the holders of Non-Voting Preferred Shares is required. We may obtain the approval by a resolution of holders of at least two-thirds of the Non-Voting Preferred Shares present or represented at a class meeting of the holders of Non-Voting Preferred Shares, where the affirmative votes also represent at least one-third of our total issued and outstanding Non-Voting Preferred Shares.

Shareholders may exercise their voting rights by proxy. When a shareholder is a corporate entity, such shareholder may give proxies to its officers or directors.



Holders of ADRs exercise their voting rights through the ADR depositary, an agent of which is the record holder of the underlying Common Shares. Subject to the provisions of the deposit agreement, ADR holders are entitled to instruct the ADR depositary how to vote the Common Shares underlying their ADSs.

Rights of Dissenting Shareholders

In some limited circumstances, including the transfer of the whole or any significant part of our business and our merger or consolidation with another company, dissenting shareholders have the right to require us to purchase their Shares. Only the shareholders who have executed a share purchase agreement evidencing their acquisition of the relevant Shares on or prior to the day immediately following the public disclosure of the board resolutions approving any of the aforementioned transactions have the rights to require us to purchase their Shares. To exercise this right, shareholders, including holders of Non-Voting Preferred Shares, must submit to us a written notice of their intention to dissent before the general meeting of shareholders. Within 20 days after the relevant resolution is passed at a meeting, the dissenting shareholders must request us in writing to purchase their Shares. We are obligated to purchase the Shares of dissenting shareholders within one month after the expiration of the 20-day period. The purchase price for the Shares is required to be determined through negotiation between the dissenting shareholders and us. If we cannot agree on a price through negotiation, the purchase price will be the average of (1) the weighted average of the daily Share prices on the Korea Exchange for the two-month period before the date of the adoption of the relevant board resolution, (2) the weighted average of the daily Share price on the Korea Exchange for the one month period before the date of the adoption of the relevant resolution and (3) the weighted average of the daily Share price on the Korea Exchange for the one week period before such date of the adoption of the relevant resolution. However, the court may determine this price if we or dissenting shareholders do not accept the purchase price. Holders of ADSs will not be able to exercise dissenter's rights unless they have withdrawn the underlying common stock and become our direct shareholders.

Register of Shareholders and Record Dates

We maintain the register of our shareholders electronically through Kookmin Bank, our transfer agent. Kookmin Bank performs electronic registration of our Shares, manages the electronic register of our shareholders and oversees other matters related to our Shares.

The record date for annual dividends is December 31. For the purpose of determining the shareholders entitled to annual dividends, the register of shareholders may be closed for the period from January 1 to January 15 of each year. Further, for the purpose of determining the shareholders entitled to some other rights pertaining to the Shares, we may, on at least two weeks' public notice, set a record date and/or close the register of shareholders for not more than three months. The trading of Shares may continue while the register of shareholders is closed. However, pursuant to the Act on Electronic Registration of Stocks, Bonds, etc., which became effective on September 16, 2019, the closure of the register of shareholders is not required in order to determine the shareholders entitled to certain shareholder rights. Instead, we may set the record date by a board resolution and determine the shareholders of record as of such record date without closing the register of shareholders.

Annual Report

At least one week before the annual general meeting of shareholders, we must make our annual report and audited financial statements available for inspection at our principal office and at all of our branch offices. In addition, copies of annual reports, the audited financial statements and any resolutions adopted at the general meeting of shareholders will be available to our shareholders.

Under the FSCMA, we must file with the Financial Services Commission and the Korea Exchange (1) an annual business report within 90 days after the end of our fiscal year, (2) a half-year



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report within 45 days after the end of the first six months of our fiscal year, and (3) quarterly reports within 45 days after the end of the third month and the ninth month of our fiscal year. Copies of these reports are or will be available for public inspection at websites of the Financial Services Commission and the Korea Exchange.

Transfer of Shares

Under the Commercial Code, the transfer of Shares is effected by electronic registration of such transfer. However, to assert shareholders' rights against us, the transferee must have his name and address registered on our register of shareholders. For this purpose, a shareholder is required to file his name, address and seal with our transfer agent. A non-Korean shareholder may file a specimen signature in place of a seal, unless he is a citizen of a country with a sealing system similar to that of Korea. In addition, a non-resident shareholder must appoint an agent authorized to receive notices on his behalf in Korea and file a mailing address in Korea. The above requirements do not apply to the holders of ADSs.

Under current Korean regulations, the Korea Securities Depository, foreign exchange banks (including domestic branches of foreign banks), financial investment companies with a brokerage, dealing or collective investment license and internationally recognized custodians may act as agents and provide related services for foreign shareholders. Certain foreign exchange controls and securities regulations apply to the transfer of Shares by non-residents or non-Koreans. See "Item 10. Additional Information — Item 10.D. Exchange Controls."

Our transfer agent is Kookmin Bank, located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Korea.

Acquisition of Shares by Us

We may acquire our own Shares, subject to the approval by the general meeting of shareholders. In addition, we may acquire Shares through purchases on the Korea Exchange or through a tender offer or by acquiring the interests in a trust account holding our own Shares through agreements with trust companies and asset management companies. The aggregate purchase price for the Shares may not exceed the total amount available for distribution of dividends available at the end of the preceding fiscal year less the amount of dividends and mandatory reserves required to be set aside for that fiscal year, subject to certain procedural requirements.

In accordance with the Commercial Code, we may resell or transfer any Shares acquired by us to a third party, subject to the approval by the board of directors. In general, corporate entities in which we own more than 50% equity interest may not acquire our Shares. Under the FSCMA, we are subject to certain selling restrictions for the Shares acquired by us.

Liquidation Rights

In the event of our liquidation, after payment of all debts, liquidation expenses and taxes, our remaining assets will be distributed among shareholders in proportion to their shareholdings. Holders of Non-Voting Preferred Shares have no preference in liquidation.

Item 10.C. *Material Contracts*

None.

Item 10.D. *Exchange Controls*

Shares and ADSs

The Foreign Exchange Transaction Act and the Presidential Decree and regulations under that Act and Decree (collectively, "Foreign Exchange Transaction Laws") and the Foreign Investment



Promotion Law regulate investment in Korean securities by non-residents and issuance of securities outside Korea by Korean companies. Under the Foreign Exchange Transaction Laws, non-residents may invest in Korean securities subject to procedural requirements in accordance with these laws. The Financial Services Commission has also adopted, pursuant to its authority under the FSCMA, regulations that restrict investment by foreigners in Korean securities.

Subject to certain limitations, the Ministry of Economy and Finance has the authority to take the following actions under the Foreign Exchange Transaction Laws:

- if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden and significant changes in domestic or foreign economic circumstances or similar events or circumstances, the Ministry of Economy and Finance may (i) temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange), (ii) impose an obligation to deposit, safe-keep or sell precious metal or any other means of payment to The Bank of Korea, a foreign exchange stabilization fund or certain other governmental agencies or financial companies or (iii) require Korean creditors to collect debts owned by non-Korean debtors and deposit them in their bank accounts in Korea; and
- if the Government concludes that the international balance of payments and international financial markets are experiencing or are likely to experience significant disruption or that the movement of capital between Korea and other countries is likely to adversely affect its currency policies, exchange rate policies or other macroeconomic policies, the Ministry of Economy and Finance may take action to require any person who intends to effect a capital transaction to obtain permission or to require any person who effects a capital transaction to deposit a portion of the means of payment acquired in such transactions with The Bank of Korea, a foreign exchange stabilization fund or certain other governmental agencies or financial companies.

Government Review of Issuance of ADSs

In order for us to issue shares represented by ADSs, we are required to file a prior report of the issuance with our designated foreign exchange bank or the Ministry of Economy and Finance, depending on the issuance amount. No further Korean governmental approval is necessary for the initial offering and issuance of the ADSs.

Under current Korean laws and regulations, the depositary bank is required to obtain our prior consent for the number of shares to be deposited in any given proposed deposit which exceeds the difference between (1) the aggregate number of shares deposited by us for the issuance of ADSs (including deposits in connection with the initial and all subsequent offerings of ADSs and stock dividends or other distributions related to these ADSs) and (2) the number of shares on deposit with the depositary bank at the time of such proposed deposit. We can give no assurance that we would grant our consent, if our consent is required.

Reporting Requirements for Holders of Substantial Interests

Under the FSCMA, any person whose direct or beneficial ownership of a listed company's shares with voting rights, whether in the form of shares or ADSs, certificates representing the rights to subscribe for Shares and equity-related debt securities including convertible bonds and bonds with warrants (collectively, "Equity Securities") together with the Equity Securities beneficially owned by certain related persons or by any person acting in concert with the person accounts for 5% or more of the total outstanding Equity Securities of such listed company is required to report the status and the purpose (whether or not to exert an influence on management control over the issuer) of the holdings to the Financial Services Commission and the Korea Exchange within five business days after



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reaching the 5% ownership interest. In addition, any change in the purpose of holding such ownership interest or a change in the ownership interest subsequent to the report which equals or exceeds 1% of the total outstanding Equity Securities is required to be reported to the Financial Services Commission and the Korea Exchange within five business days from the date of the change. However, the reporting deadline of such reporting requirement is extended (1) for certain professional investors, as specified by the Presidential Decrees under the FSCMA, (i) to the tenth day of the month immediately following the month of such change in their shareholding if the shares are held with the intention of actively exercising shareholder rights as provided by the applicable laws, but without the intention of exercising management control or (ii) to the tenth day of the month immediately following the quarter of such change in their shareholding if the shares are held for portfolio investment purposes; and (2) for persons other than such professional investors, (i) to the tenth business day of the date of such change in their shareholding if the shares are held with the intention of exercising the statutory rights of shareholders as provided by the applicable laws, but without the intention of exercising management control or (ii) to the tenth day of the month immediately following the month of such change in their shareholding if the shares are held for portfolio investment purposes. Those who report the purpose of shareholding as management control of the issuer are prohibited from exercising their voting rights and acquiring additional shares for five days subsequent to their report under the FSCMA.

Violation of these reporting requirements may subject a person to criminal sanctions such as fines or imprisonment and may result in a loss of voting rights with respect to the ownership of Equity Securities exceeding 5%. Furthermore, the Financial Services Commission may issue an order to dispose of Equity Securities for which the reporting requirements were violated.

In addition to the reporting requirements described above, any person whose direct or beneficial ownership of a listed company's voting stock accounts for 10% or more of the total issued and outstanding voting stock (a "major stockholder") must report the status of his or her shareholding to the Securities and Futures Commission and the Korea Exchange within five business days after he or she becomes a major stockholder. In addition, any change in his or her ownership interest subsequent to the report must be reported to the Securities and Futures Commission and the Korea Exchange within five business days. However, the reporting deadline of such reporting requirement is extended (i) to the tenth day of the month immediately following the month of such change in their shareholding for certain professional investors, as specified by the Presidential Decree under the FSCMA, who hold shares with the intention of actively exercising shareholder rights as provided by the applicable laws, but without the intention of exercising management control or (ii) to the tenth day of the month immediately following the quarter of such change in their shareholding if the shares are held for portfolio investment purposes. Violation of these reporting requirements may subject a person to criminal sanctions such as fines or imprisonment.

Under the KRX regulations, if a company listed on the KRX KOSPI Market has submitted public disclosure of material matters to a foreign financial investment supervisory authority pursuant to the laws of the foreign jurisdiction, then it must submit a copy of the public disclosure and a Korean translation thereof to the Korea Exchange. In addition, if a company listed on the KRX KOSPI Market is approved for listing on a foreign stock exchange or determined to be de-listed from the foreign stock exchange or actually lists on, or de-lists from, a foreign stock exchange, then it must submit to the Korea Exchange a copy, together with a Korean translation thereof, of all documents submitted to, or received from, the relevant foreign government, supervisory authority or stock exchange.

Restrictions Applicable to ADSs

No Korean governmental approval is necessary for the sale and purchase of ADSs in the secondary market outside Korea or for the withdrawal of shares underlying ADSs and the delivery inside Korea of shares in connection with the withdrawal, provided that a foreigner who intends to acquire the shares must obtain an investment registration card from the Financial Supervisory Service as described below. The acquisition of the shares by a foreigner must be immediately reported by the



foreigner or his standing proxy in Korea to the Governor of the Financial Supervisory Service ("Governor").

Persons who have acquired shares as a result of the withdrawal of shares underlying the ADSs may exercise their preemptive rights for new shares, participate in free distributions and receive dividends on shares without any further governmental approval.

In addition, under the Financial Services Commission regulations, effective as of November 30, 2006, we are required to file a securities registration statement with the Financial Services Commission and such securities registration statement has to become effective pursuant to the FSCMA in order for us to issue shares represented by ADSs, except in certain limited circumstances.

Restrictions Applicable to Shares

Under the Foreign Exchange Transaction Laws and the Financial Services Commission regulations (together, the "Investment Rules"), foreigners may invest, with limited exceptions and subject to procedural requirements, in all shares of Korean companies, whether listed on the KRX KOSPI Market or the KRX KOSDAQ Market, unless prohibited by specific laws. Foreign investors may trade shares listed on the KRX KOSPI Market or the KRX KOSDAQ Market only through the KRX KOSPI Market or the KRX KOSDAQ Market, except in limited circumstances, including, among others:

- odd-lot trading of shares;
- acquisition of shares ("Converted Shares") by exercise of warrant, conversion right under convertible bonds, exchange right under exchangeable bonds or withdrawal right under depositary receipts issued outside of Korea by a Korean company;
- acquisition of shares as a result of inheritance, donation, bequest or exercise of shareholders' rights, including preemptive rights or rights to participate in free distributions and receive dividends;
- over-the-counter transactions between foreigners of shares of a public service corporation for which the ceiling on aggregate acquisition by foreigners, as explained below, has been reached or exceeded with certain exceptions;
- acquisition of shares by direct investment as defined in the Foreign Investment Promotion Law or disposal of such shares;
- disposal of shares pursuant to the exercise of appraisal rights of dissenting shareholders;
- acquisition or disposal of shares in connection with a tender offer;
- acquisition of underlying shares by a foreign depositary in connection with the issuance of depositary receipts;
- acquisition and disposal of shares through overseas stock exchange market if such shares are simultaneously listed on the KRX KOSPI Market or the KRX KOSDAQ Market and such overseas stock exchange; and
- arm's length transactions between foreigners, if all of such foreigners belong to an investment group managed by the same person.

For over-the-counter transactions between foreign investors outside the KRX KOSPI Market or the KRX KOSDAQ Market involving shares of a public service corporation for which the limit on aggregate foreign ownership has been reached or exceeded, an investment broker licensed in Korea must act as an intermediary. Odd-lot trading of shares outside the KRX KOSPI Market or the KRX KOSDAQ Market must involve an investment dealer licensed in Korea. Foreign investors are prohibited from engaging in margin trading by borrowing shares from investment brokers or investment dealers with respect to shares that are subject to foreign ownership limitation.



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The Investment Rules require a foreign investor who wishes to invest in or dispose of shares for the first time on the Korea Exchange (including Converted Shares) to register its identity with the Financial Supervisory Service prior to making any such investment or disposal; however, the registration requirement does not apply to foreign investors who acquire Converted Shares with the intention of selling such Converted Shares within three months from the date of acquisition of the Converted Shares or who acquire the shares in an over-the-counter transaction or dispose of shares where such acquisition or disposal is deemed to be a foreign direct investment pursuant to the Foreign Investment Promotion Law. Upon registration, the Financial Supervisory Service will issue to the foreign investor an investment registration card which must be presented each time the foreign investor opens a brokerage account with a financial investment company with a brokerage license or dealing license in Korea. Foreigners eligible to obtain an investment registration card include foreign nationals who are individuals residing abroad for more than six months, foreign governments, foreign municipal authorities, foreign public institutions, international financial institutions or similar international organizations, corporations incorporated under foreign laws and any person in any additional category designated by the Enforcement Decree to the FSCMA. All Korean offices of a foreign corporation as a group are treated as a separate foreigner from the offices of the corporation outside Korea. However, a foreign corporation or depository issuing depository receipts may obtain one or more investment registration cards in its name in certain circumstances as described in the relevant regulations.

Upon a foreign investor's purchase of shares through the Korea Exchange, no separate report by the investor is required because the investment registration card system is designed to control and oversee foreign investment through a computer system. However, a foreign investor's acquisition or sale of shares outside the Korea Exchange (as discussed above) must be reported by the foreign investor or his standing proxy to the Governor at the time of each such acquisition or sale; provided, however, that a foreign investor must ensure that any acquisition or sale by it of shares outside the Korea Exchange in the case of trades in connection with a tender offer, odd-lot trading of shares or trades of shares of certain public service corporations for which the aggregate foreign ownership limit has been reached or exceeded, is reported to the Governor by the Korea Securities Depository, financial investment companies with a dealing or brokerage license or securities finance companies engaged to facilitate such transaction. A foreign investor must appoint one or more standing proxies from among the Korea Securities Depository, foreign exchange banks (including domestic branches of foreign banks), financial investment companies with a dealing, brokerage or collective investment license (including domestic branches of foreign financial investment companies) and internationally recognized custodians which will act as a standing proxy to exercise shareholders' rights or perform any matters related to the foregoing activities if the foreign investor does not perform these activities himself. However, a foreign investor may be exempted from complying with these standing proxy rules with the approval of the Governor in cases deemed inevitable by reason of conflict between laws of Korea and those of the home country of the foreign investor.

Certificates evidencing shares of Korean companies owned by a foreign investor must be kept in custody with an eligible custodian in Korea. Only foreign exchange banks (including domestic branches of foreign banks), financial investment companies with a dealing, brokerage or collective investment license (including domestic branches of foreign financial investment companies), the Korea Securities Depository and internationally recognized custodians are eligible to act as a custodian of shares for a non-resident or foreign investor. A foreign investor must ensure that his custodian deposits its shares with the Korea Securities Depository. However, a foreign investor may be exempted from complying with this deposit requirement with the approval of the Governor in circumstances where compliance with that requirement is made impracticable, including cases where compliance would contravene the laws of the home country of such foreign investor.

Under the Investment Rules, with certain exceptions, foreign investors may acquire shares of a Korean company without being subject to any foreign investment ceiling. As one such exception, designated public service corporations are subject to a 40% ceiling on the acquisition of shares by foreigners in the aggregate. Designated public service corporations may set a ceiling on the acquisition



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of shares by a single foreign investor according to its articles of incorporation. Furthermore, an investment by a foreign investor of not less than 10% of the outstanding shares with voting rights and in the amount of not less than Won 10 million of a Korean company is defined as a foreign direct investment under the Foreign Investment Promotion Law, which is, in general, subject to report to, and acceptance by, the Ministry of Trade, Industry & Energy. The acquisition of shares of a Korean company by a foreign investor may also be subject to certain foreign shareholding restrictions in the event that the restrictions are prescribed in each specific law which regulates the business of the Korean company. Changes in ownership of a Korean company by a foreign direct investor, as well as changes in certain aspects of the foreign direct investment (including changes in the foreign direct investor's name, address or business), are also subject to reporting requirements.

Under the Foreign Exchange Transaction Laws, a foreign investor who intends to acquire shares must designate a foreign exchange bank at which he must open a foreign currency account and a Won account exclusively for stock investments. No approval is required for remittance into Korea and deposit of foreign currency funds in the foreign currency account. Foreign currency funds may be transferred from the foreign currency account at the time required to place a deposit for, or settle the purchase price of, a stock purchase transaction to a Won account opened in the name of a financial investment company with a dealing, brokerage or collective investment license. Funds in the foreign currency account may be remitted abroad without any governmental approval.

Dividends on Shares are paid in Won. No governmental approval is required for foreign investors to receive dividends on, or the Won proceeds of the sale of, any shares to be paid, received and retained in Korea. Dividends paid on, and the Won proceeds of the sale of, any shares held by a non-resident of Korea must be deposited either in a Won account with the investor's financial investment company with a dealing, brokerage or collective investment license or his Won Account. Funds in the investor's Won Account may be transferred to his foreign currency account or withdrawn for local living expenses up to certain limitations. Funds in the Won Account may also be used for future investment in shares or for payment of the subscription price of new shares obtained through the exercise of preemptive rights.

Financial investment companies with a dealing, brokerage or collective investment license are allowed to open foreign currency accounts with foreign exchange banks exclusively for accommodating foreign investors' stock investments in Korea. Through these accounts, these financial investment companies may enter into foreign exchange transactions on a limited basis, such as conversion of foreign currency funds and Won funds, either as counterparty to or on behalf of foreign investors, without the investors having to open their own accounts with foreign exchange banks.

Item 10.E. *Taxation*

The following summary is based upon tax laws of the United States and Korea as in effect on the date of this annual report on Form 20-F, and is subject to any change in United States or Korean law that may come into effect after such date. Investors in the shares of common stock or ADSs are advised to consult their own tax advisers as to the United States, Korean or other tax consequences of the purchase, ownership and disposition of such securities, including the effect of any foreign, state or local tax laws.

Korean Taxation

The following is a summary of the principal Korean tax consequences to owners of the common shares or ADSs, as the case may be, who are non-resident individuals or non-Korean corporations without a permanent establishment in Korea to which the relevant income is attributable or with which the relevant income is effectively connected ("Non-resident Holders"). The statements regarding Korean tax laws set forth below are based on the laws in force and as interpreted by the Korean taxation authorities as of the date hereof. This summary is not exhaustive of all possible tax



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considerations which may apply to a particular investor and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of the common shares or ADSs, including specifically the tax consequences under Korean law, the laws of the jurisdiction of which they are resident, and any tax treaty between Korea and their country of residence, by consulting their own tax advisers.

Tax on Dividends

Dividends on the common shares or ADSs paid (whether in cash or in shares) to a Non-resident Holder will be subject to Korean withholding taxes at the rate of 22% (including local income tax) or such lower rate as is applicable under a treaty between Korea and such Non-resident Holder's country of tax residence. Free distributions of shares representing a capitalization of certain capital surplus reserves may be subject to Korean withholding taxes.

The tax is withheld by the payer of the dividend. While it is the payer which is required to withhold the tax, Korean law generally entitles the person who was subject to the withholding of Korean tax to recover from the Government any part of the Korean tax withheld, upon providing evidence that it was entitled to have tax withheld at a lower rate, if certain conditions are met.

Tax on Capital Gains

As a general rule, capital gains earned by Non-resident Holders upon transfer of the common shares or ADSs are subject to Korean withholding tax at the lower of (i) 11% (including local income tax) of the gross proceeds realized or (ii) 22% (including local income tax) of the net realized gains (subject to the production of satisfactory evidence of the acquisition costs and certain direct transaction costs), unless exempt from Korean income taxation under the effective Korean tax treaty with the Non-resident Holder's country of tax residence or Korean tax law.

However, a Non-resident Holder will not be subject to Korean income taxation on capital gains realized upon the sale of the common shares through the KRX KOSPI Market if the Non-resident Holder (i) has no permanent establishment in Korea and (ii) did not or has not owned (together with any shares owned by any entity with a specified special relationship with such Non-resident Holder) 25% or more of the total issued and outstanding shares of us at any time during the calendar year in which the sale occurs and during the five calendar years prior to the calendar year in which the sale occurs.

It should be noted that capital gains earned by you (regardless of whether you have a permanent establishment in Korea) from a transfer of ADSs outside Korea will generally be exempt from Korean income taxation, provided that the ADSs are deemed to have been issued overseas. If and when an owner of the underlying common shares transfers the ADSs following the conversion of the underlying shares for ADSs, such person will not be exempt from Korean income taxation.

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (1) all assets (wherever located) of the deceased if at the time of his death he was a tax resident of Korea and (2) all property located in Korea which passes on death (irrespective of the domicile of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50% depending on the value of the property.

Under Korean inheritance and gift tax laws, securities issued by a Korean corporation are deemed to be located in Korea irrespective of where they are physically located or by whom they are owned and consequently, the Korea inheritance and gift taxes will be imposed on transfers of the securities by inheritance or gift.



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Securities Transaction Tax

Securities transaction tax is imposed on the transfer of shares issued by a Korean corporation or the right to subscribe for such shares generally at the rate of 0.43% of the sales price. In the case of the transfer of shares listed on the KRX KOSPI Market (such as the common shares), the securities transaction tax is imposed generally at the rate of (i) 0.23% of the sales price of such shares (or 0.25% of the sales price if such shares were sold before January 1, 2021) (including agricultural and fishery special surtax thereon) if traded on the KRX KOSPI Market or (ii) subject to certain exceptions, 0.43% of the sales price of such shares if traded outside the KRX KOSPI Market.

Securities transaction tax or the agricultural and fishery special surtax is not applicable if (i) the shares or rights to subscribe for shares are listed on a designated foreign stock exchange and (ii) the sale of the shares takes place on such exchange.

Securities transaction tax, if applicable, must be paid by the transferor of the shares or rights, in principle. When the transfer is effected through a securities settlement company, such settlement company is generally required to withhold and pay (to the tax authority) the tax, and when such transfer is made through a financial investment company with a brokerage license only, such company is required to withhold and pay the tax. Where the transfer is effected by a Non-resident Holder without a permanent establishment in Korea, other than through a securities settlement company or a financial investment company with a brokerage license, the transferee is required to withhold the securities transaction tax. Failure to do so will result in the imposition of penalties equal to the sum of (i) between 10% to 40% of the tax amount due, depending on the nature of the improper reporting, and (ii) 9.125% per annum on the tax amount due for the default period.

Tax Treaties

Currently, Korea has income tax treaties with a number of countries, including, inter alia, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Ireland, the Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on dividend and interest is reduced, generally to between 5% and 16.5% (including local income tax), and the tax on capital gains derived by a non-resident from the transfer of securities issued by a Korean company is often eliminated.

Each Non-resident Holder of common shares should inquire for itself whether it is entitled to the benefits of a tax treaty with Korea. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest, dividend, capital gains or "other income" to submit to us (or our agent), the purchaser or the financial investment company with a brokerage license, as the case may be, prior to or at the time of payment, such evidence of tax residence of the party claiming the treaty benefit as the Korean tax authorities may require in support of its claim for treaty protection. In the absence of sufficient proof, we (or our agent), the purchaser or the financial investment company with a brokerage license, as the case may be, must withhold tax at the normal rates.

In order for a Non-resident Holder to obtain the benefit of a tax exemption on certain Korean source income (e.g., interest and capital gains) under an applicable tax treaty, Korean tax law requires such Non-resident Holder (or its agent) to submit to the payer of such Korean source income an application for tax exemption under a tax treaty along with a certificate of tax residency of such Non-resident Holder issued by a competent authority of the non-resident's country of tax residence, subject to certain exceptions. The payer of such Korean source income, in turn, is required to submit such application to the relevant district tax office by the ninth day of the month following the date of the first payment of such income. However, this requirement does not apply to exemptions under Korean tax law.

For a non-resident of Korea to obtain the benefits of treaty-reduced tax rates on certain Korean source income (e.g., capital gains and interest) under an applicable tax treaty, Korean tax law requires



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such non-resident (or its agents) to submit to the payer of such Korean source income an application for treaty-reduced tax rates prior to receipt of such Korean source income; provided, however, that an owner of ADSs who is a non-resident of Korea is not required to submit such application, if the Korean source income on the ADSs is paid through an account opened at the Korea Securities Depository by a foreign depository. The payer of such Korean source income, in turn, is required to submit such application to the relevant district tax office by the ninth day of the month following the date of the first payment of such income.

If Korean source income is paid to a non-resident through an overseas investment vehicle, such investment vehicle must obtain an application for tax exemption or reduced tax rates from each non-resident, who is the beneficial owner of such investment vehicle and submit to the payer of such Korean source incomes an overseas investment vehicle report, together with the applications for tax exemptions or reduced tax rates prepared by the non-resident beneficial owner. An overseas investment vehicle means an organization established outside of Korea that manages funds collected through investment solicitation by way of acquiring, disposing, or otherwise investing in investment targets and then distributes the outcome of such management to investors. An application for tax exemption or reduced tax rates submitted by the non-resident remains effective for three years from submission, and if any material changes occur with respect to information provided in the application, an application reflecting such change must be newly submitted.

At present, Korea has not entered into any tax treaty relating to inheritance or gift tax.

United States Taxation

This summary describes the material U.S. federal income tax consequences for a U.S. holder (as defined below) of owning our shares of common stock or ADSs. This summary applies to you only if you hold shares of common stock or ADSs as capital assets for tax purposes. This summary does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;
- a person that holds shares of common stock or ADSs that are a hedge or that are hedged against interest rate or currency risks;
- a person that holds shares of common stock or ADSs as part of a straddle or conversion transaction for tax purposes;
- a person whose functional currency for tax purposes is not the Dollar;
- a person that owns or is deemed to own 10% or more of any class of our stock or 10% or more of the combined voting power or value of all of our classes of stock; or
- an entity treated as a partnership for U.S. federal income tax purposes that holds shares of common stock or ADSs, or an investor therein.

This summary is based on laws, treaties and regulatory interpretations in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis.



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Please consult your own tax advisers concerning the U.S. federal, state, local and other foreign tax consequences of purchasing, owning and disposing of shares of common stock or ADSs in your particular circumstances.

For purposes of this summary, you are a "U.S. holder" if you are a beneficial owner of a share of common stock or ADS that is:

- a citizen or resident of the United States;
- a U.S. domestic corporation; or
- otherwise subject to U.S. federal income tax on a net income basis with respect to income from the shares of common stock or ADS.

Shares of Common Stock and ADSs

In general, if you are the beneficial owner of ADSs, you will be treated as the beneficial owner of the shares of common stock represented by those ADSs for U.S. federal income tax purposes, and no gain or loss will be recognized if you exchange an ADS for the shares of common stock represented by that ADS.

Passive Foreign Investment Company Rules

Special U.S. tax rules apply to companies that are considered to be PFICs. We will be classified as a PFIC in a particular taxable year if either

- 75 percent or more of our gross income for the taxable year is passive income; or
- at least 50 percent of the quarterly average value of our assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, gains from certain commodities transactions, rents, royalties and the excess of gains over losses from the disposition of assets that produce passive income.

Based on our financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to our 2020 taxable year. In addition, based on our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2021 taxable year or in the foreseeable future. However, the determination of whether we are a PFIC must be made annually based on the facts and circumstances at that time, some of which may be beyond our control, including the valuation of our assets as implied by the market price for our common stock or ADSs. Accordingly, it is possible that we could become a PFIC in the current or a future year.

If we are classified as a PFIC in any taxable year during which you hold our common stock or ADSs, you could be subject to a special tax at ordinary income rates on "excess distributions," including certain distributions by us and gain that you recognize on the sale of your common stock or ADSs. The amount of income tax on any excess distributions will be increased by an interest charge to compensate for tax deferral, calculated as if the excess distributions were earned ratably over the period you held the common stock or ADSs. Classification as a PFIC may also have other adverse consequences, including, in the case of individuals, the denial of a step-up in the basis of your common stock or ADSs at death. Except where otherwise noted, the remainder of this summary assumes that we were not a PFIC for our 2020 taxable year and that we will not become a PFIC in the current or any future year.



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You should consult your own tax advisers as to our status as a PFIC and the tax consequences to you of such status.

Dividends

The gross amount of cash dividends that you receive (prior to deduction of Korean taxes) generally will be subject to U.S. federal income taxation as foreign source dividend income. Dividends paid in Won will be included in your income in a Dollar amount calculated by reference to the exchange rate in effect on the date of your (or, in the case of ADSs, the depository's) receipt of the dividend, regardless of whether the payment is in fact converted into Dollars. If such a dividend is converted into Dollars on the date of receipt, you generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. U.S. holders should consult their own tax advisers regarding the treatment of any foreign currency gain or loss on any Won received by U.S. holders that are converted into Dollars on a date subsequent to receipt.

Subject to certain exceptions for short-term and hedged positions, the Dollar amount of dividends received by an individual U.S. holder with respect to the ADSs and common stock will be subject to taxation at a preferential rate applicable to long-term capital gains if the dividends are "qualified dividends." Dividends paid on the ADSs and common stock will be treated as qualified dividends if (i) we are eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service has approved for the purposes of the qualified dividend rules and (ii) we were not, in the year prior to the year in which the dividend is paid, and are not, in the year in which the dividend is paid, a passive foreign investment company ("PFIC"). The income tax treaty between Korea and the United States ("Treaty") has been approved for the purposes of the qualified dividend rules, and we believe we are eligible for benefits under the Treaty. Based on our audited financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to our 2020 or 2021 taxable year. In addition, based on our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2022 taxable year. You should consult your own tax advisers regarding the availability of the reduced dividend tax rate in the light of your own particular circumstances.

Distributions of additional shares in respect of shares of common stock or ADSs that are made as part of a pro-rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax.

Sales and Other Dispositions

For U.S. federal income tax purposes, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of common stock or ADSs equal to the difference, if any, between the amount realized on the sale or exchange and your adjusted tax basis in the common stock or ADSs. Any gain realized by a U.S. holder on the sale or other disposition of common stock or ADSs generally will be treated as U.S. source income for U.S. foreign tax credit purposes. This gain or loss will be capital gain or loss, and will be long-term capital gain or loss to the extent that the shares of common stock or ADSs sold or disposed of were held for more than one year. Your ability to offset capital losses against ordinary income is limited. Long-term capital gain recognized by an individual U.S. holder generally is subject to taxation at a reduced rate.

Foreign Tax Credit Considerations

You should consult your own tax advisers to determine whether you are subject to any special rules that limit your ability to make effective use of foreign tax credits, including the possible adverse impact of failing to take advantage of benefits under the income tax treaty between the United States and Korea. If no such rules apply, you generally may claim a credit, up to any applicable reduced rates



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provided under the Treaty, against your U.S. federal income tax liability for Korean taxes withheld from dividends on shares of common stock or ADSs, so long as you have owned the shares of common stock or ADSs (and not entered into specified kinds of hedging transactions) for at least a 16-day period that includes the ex-dividend date. Instead of claiming a credit, you may, at your election, deduct such Korean taxes in computing your taxable income, provided that you do not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant tax year and subject to generally applicable limitations under U.S. tax law. Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities and may not be allowed in respect of arrangements in which your expected economic profit is insubstantial. You may not be able to use the foreign tax credit associated with any Korean withholding tax imposed on a distribution of additional shares that is not subject to U.S. federal income tax unless you can use the credit against U.S. federal income tax due on other foreign-source income.

Any Korean securities transaction tax or agriculture and fishery special tax that you pay will not be creditable for foreign tax credit purposes.

The calculation of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions, involves the application of complex rules that depend on a U.S. holder's particular circumstances. You should consult your own tax advisers regarding the creditability or deductibility of such taxes.

Specified Foreign Financial Assets

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the common stock or ADSs) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the common stock or ADSs, including the application of the rules to their particular circumstances.

U.S. Information Reporting and Backup Withholding Rules

Payments in respect of shares of common stock or ADSs that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the holder (1) is a corporation or other exempt recipient and demonstrates this when required or (2) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. Holders that are not U.S. persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification of its non-U.S. status in connection with payments received within the United States or through a U.S.-related financial intermediary.

Item 10.F. Dividends and Paying Agents

See "Item 8.A. Consolidated Statements and Other Financial Information — Dividends" above for information concerning our dividend policies and our payment of dividends. See "Item 10.B. Memorandum and Articles of Association — Dividends" for a discussion of the process by which



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FORM 20-F	None		TOK	CLN	PS PMT	1C

dividends are paid on shares of our common stock. The paying agent for payment of our dividends on ADSs in the United States is the Citibank, N.A.

Item 10.G. Statements by Experts

Not applicable

Item 10.H. Documents on Display

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at the Public Reference Rooms in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Any filings we make electronically will be available to the public over the Internet at the SEC's website at <http://www.sec.gov>.

Item 10.I. Subsidiary Information

Not applicable

Item 11. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to foreign exchange rate and interest rate risk primarily associated with underlying liabilities, and to changes in the commodity prices of principal raw materials. Following evaluation of these positions, we selectively enter into derivative financial instruments to manage the related risk exposures, primarily with respect to foreign exchange rate and interest rate risks, which are entered into with major financial institutions in order to minimize the risk of credit loss. Our market risk management policy determines the market risk tolerance level, measuring period, controlling responsibilities, management procedures, hedging period and hedging ratio very specifically. We also prohibit all speculative hedging transactions and evaluate and manage foreign exchange exposures to receivables and payables.

None of our loss exposures related to derivative contracts are unlimited, and we do not believe that our net derivative positions could result in a material loss to our profit before income tax or total equity due to significant fluctuations of major currencies against the Korean Won. Due to the nature of our derivative contracts primarily as hedging instruments that manage foreign exchange risks, net gain or net loss on derivatives transactions and valuation of derivatives are typically offset by net loss or net gain on foreign currency transaction and translation. We recorded net gain on valuation of derivatives of Won 116 billion and net loss on derivatives transactions of Won 32 billion in 2019, net loss on valuation of derivatives of Won 114 billion and net loss on derivatives transactions of Won 58 billion in 2020 and net gain on valuation of derivatives of Won 270 billion and net loss on derivatives transactions of Won 95 billion in 2021.

Exchange Rate Risk

Korea is our most important market and, therefore, a substantial portion of our cash flow is denominated in Won. Most of our exports are denominated in Dollars. Japan is also an important market for us, and we derive significant cash flow denominated in Yen. We are exposed to foreign exchange risk related to foreign currency denominated liabilities and anticipated foreign exchange payments. Anticipated foreign exchange payments, which represent a substantial sum and are mostly denominated in Dollars, relate primarily to imported raw material costs and freight costs. Foreign currency denominated liabilities relate primarily to foreign currency denominated debt.

We strive to naturally offset our foreign exchange risk by matching foreign currency receivables with our foreign currency payables and our overseas subsidiaries have sought to further mitigate the



adverse impact of exchange rate fluctuations by conducting business transactions in the local currency of the respective market in which the transactions occur. In particular, POSCO International's exposure to fluctuations in exchange rates, including the Won/Dollar exchange rate, is limited because trading transactions typically involve matched purchase and sale contracts, which result in limited settlement exposure, and because POSCO International's contracts with domestic suppliers of products for export and with domestic purchasers of imported products are generally denominated in Dollars. Although the impact of exchange rate fluctuations is partially mitigated by such strategies, we and our subsidiaries, particularly POSCO International and POSCO E&C, also periodically enter into derivative contracts, primarily foreign currency swaps and forward exchange contracts, to further hedge some of our foreign exchange risks.

Our foreign currency exposure and changes in gain or loss resulting from a 10% foreign exchange rate change against the Korean Won are as follows:

	For the Years Ended December 31,					
	2019		2020		2021	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	(In billions of Won)					
US Dollars	₩(174)	₩174	₩(244)	₩244	₩(264)	₩264
Japanese Yen	(17)	17	(53)	53	(200)	200
Euro	41	(41)	(48)	48	(39)	39

See Note 23 to the Consolidated Financial Statements.

Interest Rate Risk

We are also subject to market risk exposure arising from changing interest rates. In particular, we are exposed to interest rate risk on our existing floating rate borrowings and on additional debt financings that we may periodically undertake for various reasons, including capital expenditures and refinancing of our existing borrowings. A rise in interest rates will increase the cost of our existing variable rate borrowings. If interest rates on borrowings with floating rates had been 1% higher or lower with all other variables held constant, the impact on the gain or loss of the applicable period would be as follows:

	For the Years Ended December 31,					
	2019		2020		2021	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	(In billions of Won)					
Increase or decrease in annual profit and net equity	₩ (79)	₩ 79	₩ (66)	₩ 66	₩ (64)	₩ 64

See Note 23 to the Consolidated Financial Statements.

A reduction of interest rates also increases the fair value of our debt portfolio, which is primarily of a fixed interest nature. From time to time, we use, to a limited extent, interest rate swaps to reduce interest rate volatility on some of our debt and manage our interest expense by achieving a balanced mixture of floating and fixed rate debt.



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FORM 20-F	None		TOK	CLN	PS PMT	1C

The following table summarizes the carrying amounts, fair values, principal cash flows by maturity date and weighted average interest rates of our short-term and long-term liabilities as of December 31, 2021 which are sensitive to exchange rates and/or interest rates. The information is presented in Won, which is our reporting currency.

Maturities										
							December 31, 2021		December 31, 2020	
	2022	2023	2024	2025	2026	Thereafter	Total	Fair Value	Total	Fair Value
(In billions of Won except rates)										
Local currency:										
Fixed rate	2,709	1,517	1,693	329	648	756	7,652	7,646	6,688	6,679
Average weighted rate ⁽¹⁾	1.18%	2.31%	1.30%	2.06%	1.38%	1.90%	1.60%		2.25%	
Variable rate	146	182	40	0	2	116	486	484	671	671
Average weighted rate ⁽¹⁾	1.49%	2.26%	2.07%	0.00%	0.75%	2.71%	2.11%		2.14%	
Sub-total	2,855	1,699	1,733	329	650	872	8,138	8,130	7,359	7,350
Foreign currency, principally Dollars and Yen:										
Fixed rate	2,250	1,505	1,698	538	1,435	283	7,709	7,681	7,513	7,472
Average weighted rate ⁽¹⁾	1.64%	2.86%	1.45%	2.43%	0.00%	4.00%	1.65%		2.49%	
Variable rate	3,610	1,296	43	785	93	65	5,892	5,889	5,623	5,622
Average weighted rate ⁽¹⁾	1.30%	1.11%	0.00%	2.71%	1.02%	4.15%	1.47%		1.75%	
Sub-total	5,860	2,801	1,741	1,323	1,528	348	13,601	13,570	13,136	13,094
Total	8,715	4,500	3,474	1,652	2,178	1,220	21,739	21,700	20,495	20,444

(1) Weighted average rates of the portfolio at the period end.

Item 12. Description of Securities Other than Equity Securities

Not applicable

Item 12.A. Debt Securities

Not applicable

Item 12.B. Warrants and Rights

Not applicable

Item 12.C. Other Securities

Not applicable



Item 12.D. American Depositary Shares

Fees and Charges

We switched our depositary from The Bank of New York Mellon to Citibank, N.A. in July 2013. Holders of our ADSs are required to pay the following service fees to the depositary:

Services	Fees
Issuance of ADSs upon deposit of shares	Up to \$5.00 per 100 ADSs issued
Delivery of deposited shares against surrender of ADSs	Up to \$5.00 per 100 ADSs surrendered
Distributions of cash dividends or other cash distributions	Up to \$5.00 per 100 ADSs held
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to \$5.00 per 100 ADSs held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to \$5.00 per 100 ADSs held
General depositary services	Up to \$5.00 per 100 ADSs held

Holders of our ADSs are also responsible for paying certain fees and expenses incurred by the depositary such as:

- fees for the transfer and registration of shares charged by the registrar and transfer agent for the shares in Korea (i.e., upon deposit and withdrawal of shares);
- expenses incurred for converting foreign currency into Dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes (including applicable interest and penalties) and other governmental charges;
- fees and expenses incurred in connection with compliance with exchange control regulations and other regulatory requirements; and
- fees and expenses incurred in connection with the delivery or servicing of shares on deposit.

Depositary fees payable upon the issuance and surrender of ADSs are typically paid to the depositary by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary and by the brokers (on behalf of their clients) delivering the ADSs to the depositary for surrender. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend, rights), the depositary charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via the Korea Securities Depositary, or KSD), the depositary generally collects its fees through the systems provided by KSD (whose nominee is the registered holder of the ADSs held in KSD) from the brokers and custodians holding ADSs in their KSD accounts. The brokers and custodians who hold their clients' ADSs in KSD accounts in turn charge their clients' accounts the amount of the fees paid to the depositary.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to such holder of ADSs.

The fees and charges that holders of our ADSs may be required to pay may vary over time and may be changed by us and by the depositary. Holders of our ADSs will receive prior notice of such changes.



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Fees and Payments from the Depositary to Us

In 2021, we received approximately \$1.3 million from the depositary for reimbursement of various costs, including preparation of SEC filing and submission, listing fees, proxy process expenses (printing, postage and distribution), legal fees and contributions for our investor relations activities.

In addition, as part of its service to us, the depositary waives its fees for the standard costs associated with the administration of the ADS facility, associated operating expenses, investor relations advice and access to an internet-based tool used in our investor relations activities.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable

Item 15. Controls and Procedures

a. Disclosure Controls and Procedures

Our management has evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2021. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

b. Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed by, and under the supervision of, our principal executive, principal operating and principal financial officers, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.



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Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has completed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2021 based on criteria in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

c. Report of the Independent Registered Public Accounting Firm

The report of our independent registered public accounting firm, KPMG Samjong Accounting Corp. (“KPMG”), on the effectiveness of our internal control over financial reporting as of December 31, 2021 is included in Item 18 of this Form 20-F.

d. Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the year covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Our adoption of Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission did not have, and is not reasonably likely to have, any material effect on our internal control over financial reporting.

Item 16. [Reserved]

Item 16.A. Audit Committee Financial Expert

The board of directors has determined that Sohn, Sung-Kyu is an audit committee financial expert and is independent within the meaning of applicable SEC rules.

Item 16.B. Code of Ethics

We have adopted a code of business conduct and ethics, as defined in Item 16B. of Form 20-F under the Securities Exchange Act of 1934, as amended. Our code of business conduct and ethics, called Code of Ethics, applies to our chief executive officer and chief financial officer, as well as to our directors, other officers and employees. Our Code of Ethics is available on our website at <http://www.posco.com>. If we amend the provisions of our Code of Ethics that apply to our chief executive officer or chief financial officer and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website at the same address.

Item 16.C. Principal Accountant Fees and Services

Our independent registered public accounting firm is KPMG Samjong Accounting Corp. The auditor location is Seoul, Republic of Korea, and the auditor firm ID is 1357.



Audit and Non-Audit Fees

The following table sets forth the fees billed to us by our independent registered public accounting firm, KPMG, in 2020 and 2021:

	For the Year Ended December 31,	
	2020	2021
	(In millions of Won)	
Audit fees	₩ 7,712	₩ 9,874
Audit-related fees	—	382
Tax fees	1,037	997
Other fees	1,236	1,355
Total fees	₩ 9,985	₩ 12,608

Audit fees in 2020 and 2021 as set forth in the above table are the aggregate fees billed by KPMG in connection with the audit of our annual financial statements and the annual financial statements of other related companies and review of interim financial statements.

Audit-related fees in 2021 as set forth in the above table are fees billed by KPMG for issuing comfort letters in connection with our securities offering and agreed-upon procedures related to the vertical spin-off of POSCO.

Tax fees in 2020 and 2021 as set forth in the above table are fees billed by KPMG for our tax compliance and tax planning, as well as compliance related to transfer pricing.

Other fees in 2020 and 2021 as set forth in the above table are fees billed by KPMG in connection with statutory audits unrelated to the audit of our annual financial statements.

Audit Committee Pre-Approval Policies and Procedures

Under our Audit Committee's pre-approval policies and procedures, all audit and non-audit services to be provided to us by an independent registered public accounting firm must be pre-approved by our Audit Committee. Our Audit Committee does not pre-approve any audit and non-audit services that are prohibited from being provided to us by an independent registered public accounting firm under the rules of SEC and applicable law.



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Item 16.D. Exemptions from the Listing Standards for Audit Committees

Not applicable

Item 16.E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table sets forth the repurchases of common shares by us or any affiliated purchasers during the fiscal year ended December 31, 2021:

Period	Total Number of Shares Purchased	Average Price Paid Per Share (In Won)	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
January 1 to January 31	—	—	—	—
February 1 to February 29	60,000	280,993	60,000	—
March 1 to March 31	329,900	302,854	329,900	—
April 1 to April 30	—	—	—	—
May 1 to May 31	—	—	—	—
June 1 to June 30	—	—	—	—
July 1 to July 31	—	—	—	—
August 1 to August 31	—	—	—	—
September 1 to September 30	—	—	—	—
October 1 to October 31	—	—	—	—
November 1 to November 30	—	—	—	—
December 1 to December 31	—	—	—	—
Total	389,900	299,490	389,900	—

Item 16.F. Change in Registrant's Certifying Accountant

Not applicable

Item 16.G. Corporate Governance

Pursuant to the rules of the New York Stock Exchange applicable to foreign private issuers like us that are listed on the New York Stock Exchange, we are required to disclose significant differences between the New York Stock Exchange's corporate governance standards and those that we follow under Korean law and in accordance with our own internal procedures. The following is a summary of such significant differences.

NYSE Corporate Governance Standards	POSCO HOLDINGS INC.'s Corporate Governance Practice
Director Independence	
Listed companies must have a majority of independent directors	Our articles of incorporation provide that our board of directors must comprise no less than a majority of Outside Directors. Our Outside Directors must meet the criteria for outside directorship set forth under the Korean Securities and Exchange Act. The majority of our board of directors is independent (as defined in accordance with the New York Stock Exchange's standards), and seven out of 12 directors are Outside Directors. Under our articles of incorporation, we may have up to five Inside Directors and eight Outside Directors.



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NYSE Corporate Governance Standards

POSCO HOLDINGS INC.'s Corporate Governance Practice

Nomination/Corporate Governance Committee

A nomination/corporate governance committee of independent directors is required. The committee must have a charter that addresses the purpose, responsibilities (including development of corporate governance guidelines) and annual performance evaluation of the committee.

Compensation Committee

A compensation committee of independent directors is required. The committee must have a charter that addresses the purpose, responsibilities and annual performance evaluation of the committee. The charter must be made available on the company's website. In addition, in accordance with the U.S. Securities and Exchange Commission rules adopted pursuant to Section 952 of the Dodd-Frank Act, the New York Stock Exchange listing standards were amended to expand the factors relevant in determining whether a committee member has a relationship with the company that will materially affect that member's duties to the compensation committee.

Additionally, the committee may obtain or retain the advice of a compensation adviser only after taking into consideration all factors relevant to determining that adviser's independence from management.

Executive Session

Non-management directors must meet in regularly scheduled executive sessions without management. Independent directors should meet alone in an executive session at least once a year.

Audit Committee

Listed companies must have an audit committee that satisfies the independence and other requirements of Rule 10A-3 under the Exchange Act. All members must be independent. The committee must have a charter addressing the committee's purpose, an annual performance evaluation of the committee, and the duties and responsibilities of the committee. The charter must be made available on the company's website.

Audit Committee Additional Requirements

Listed companies must have an audit committee that is composed of at least three directors.

Shareholder Approval of Equity Compensation Plan

Listed companies must allow their shareholders to exercise their voting rights with respect to any material revision to the company's equity compensation plan.

Shareholder Approval of Equity Offerings

Listed companies must allow its shareholders to exercise their voting rights with respect to equity offerings that do not qualify as public offerings for cash, and offerings of equity of related parties.

Corporate Governance Guidelines

Listed companies must adopt and disclose corporate governance guidelines.

We have not established a separate nomination corporate governance committee. However, we maintain a Director Candidate Recommendation Committee composed of three Outside Directors and one Inside Director.

We maintain an Evaluation and Compensation Committee composed of four Outside Directors.

Our Outside Directors hold meetings solely attended by Outside Directors in accordance with operation guidelines of our board of directors.

We maintain an Audit Committee comprised of three Outside Directors who meet the applicable independence criteria set forth under Rule 10A-3 under the Exchange Act.

Our Audit Committee has three members, as described above.

We currently have an Employee Stock Ownership Program. Matters related to the Employee Stock Ownership Program are not subject to shareholders' approval under Korean law.

Our board of directors is generally authorized to issue new shares, subject to certain limitations as provided by our articles of incorporation.

We have adopted a Corporate Governance Charter setting forth our practices with respect to relevant corporate governance matters. Our Corporate Governance Charter is in compliance with Korean law but does not meet all requirements established by the New York Stock Exchange for U.S. companies listed on the exchange. A copy of our Corporate Governance Charter is available on our website at <http://www.posco.com>.



NYSE Corporate Governance Standards

POSCO HOLDINGS INC.'s Corporate Governance Practice

Code of Business Conduct and Ethics

Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

We have adopted a Code of Ethics for all directors, officers and employees. A copy of our Code of Ethics is available on our website at <http://www.posco.com>.

Item 16.H. *Mine Safety Disclosure*

Not applicable

Item 16.I. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*

Not applicable

PART III

Item 17. *Financial Statements*

Not applicable

Item 18. *Financial Statements*

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Item 19. Exhibits

- 1.1 — Articles of Incorporation of POSCO HOLDINGS INC. (English translation)
- 2.1 — Form of Common Stock Certificate (including English translation) (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement No. 33-81554)* (P)
- 2.2 — Form of Deposit Agreement (including Form of American Depositary Receipts) (incorporated by reference to the Registrant's Registration Statement (File No. 333-189473) on Form F-6)*
- 2.3 — Description of common stock (see Item 10.B. Memorandum and Articles of Association)
- 2.4 — Description of American Depositary Shares
- 8.1 — List of consolidated subsidiaries
- 12.1 — Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 12.2 — Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 13.1 — Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS — Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
- 101.SCH — Inline XBRL Taxonomy Extension Schema Document
- 101.CAL — Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF — Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB — Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE — Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 — The cover page for the Company's Annual Report on Form 20-F for the year ended December 31, 2021, has been formatted in Inline XBRL

* Filed previously

(P) Paper filing



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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
POSCO HOLDINGS INC. (formerly, POSCO):

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of POSCO HOLDINGS INC. (formerly, POSCO) and subsidiaries (the Company) as of December 31, 2020 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2021 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 28, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.



- (a) Assessment of goodwill impairment in the POSCO INTERNATIONAL Corporation cash generating unit

As discussed in Notes 3 and 15(c) to the consolidated financial statements, goodwill amounted to ₩735,969 million as of December 31, 2021, of which ₩578,046 million related to the cash generating unit ("CGU") of POSCO INTERNATIONAL Corporation. The Company performs goodwill impairment testing on an annual basis irrespective of whether there is any indication of impairment and whenever there is an indication that the CGU may be impaired. Recoverable amount of POSCO INTERNATIONAL Corporation was determined based on value-in-use.

We identified the assessment of goodwill impairment in the POSCO INTERNATIONAL Corporation CGU as a critical audit matter. A high degree of challenging, subjective and complex auditor judgment was involved in evaluating the Company's estimate of the recoverable amount of POSCO INTERNATIONAL Corporation CGU. Specifically, estimated sales, discount rate and terminal growth rate were challenging to test as minor changes in those assumptions would have a significant effect on the Company's assessment of the recoverable amount of the goodwill.

The following are the primary procedures we performed to address this critical audit matter. We evaluated design and tested operating effectiveness of certain internal controls related to the Company's goodwill impairment analysis. This included controls related to the development of the estimated sales, discount rate and terminal growth rate assumptions. We evaluated the estimated sales by comparing the growth assumptions to the latest financial budgets approved by the board of directors, The CGU's historical performance and trading industry reports. We compared the estimated sales prepared in prior year with the current year's actual results to assess the Company's ability to accurately forecast. We compared the terminal growth rate with available public data from external economic research institutions. We performed sensitivity analysis over the estimated sales, discount rate and terminal growth rate to assess the impact of changes in these assumptions on the Company's goodwill impairment assessment. We involved valuation professionals with specialized skill and knowledge, who assisted us in evaluating the discount rate by comparing it against a discount rate that was independently developed using available market data for comparable entities.

- (b) Estimated total contract costs at completion for construction contract revenue recognition related to POSCO ENGINEERING & CONSTRUCTION CO., LTD.

As discussed in Notes 3, 28 and 29 to the consolidated financial statements, the Company reported revenue of ₩5,583,909 million from construction contracts for the year ended December 31, 2021, for which revenue is recognized over time. Such revenue amount included revenue related to POSCO ENGINEERING & CONSTRUCTION CO., LTD, a subsidiary of the Company. When contract revenue and contract cost can be reliably estimated, the Company recognizes contract revenue over time based on the percentage of completion. The percentage of completion is determined based on the proportion of contract costs incurred to date, excluding contract costs incurred that do not reflect the stage of completion, to the estimated total contract costs at completion.

We identified the estimated total contract costs at completion for construction contract revenue recognition as a critical audit matter. It requires subjective and complex auditor judgments in evaluating the underlying assumptions, including estimated material costs, labor costs and outsourcing costs, for construction contracts. Changes in these assumptions may have a significant impact on the amount of revenue recognized during a specific period.



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The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the estimation of total contract costs at completion for construction contracts, including controls related to the assumptions used to develop the estimated total contract costs at completion. We evaluated the estimated total contract costs at completion by:

- inspecting the supporting documentation prepared by the person in charge of construction field regarding rationale and reliability of the estimated total contract costs at completion including estimated material costs, labor costs and outsourcing costs for a selection of projects;
- questioning the person in charge of construction field, and inspecting supporting documentation to test estimated material costs, labor costs and outsourcing costs for a selection of projects commenced in 2021;
- questioning the Company's finance manager and the person in charge of construction field, and inspecting documents as to the cause of any changes in estimated total contract costs at completion made during 2021 for a selection of projects; and
- assessing the Company's ability to accurately forecast estimated total contract costs at completion by comparing the actual total contract costs for a selection of construction contracts completed during 2021 against the estimated total contract costs at completion in prior year.

/s/ KPMG Samjong Accounting Corp.

We have served as the Company's auditor since 2008.

Seoul, Korea

April 28, 2022



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Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

To the Shareholders and Board of Directors
POSCO HOLDINGS INC. (formerly, POSCO):

Opinion on Internal Control over Financial Reporting

We have audited POSCO HOLDINGS INC. (formerly, POSCO) and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the PCAOB), the consolidated statements of financial position of the Company as of December 31, 2020 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated April 28, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide



reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea
April 28, 2022



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2020 and 2021

<i>(in millions of Won)</i>	Notes	December 31, 2020	December 31, 2021
Assets			
Cash and cash equivalents	4,5,23	₩ 4,754,644	4,775,166
Trade accounts and notes receivable, net	6,17,23,29,37	8,110,239	9,978,939
Other receivables, net	7,23,37	1,494,239	2,104,610
Other short-term financial assets	8,23	11,709,209	13,447,717
Inventories	9	9,636,183	16,096,371
Current income tax assets	35	49,481	23,229
Assets held for sale	10	34,210	78,470
Other current assets	16	616,623	915,358
Total current assets		36,404,828	47,419,860
Long-term trade accounts and notes receivable, net	6,23	86,423	63,205
Other receivables, net	7,23,37	1,195,962	1,415,143
Other long-term financial assets	8,23	1,561,807	2,119,674
Investments in associates and joint ventures	11	3,876,249	4,514,647
Investment property, net	13	994,781	1,086,077
Property, plant and equipment, net	14	29,400,141	29,596,698
Intangible assets, net	15	4,449,432	4,166,309
Defined benefit assets, net	21	86,149	255,858
Deferred tax assets	35	1,357,844	1,462,812
Other non-current assets	16	270,060	198,607
Total non-current assets		43,278,848	44,879,030
Total assets		₩79,683,676	92,298,890

See accompanying notes to the consolidated financial statements.



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POSCO HOLDINGS INC.

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Consolidated Statements of Financial Position, Continued
As of December 31, 2020 and 2021

<i>(in millions of Won)</i>	Notes	December 31, 2020	December 31, 2021
Liabilities			
Trade accounts and notes payable	23,37	₩ 3,755,513	5,468,175
Short-term borrowings and current installments of long-term borrowings	4,17,23	8,677,529	8,830,067
Other payables	18,23	1,845,266	2,189,361
Other short-term financial liabilities	19,23,37	141,404	111,641
Current income tax liabilities	35	366,476	2,139,718
Liabilities directly associated with the assets held for sale	10	25	189
Provisions	20	443,273	399,984
Other current liabilities	22,29	1,981,977	2,132,236
Total current liabilities		17,211,463	21,271,371
Long-term trade accounts and notes payable	23,37	22,323	694
Long-term borrowings, excluding current installments	4,17,23	11,820,078	12,911,149
Other payables	18,23	558,924	679,009
Other long-term financial liabilities	19,23	133,588	23,996
Defined benefit liabilities, net	21	141,785	50,842
Deferred tax liabilities	35	1,320,726	1,271,775
Long-term provisions	20	522,969	589,092
Other non-current liabilities	22	348,297	786,996
Total non-current liabilities		14,868,690	16,313,553
Total liabilities		32,080,153	37,584,924
Equity			
Share capital	24	482,403	482,403
Capital surplus	24	1,320,003	1,397,416
Hybrid bonds	25	199,384	199,384
Reserves	26	(1,380,918)	(666,985)
Treasury shares	27	(2,391,523)	(2,508,294)
Retained earnings		46,064,477	51,475,396
Equity attributable to owners of the controlling company		44,293,826	50,379,320
Non-controlling interests	25	3,309,697	4,334,646
Total equity		47,603,523	54,713,966
Total liabilities and equity		₩79,683,676	92,298,890

See accompanying notes to the consolidated financial statements.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Consolidated Statements of Comprehensive Income** **For the years ended December 31, 2019, 2020 and 2021**

(in millions of Won, except per share information)

	Notes	2019	2020	2021
Revenue	28,29,37	₩ 64,785,709	57,466,678	76,009,201
Cost of sales	29,31,34,37	(58,462,100)	(52,798,594)	(64,154,339)
Gross profit		6,323,609	4,668,084	11,854,862
Selling and administrative expenses	30,34			
Reversal of (Impairment loss) on trade accounts and notes receivable		28,105	(829)	(40,153)
Other administrative expenses	31	(2,041,286)	(1,939,602)	(2,209,809)
Selling expenses		(368,318)	(376,940)	(393,075)
Other operating income and expenses	32,37			
Reversal of (Impairment loss) on other receivables		(80,323)	(53,105)	12,975
Other operating income		450,891	402,336	577,997
Other operating expenses	34	(1,089,965)	(645,574)	(1,027,492)
Operating profit		3,222,713	2,054,370	8,775,305
Share of profit of equity-accounted investees, net ..	11	273,741	133,297	649,569
Finance income and costs	23,33			
Finance income		1,872,143	2,677,499	2,730,110
Finance costs		(2,242,063)	(2,892,402)	(2,765,175)
Profit before income taxes		3,126,534	1,972,764	9,389,809
Income tax expense	35	(1,088,369)	(224,272)	(2,213,827)
Profit		2,038,165	1,748,492	7,175,982
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss :				
Remeasurements of defined benefit plans	21	(117,152)	36,575	51,155
Net changes in fair value of equity investments at fair value through other comprehensive income	23	(10,541)	(77,627)	214,888
Items that are or may be reclassified subsequently to profit or loss :				
Capital adjustment arising from investments in equity-accounted investees		66,134	(28,609)	165,106
Foreign currency translation differences ..		208,117	(147,956)	386,141
Losses on valuation of derivatives	23	(90)	(331)	309
Other comprehensive income (loss), net of tax ..		146,468	(217,948)	817,599
Total comprehensive income		₩ 2,184,633	1,530,544	7,993,581
Profit attributable to :				
Owners of the controlling company		₩ 1,864,405	1,581,208	6,606,728
Non-controlling interests		173,760	167,284	569,254
Profit		₩ 2,038,165	1,748,492	7,175,982
Total comprehensive income attributable to :				
Owners of the controlling company		₩ 2,027,049	1,394,192	7,374,060
Non-controlling interests		157,584	136,352	619,521
Total comprehensive income		₩ 2,184,633	1,530,544	7,993,581
Earnings per share (in Won)	36			
Basic earnings per share (in Won)		23,189	19,900	87,191
Diluted earnings per share (in Won)		₩ 23,189	19,900	85,240

See accompanying notes to the consolidated financial statements.



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019, 2020 and 2021

	Attributable to owners of the controlling company						Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings		
<i>(in millions of Won)</i>								
Balance as of January 1, 2019	₩482,403	1,420,007	199,384	(1,404,368)	(1,532,728)	44,160,660	3,347,256	46,672,614
Comprehensive income:								
Profit	—	—	—	—	—	1,864,405	173,760	2,038,165
Other comprehensive income (loss)	—	—	—	—	—	(100,218)	(16,934)	(117,152)
Remeasurements of defined benefit plans, net of tax	—	—	—	—	—	—	—	—
Capital adjustment arising from investments in equity-accounted investees, net of tax	—	—	—	58,308	—	—	7,826	66,134
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	10,228	—	(20,769)	—	(10,541)
Foreign currency translation differences, net of tax	—	—	—	215,181	—	—	(7,064)	208,117
Gain or losses on valuation of derivatives, net of tax	—	—	—	(86)	—	—	(4)	(90)
Total comprehensive income	—	—	—	283,631	—	1,743,418	157,584	2,184,633
Transactions with owners of the controlling company, recognized directly in equity:								
Year-end dividends	—	—	—	—	—	(400,006)	(60,274)	(460,280)
Interim dividends	—	—	—	—	—	(480,694)	—	(480,694)
Changes in subsidiaries	—	—	—	—	—	—	1,281	1,281
Changes in ownership interests in subsidiaries	—	(48,538)	—	—	—	—	(128,587)	(177,125)
Interest of hybrid bonds	—	—	—	—	—	(9,200)	(7,294)	(16,494)
Disposal of treasury shares	—	12,576	—	—	24,425	—	—	37,001
Others	—	1,662	—	(37,243)	—	39,899	(1,956)	2,362
Total transactions with owners of the controlling company	—	(34,300)	—	(37,243)	24,425	(850,001)	(196,830)	(1,093,949)
Balance as of December 31, 2019	₩482,403	1,385,707	199,384	(1,157,980)	(1,508,303)	45,054,077	3,308,010	47,763,298

See accompanying notes to the consolidated financial statements.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Consolidated Statements of Changes in Equity, Continued
For the years ended December 31, 2019, 2020 and 2021

	Attributable to owners of the controlling company						Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings		
<i>(in millions of Won)</i>								
Balance as of January 1, 2020	₩482,403	1,385,707	199,384	(1,157,980)	(1,508,303)	45,054,077	3,308,010	47,763,298
Comprehensive income:								
Profit	—	—	—	—	—	1,581,208	167,284	1,748,492
Other comprehensive income (loss)	—	—	—	—	—	44,703	(8,128)	36,575
Remeasurements of defined benefit plans, net of tax	—	—	—	—	—	—	—	—
Capital adjustment arising from investments in equity-accounted investees, net of tax	—	—	—	(16,760)	—	—	(11,849)	(28,609)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	(74,210)	—	(3,417)	—	(77,627)
Foreign currency translation differences, net of tax	—	—	—	(137,071)	—	—	(10,885)	(147,956)
Gain or losses on valuation of derivatives, net of tax	—	—	—	(261)	—	—	(70)	(331)
Total comprehensive income	—	—	—	(228,302)	—	1,622,494	136,352	1,530,544
Transactions with owners of the controlling company, recognized directly in equity:								
Year-end dividends	—	—	—	—	—	(320,462)	(60,517)	(380,979)
Interim dividends	—	—	—	—	—	(277,723)	—	(277,723)
Changes in subsidiaries	—	—	—	—	—	—	22,303	22,303
Changes in ownership interests in subsidiaries	—	(27,716)	—	—	—	—	162,674	134,958
Repayment of redeemable convertible preferred shares	—	(33,581)	—	—	—	(9,225)	(245,000)	(278,581)
Interest of hybrid bonds	—	—	—	—	—	(9,225)	(7,354)	(16,579)
Acquisition of treasury shares	—	—	—	—	(883,220)	—	—	(883,220)
Others	—	(4,407)	—	5,364	—	(4,684)	(6,771)	(10,498)
Total transactions with owners of the controlling company	—	(65,704)	—	5,364	(883,220)	(612,094)	(134,665)	(1,690,319)
Balance as of December 31, 2020	₩482,403	1,320,003	199,384	(1,380,918)	(2,391,523)	46,064,477	3,309,697	47,603,523

See accompanying notes to the consolidated financial statements.

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Consolidated Statements of Changes in Equity, Continued
For the years ended December 31, 2019, 2020 and 2021

	Attributable to owners of the controlling company						Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings		
<i>(in millions of Won)</i>								
Balance as of January 1, 2021	₩482,403	1,320,003	199,384	(1,380,918)	(2,391,523)	46,064,477	3,309,697	47,603,523
Comprehensive income:								
Profit	—	—	—	—	—	6,606,728	569,254	7,175,982
Other comprehensive income (loss)	—	—	—	—	—	—	—	—
Remeasurements of defined benefit plans, net of tax	—	—	—	—	—	44,405	6,750	51,155
Capital adjustment arising from investments in equity-accounted investees, net of tax	—	—	—	160,343	—	—	4,763	165,106
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	205,924	—	8,948	16	214,888
Foreign currency translation differences, net of tax	—	—	—	347,469	—	—	38,672	386,141
Gain or losses on valuation of derivatives, net of tax	—	—	—	243	—	—	66	309
Total comprehensive income	—	—	—	713,979	—	6,660,081	619,521	7,993,581
Transactions with owners of the controlling company, recognized directly in equity:								
Year-end dividends	—	—	—	—	—	(342,565)	(62,230)	(404,795)
Interim dividends	—	—	—	—	—	(907,507)	—	(907,507)
Changes in subsidiaries	—	—	—	—	—	—	15,034	15,034
Changes in ownership interests in subsidiaries	—	83,547	—	—	—	—	459,917	543,464
Interest of hybrid bonds	—	—	—	—	—	(9,200)	(7,254)	(16,454)
Acquisition of treasury shares	—	—	—	—	(116,771)	—	—	(116,771)
Others	—	(6,134)	—	(46)	—	10,110	(39)	3,891
Total transactions with owners of the controlling company	—	77,413	—	(46)	(116,771)	(1,249,162)	405,428	(883,138)
Balance as of December 31, 2021	₩482,403	1,397,416	199,384	(666,985)	(2,508,294)	51,475,396	4,334,646	54,713,966

See accompanying notes to the consolidated financial statements.



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POSCO HOLDINGS INC.

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Consolidated Statements of Cash Flows** **For the years ended December 31, 2019, 2020 and 2021**

(in millions of Won)

	Notes	2019	2020	2021
Cash flows from operating activities				
Profit	₩	2,038,165	1,748,492	7,175,982
Adjustments for:				
Depreciation		3,029,868	3,156,181	3,135,345
Amortization		431,247	465,558	444,100
Finance income		(855,382)	(1,185,934)	(1,270,044)
Finance costs		1,197,705	1,390,983	1,257,112
Income tax expense		1,088,369	224,272	2,213,827
Gain on disposal of property, plant and equipment		(49,367)	(15,548)	(12,016)
Loss on disposal of property, plant and equipment		120,227	142,126	95,720
Impairment losses on property, plant and equipment		442,700	27,040	311,520
Gain on disposal of intangible assets		(1,896)	(815)	(273)
Gain on disposal of investments in subsidiaries, associates and joint ventures		(27,836)	(88,836)	(85,981)
Loss on disposal of investments in subsidiaries, associates and joint ventures		6,539	14,632	12,882
Share of profit of equity-accounted investees		(273,741)	(133,297)	(649,569)
Expenses related to post-employment benefits		240,425	248,324	243,567
Increase to provisions		76,538	184,984	159,592
Impairment loss on trade and other receivables		52,218	53,934	27,178
Loss on valuation of inventories		96,201	54,014	78,783
Impairment losses on goodwill and intangible assets		191,021	197,776	224,328
Gain on disposal of assets held for sale		(37,461)	(841)	(60,208)
Impairment losses on assets held for sale		38,328	5,030	—
Others, net		894	(19,420)	(37,014)
		<u>5,766,597</u>	<u>4,720,163</u>	<u>6,088,849</u>
Changes in operating assets and liabilities	39	(114,045)	2,855,908	(7,044,310)
Interest received		320,336	368,539	279,554
Interest paid		(760,175)	(624,399)	(433,794)
Dividends received		266,774	267,923	782,053
Income taxes paid		(1,512,997)	(650,889)	(588,969)
Net cash provided by operating activities	₩	<u>6,004,655</u>	<u>8,685,737</u>	<u>6,259,365</u>

See accompanying notes to the consolidated financial statements.



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POSCO HOLDINGS INC.
FORM 20-F

Donnelley Financial
None

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Consolidated Statements of Cash Flows, Continued** **For the years ended December 31, 2019, 2020 and 2021**

(in millions of Won)

	Notes	2019	2020	2021
Cash flows from investing activities				
Acquisitions of short-term financial instruments		₩(36,063,406)	(43,307,727)	(41,797,503)
Proceeds from disposal of short-term financial instruments		35,415,822	40,500,759	40,336,417
Acquisition of long-term financial instruments		—	—	(289,612)
Increase in loans		(450,638)	(329,236)	(526,643)
Collection of loans		398,838	138,270	568,536
Acquisitions of securities		(296,827)	(338,063)	(300,807)
Proceeds from disposal of securities		62,492	448,125	273,935
Acquisitions of investments in associates and joint ventures		(160,404)	(141,785)	(492,435)
Proceeds from disposal of investments in associates and joint ventures		16,458	18,401	61,013
Acquisitions of property, plant and equipment		(2,519,219)	(3,154,412)	(3,068,591)
Proceeds from (payment for) disposal of property, plant and equipment		51,800	(42,530)	(11,117)
Acquisitions of investment property		(19,344)	(976)	(91,880)
Proceeds from disposal of investment property		12,057	250	3,809
Acquisitions of intangible assets		(299,587)	(300,645)	(431,122)
Proceeds from disposal of intangible assets		24,161	79,011	9,485
Proceeds from disposal of assets held for sale		67,246	37,680	67,293
Increase in cash from (payment for) acquisition of business, net of cash acquired		(37,345)	—	5,472
Cash received from disposal of business, net of cash transferred		45,360	77,488	—
Collection of lease receivables		56,889	61,567	97,701
Others, net		12,788	(5,442)	2,542
Net cash used in investing activities		(3,682,859)	(6,259,265)	(5,583,507)
Cash flows from financing activities				
Proceeds from borrowings		5,646,977	4,410,387	4,358,955
Repayment of borrowings		(3,746,845)	(3,644,057)	(3,719,542)
Proceeds from (repayment of) short-term borrowings, net		(2,194,727)	35,525	(329,897)
Payment of cash dividends		(946,218)	(659,145)	(1,310,920)
Payment of interest of hybrid bonds		(16,494)	(16,539)	(16,493)
Capital contribution from non-controlling interests and proceeds from disposal of subsidiary while maintaining control		29,475	176,062	660,488
Capital deduction from non-controlling interests and additional acquisition of interests in subsidiaries		(123,304)	(11,473)	(16,138)
Repayment of lease liabilities		(167,427)	(217,312)	(281,288)
Acquisition of treasury shares		—	(883,219)	(116,771)
Repayment of redeemable convertible preferred shares		—	(278,581)	—
Others, net		6,384	(2,516)	2,940
Net cash used in financing activities	39	(1,512,179)	(1,090,868)	(768,666)
Effect of exchange rate fluctuation on cash held		61,764	(95,272)	112,950
Net increase in cash and cash equivalents		871,381	1,240,332	20,142
Cash and cash equivalents at beginning of the period	5,10	2,643,865	3,515,246	4,755,578
Cash and cash equivalents at end of the period	5,10	₩ 3,515,246	4,755,578	4,775,720

See accompanying notes to the consolidated financial statements.



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POSCO HOLDINGS INC.

Donnelley Financial

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements

As of December 31, 2020 and 2021

1. General Information

General information about POSCO HOLDINGS INC. (formerly, POSCO), its 39 domestic subsidiaries including POSCO ENGINEERING & CONSTRUCTION CO., LTD., 130 foreign subsidiaries including POSCO America Corporation (collectively "the Company") and its 131 associates and joint ventures are as follows:

(a) The controlling company

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

The shares of POSCO HOLDINGS INC. have been listed on the Korea Exchange since June 10, 1988. POSCO HOLDINGS INC. 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.

POSCO HOLDINGS INC. (formerly, POSCO) established a new wholly owned subsidiary, POSCO, by a vertical spin-off of its steel business on March 1, 2022, and changed the name of the surviving company to POSCO HOLDINGS INC.

As of December 31, 2021, POSCO HOLDINGS INC.'S shareholders are as follows:

Shareholder's name	Number of shares	Ownership (%)
National Pension Service	8,063,521	9.25
BlackRock Fund Advisors(*1)	4,381,134	5.02
Government of Singapore(*1)	3,827,263	4.39
Nippon Steel Corporation	2,894,712	3.32
FMR LLC(*1)	2,274,323	2.61
Others	65,745,882	75.41
	<u>87,186,835</u>	<u>100.00</u>

(*1) Includes shares held by subsidiaries and others.

As of December 31, 2021, the shares of POSCO HOLDINGS INC. are listed on the Korea Exchange, while its ADRs are listed on the New York Stock Exchange.



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:20 EST	271339 FIN 16	12*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(b) Consolidated subsidiaries

Details of consolidated subsidiaries as of December 31, 2020 and 2021 are as follows:

		Ownership (%)						Region
		December 31, 2020			December 31, 2021			
		POSCO HOLDINGS INC.	Subsidiaries	Total	POSCO HOLDINGS INC.	Subsidiaries	Total	
Principal operations								
[Domestic]								
POSCO ENGINEERING & CONSTRUCTION, CO., LTD.	Engineering and construction	52.80	—	52.80	52.80	—	52.80	Pohang
POSCO COATED & COLOR STEEL Co., Ltd.	Coated steel manufacturing	56.87	—	56.87	56.87	—	56.87	Pohang
POSCO ICT	Computer hardware and software distribution	65.38	—	65.38	65.38	—	65.38	Pohang
POSCO Research Institute	Economic research and consulting	100.00	—	100.00	100.00	—	100.00	Seoul
POSCO O&M CO.,Ltd.	Business facility maintenance	47.17	52.83	100.00	47.17	52.83	100.00	Seoul
POSCO A&C	Architecture and consulting	45.66	54.34	100.00	45.66	54.34	100.00	Seoul
POSCO Venture Capital Co., Ltd.	Investment in venture companies	95.00	—	95.00	95.00	—	95.00	Pohang
eNtoB Corporation	Electronic commerce	7.50	59.94	67.44	7.50	59.94	67.44	Seoul
POSCO CHEMICAL CO., LTD.	Refractories manufacturing and sales	61.26	—	61.26	59.72	—	59.72	Pohang
POSCO-Terminal Co., Ltd.	Transporting and warehousing	51.00	—	51.00	100.00	—	100.00	Gwangyang
POSCO M-TECH	Packing materials manufacturing and sales	48.85	—	48.85	48.85	—	48.85	Pohang
POSCO ENERGY CO., LTD.	Generation of electricity	100.00	—	100.00	100.00	—	100.00	Seoul
PNR	Steel by product manufacturing and sales	70.00	—	70.00	70.00	—	70.00	Pohang
Future Creation Fund								
Postech Early Stage account	Investment in venture companies	—	40.00	40.00	—	40.00	40.00	Seoul
POSCO WOMAN'S FUND	Investment in venture companies	—	40.00	40.00	—	40.00	40.00	Seoul
SPH Co, LTD.	House manufacturing and management	—	100.00	100.00	—	100.00	100.00	Incheon
POSCO Group University	Education service and real estate business	100.00	—	100.00	100.00	—	100.00	Incheon
Growth Ladder POSCO K-Growth Global Fund	Investment in venture companies	—	50.00	50.00	—	50.00	50.00	Pohang
2015 POSCO New technology II Fund	Investment in venture companies	—	25.00	25.00	—	25.00	25.00	Pohang
POSCO Research & Technology	Intellectual Property Services and consulting	100.00	—	100.00	100.00	—	100.00	Seoul
TANCHEON E&E	Refuse derived fuel and power generation	—	100.00	100.00	—	100.00	100.00	Seoul
POSCO Humans	Construction	75.49	24.51	100.00	75.49	24.51	100.00	Pohang
Mapo Hibroad Parking Co., Ltd.	Construction	—	71.00	71.00	—	71.00	71.00	Seoul



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:58 EST	271339 FIN 17	13*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

		Ownership (%)						Region	
		December 31, 2020			December 31, 2021				
		Principal operations	POSCO HOLDINGS INC.	Subsidiaries	Total	POSCO HOLDINGS INC.	Subsidiaries		Total
			INC.						
[Domestic]									
Busan E&E Co., Ltd.	Refuse derived fuel and power generation	70.00	—	70.00	70.00	—	70.00	Busan	
POSCO INTERNATIONAL Corporation	Trading, energy & resource development and others	62.91	0.03	62.94	62.91	0.03	62.94	Incheon	
Pohang Scrap Recycling Distribution Center Co., Ltd.	Steel processing and sales	—	51.00	51.00	—	51.00	51.00	Pohang	
Songdo Development PMC (Project Management Company) LLC.	Housing business agency	—	100.00	100.00	—	100.00	100.00	Incheon	
Korea Fuel Cell	Fuel cell	—	100.00	100.00	—	100.00	100.00	Pohang	
POSCO GEM fund no1	Investment in venture companies	98.81	1.19	100.00	98.81	1.19	100.00	Pohang	
POSCO MOBILITY SOLUTION (formerly, POSCO SPS CORPORATION)	STC, TMC, Plate manufacturing and sales	—	100.00	100.00	—	100.00	100.00	Cheonan	
P&O Chemical Co., Ltd.	Chemical production	—	51.00	51.00	—	51.00	51.00	Gwangyang	
Posco New Growth	Investment in venture companies	88.89	11.11	100.00	99.66	0.34	100.00	Seoul	
IMP Fund I	Investment in venture companies	98.04	—	98.04	98.04	—	98.04	Pohang	
POSCO Lithium Solution CO., Ltd.	Lithium manufacturing and sales	—	—	—	100.00	—	100.00	Gwangyang	
POSCO-HY Clean Metal Co., Ltd.	Non-ferrous metal smelting	—	—	—	65.00	—	65.00	Gwangyang	
Consus Pf private Real Estate Fund	REITs	—	—	—	—	66.67	66.67	—	
New Energy Hub	Electricity and gas supply	—	—	—	87.44	12.56	100.00	Gwangyang	
Posco Busan Newdeal Fund	Investment in venture companies	—	—	—	—	32.00	32.00	Pohang	
Shinan Green Energy Co., LTD	Electricity production	—	—	—	—	54.53	54.53	Shinahn	
Suncheon Eco Trans Co. Ltd	Train manufacturing and management	100.00	—	100.00	—	—	—	Suncheon	
[Foreign]									
POSCO America Corporation	Research&Consulting	99.45	0.55	100.00	99.45	0.55	100.00	USA	
POSCO AUSTRALIA PTY LTD	Raw material sales & mine development	100.00	—	100.00	100.00	—	100.00	Australia	
POSCO Canada Ltd.	Coal sales	100.00	—	100.00	100.00	—	100.00	Canada	
POSCAN ELKVIEW COAL LTD.	Coal sales	—	100.00	100.00	—	100.00	100.00	Canada	
POSCO Asia Co., Ltd.	Finance	100.00	—	100.00	100.00	—	100.00	China	
POSCO-CTPC Co., Ltd.	Steel manufacturing and sales	100.00	—	100.00	100.00	—	100.00	China	
POSCO E&C Vietnam Co., Ltd.	Steel structure manufacturing and sales	—	100.00	100.00	—	100.00	100.00	Vietnam	



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POSCO HOLDINGS INC.	Donnelley Financial	V01-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:22 EST	271339 FIN 18	11*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

		Ownership (%)						Region	
		December 31, 2020			December 31, 2021				
		Principal operations	POSCO HOLDINGS	Subsidiaries	Total	POSCO HOLDINGS	Subsidiaries		Total
			INC.			INC.			
[Foreign]									
POSCO (Zhangjiagang)	Stainless steel								
Stainless Steel Co.,Ltd.	manufacturing and sales	58.60	23.88	82.48	58.60	23.88	82.48	China	
POSCO (Thailand)	Steel manufacturing and								
Company Limited	sales	100.00	—	100.00	100.00	—	100.00	Thailand	
POSCO-MKPC SDN	Steel manufacturing and								
BHD	sales	70.00	—	70.00	70.00	—	70.00	Malaysia	
Qingdao Pohang									
Stainless Steel	Stainless steel								
Co., Ltd.	manufacturing and sales	70.00	30.00	100.00	70.00	30.00	100.00	China	
POSCO(Suzhou)									
Automotive Processing	Steel manufacturing and								
Center Co., Ltd.	sales	90.00	10.00	100.00	90.00	10.00	100.00	China	
POSCO-China Qingdao									
Processing Center	Steel manufacturing and								
Co.Ltd.	sales	100.00	—	100.00	100.00	—	100.00	China	
POS-ORE PTY LTD	Iron ore development								
	and sales	—	100.00	100.00	—	100.00	100.00	Australia	
POSCO-China Holding									
Corp.	Holding company	100.00	—	100.00	100.00	—	100.00	China	
POSCO JAPAN Co., Ltd.	Steel trading	100.00	—	100.00	100.00	—	100.00	Japan	
POS-CD PTY LTD	Coal sales	—	100.00	100.00	—	100.00	100.00	Australia	
POS-GC PTY LTD	Coal sales	—	100.00	100.00	—	100.00	100.00	Australia	
POSCO-India Private	Steel manufacturing and								
Limited	sales	100.00	—	100.00	100.00	—	100.00	India	
POSCO-India Pune									
Processing Center.	Steel manufacturing and								
Pvt. Ltd.	sales	65.00	—	65.00	65.00	—	65.00	India	
POSCO Japan PC	Steel manufacturing and								
CO.,LTD	sales	—	86.12	86.12	—	86.12	86.12	Japan	
POSCO-CFPC Co., Ltd.	Steel manufacturing and								
	sales	39.60	60.40	100.00	39.60	60.40	100.00	China	
POSCO E&C CHINA	Civil engineering and								
Co., Ltd.	construction	—	100.00	100.00	—	100.00	100.00	China	
POSCO MPPC S.A.	Steel manufacturing and								
de C.V.	sales	21.02	75.29	96.31	21.02	75.29	96.31	Mexico	
Zhangjiagang Pohang Port	Loading and unloading								
Co., Ltd.	service	—	100.00	100.00	—	100.00	100.00	China	
POSCO-VIETNAM	Steel manufacturing and								
Co., Ltd.	sales	100.00	—	100.00	100.00	—	100.00	Vietnam	
POSCO MEXICO S.A.	Automotive steel sheet								
DE C.V.	manufacturing and sales	83.28	14.88	98.16	83.28	14.88	98.16	Mexico	
POSCO-Poland Wroclaw									
Processing Center	Steel manufacturing and								
Sp. z o. o.	sales	60.00	—	60.00	60.00	—	60.00	Poland	
POS-NP PTY LTD	Coal sales	—	100.00	100.00	—	100.00	100.00	Australia	
DAEWOO									
INTERNATIONAL									
SHANGHAI	Intermediary trade &								
WAIGAOQIAO	bonded warehouse								
CO., LTD	operation	—	100.00	100.00	—	100.00	100.00	China	
PT. Bio Inti Agrindo	Forest resources								
	development	—	85.00	85.00	—	85.00	85.00	Indonesia	



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:23 EST	271339 FIN 19	8*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

		Ownership (%)						Region
		December 31, 2020			December 31, 2021			
		POSCO HOLDINGS INC.	Subsidiaries	Total	POSCO HOLDINGS INC.	Subsidiaries	Total	
Principal operations								
[Foreign]								
POSCO ENGINEERING AND CONSTRUCTION AUSTRALIA (POSCO E&C AUSTRALIA) PTY LTD	Construction and engineering service	—	100.00	100.00	—	100.00	100.00	Australia
POSCO-TISCO (JILIN) PROCESSING CENTER Co., Ltd.	Steel manufacturing and sales	50.00	10.00	60.00	50.00	10.00	60.00	China
POSCO Thainox Public Company Limited	STS cold-rolled steel manufacturing and sales	74.56	—	74.56	74.56	—	74.56	Thailand
Hunchun Posco Hyundai International Logistics Co.,LTD	Logistics	—	80.00	80.00	—	81.55	81.55	China
POSCO INTERNATIONAL VIETNAM CO., LTD	Trading business	—	100.00	100.00	—	100.00	100.00	Vietnam
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	Steel manufacturing and sales	90.00	10.00	100.00	90.00	10.00	100.00	China
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	Component manufacturing and sales	84.85	15.15	100.00	33.91	66.09	100.00	China
PT.Krakatau Posco Chemical Calcination (formerly, PT.Krakatau Posco Chemtech Calcination)	Quicklime manufacturing and sales	—	80.00	80.00	—	80.00	80.00	Indonesia
POSCO AFRICA (PROPRIETARY) LIMITED	Mine development	100.00	—	100.00	100.00	—	100.00	South Africa
POSCO ICT BRASIL	IT service and engineering	—	100.00	100.00	—	100.00	100.00	Brazil
POSCO Center Beijing	Real estate development, rental and management	—	100.00	100.00	—	100.00	100.00	China
POSCO-Malaysia SDN. BHD.	Steel manufacturing and sales	81.79	13.63	95.42	81.79	13.63	95.42	Malaysia
PT KRAKATAU BLUE WATER	Wastewater treatment facilities operation and maintenance	—	67.00	67.00	—	67.00	67.00	Indonesia
POSCO INTERNATIONAL MYANMAR CO.,LTD.	Trading business	—	100.00	100.00	—	100.00	100.00	Myanmar
POSCO-Italy Processing Center	Stainless steel sheet manufacturing and sales	88.89	11.11	100.00	88.89	11.11	100.00	Italy
Myanmar POSCO C&C Company,Limited.	Steel manufacturing and sales	—	70.00	70.00	—	70.00	70.00	Myanmar
POSCO ICT VIETNAM	IT service and electric control engineering	—	100.00	100.00	—	100.00	100.00	Vietnam



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:48 EST	271339 FIN 20	11*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

	Principal operations	Ownership (%)						Region
		December 31, 2020			December 31, 2021			
		POSCO HOLDINGS INC.	Subsidiaries	Total	POSCO HOLDINGS INC.	Subsidiaries	Total	
[Foreign]								
POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE.LTD. (formerly, Daewoo Global Development. Pte., Ltd)	Real estate development	—	75.00	75.00	—	75.00	75.00	Singapore
Myanmar POSCO Engineering & Construction Company, Limited.	Construction and engineering service	—	100.00	100.00	—	100.00	100.00	Myanmar
POS-Minerals Corporation	Mine development management and sales	—	100.00	100.00	—	100.00	100.00	USA
POSCO(Wuhu) Automotive Processing Center Co., Ltd.	Steel manufacturing and sales	68.57	31.43	100.00	68.57	31.43	100.00	China
POSCO Engineering and Construction India Private Limited	Civil engineering and construction	—	100.00	100.00	—	100.00	100.00	India
POSCO COATED STEEL (THAILAND) CO., LTD.	Vehicle steel manufacturing and sales	100.00	—	100.00	100.00	—	100.00	Thailand
POSCO INTERNATIONAL AMARA Co., Ltd.	Real estate development	—	85.00	85.00	—	85.00	85.00	Myanmar
POSMATE-CHINA CO., LTD	Business facility maintenance	—	100.00	100.00	—	100.00	100.00	China
POSCO-Mexico Villagran Wire-rod Processing Center	Steel manufacturing and sales	56.75	10.00	66.75	56.75	10.00	66.75	Mexico
POSCO ChengDu Processing Center	Steel manufacturing and sales	33.00	10.00	43.00	33.00	10.00	43.00	China
POSCO(Suzhou) Steel Processing Center CO., LTD.	Steel manufacturing and sales	30.00	70.00	100.00	30.00	70.00	100.00	China
POSCO E&C SMART S DE RL DE CV	Civil engineering and construction	—	100.00	100.00	—	100.00	100.00	Mexico
POSCO Philippine Manila Processing Center, Inc.	Steel manufacturing and sales	100.00	—	100.00	100.00	—	100.00	Philippines
POSCO E&C HOLDINGS CO.,Ltd.	Holding company	—	100.00	100.00	—	100.00	100.00	Thailand
POSCO INTERNATIONAL POWER (PNGLAE) LTD.	Electricity production	—	100.00	100.00	—	100.00	100.00	Papua New Guinea
PT.Krakatau Posco Social Enterprise	Social enterprise	—	100.00	100.00	—	100.00	100.00	Indonesia
Ventanas Philippines Construction Inc	Construction	—	100.00	100.00	—	100.00	100.00	Philippines
SANPU TRADING Co., Ltd.	Raw material trading	—	70.04	70.04	—	70.04	70.04	China



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:26 EST	271339 FIN 21	10*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

		Ownership (%)						Region
		December 31, 2020			December 31, 2021			
		POSCO HOLDINGS INC.	Subsidiaries	Total	POSCO HOLDINGS INC.	Subsidiaries	Total	
Principal operations								
[Foreign]								
Zhangjiagang BLZ Pohang International Trading	Steel Intermediate trade	—	100.00	100.00	—	100.00	100.00	China
POSCO RU Limited Liability Company	Trade and business development	100.00	—	100.00	100.00	—	100.00	Russia
GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	Rice processing	—	60.00	60.00	—	60.00	60.00	Myanmar
POSCO ICT-China CO.,LTD	IT service and DVR business	—	100.00	100.00	—	100.00	100.00	China
Pos-Sea Pte Ltd	Steel Intermediate trade	—	100.00	100.00	—	100.00	100.00	Singapore
POSCO Europe Steel Distribution Center	Logistics & Steel sales	50.00	20.00	70.00	50.00	20.00	70.00	Slovenia
POSCO ENGINEERING (THAILAND) CO., LTD.	Construction and engineering service	—	100.00	100.00	—	100.00	100.00	Thailand
POSCO VST CO., LTD.	Stainless steel sheet manufacturing and sales	95.65	—	95.65	95.65	—	95.65	Vietnam
POSCO INTERNATIONAL UKRAINE, LLC.	Grain sales	—	100.00	100.00	—	100.00	100.00	Ukraine
Zhangjiagang Pohang Refractories Co., Ltd.	Refractory materials sales & furnace maintenance	—	51.00	51.00	—	51.00	51.00	China
POSCO Maharashtra Steel Private Limited	Steel manufacturing and sales	100.00	—	100.00	100.00	—	100.00	India
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	Steel manufacturing and sales	93.34	1.98	95.32	93.34	1.98	95.32	India
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	Steel manufacturing and sales	100.00	—	100.00	100.00	—	100.00	Turkey
POSCO Vietnam Processing Center. Co.,Ltd	Steel manufacturing and sales	83.54	5.29	88.83	94.05	5.95	100.00	Vietnam
POSCO(Liaoning) Automotive Processing Center Co., Ltd.	Steel manufacturing and sales	90.00	10.00	100.00	90.00	10.00	100.00	China
POSCO-Indonesia Jakarta Processing Center	Steel manufacturing and sales	70.51	21.69	92.20	70.51	21.69	92.20	Indonesia
PT.MRI	Mine development	65.00	—	65.00	65.00	—	65.00	Indonesia
POSCO TMC INDIA PRIVATE LIMITED	Steel manufacturing and sales	—	100.00	100.00	—	100.00	100.00	India
POSCO AMERICA ALABAMA PROCESSING CENTER CO., LTD.	Steel manufacturing and sales	—	97.80	97.80	—	97.80	97.80	USA
POSCO(Yantai) Automotive Processing Center Co., Ltd.	Steel manufacturing and sales	90.00	10.00	100.00	90.00	10.00	100.00	China



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:27 EST	271339 FIN 22	11*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

		Ownership (%)						Region
		December 31, 2020			December 31, 2021			
		POSCO HOLDINGS INC.	Subsidiaries	Total	POSCO HOLDINGS INC.	Subsidiaries	Total	
	Principal operations							
[Foreign]								
POSCO India Steel Distribution Center Private Ltd.	Steel logistics	—	100.00	100.00	—	100.00	100.00	India
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY (formerly, POSCO SS VINA JOINT STOCK COMPANY)	Steel manufacturing and sales	51.00	—	51.00	51.00	—	51.00	Vietnam
PT.POSCO ICT INDONESIA	IT service and electric control engineering	—	66.99	66.99	—	66.99	66.99	Indonesia
POSCO NCR Coal Ltd.	Coal sales	—	100.00	100.00	—	100.00	100.00	Canada
POSCO WA PTY LTD	Iron ore sales & mine development	100.00	—	100.00	100.00	—	100.00	Australia
POSCO AUSTRALIA GP PTY LIMITED	Resource development	—	100.00	100.00	—	100.00	100.00	Australia
PT. KRAKATAU POSCO ENERGY	Electricity production construction and operation	—	90.00	90.00	—	90.00	90.00	Indonesia
POSCO INTERNATIONAL AMERICA CORP.	Trading business	—	100.00	100.00	—	100.00	100.00	USA
POSCO INTERNATIONAL Deutschland GMBH	Trading business	—	100.00	100.00	—	100.00	100.00	Germany
POSCO INTERNATIONAL JAPAN CORP.	Trading business	—	100.00	100.00	—	100.00	100.00	Japan
POSCO INTERNATIONAL SINGAPORE PTE. LTD.	Trading business	—	100.00	100.00	—	100.00	100.00	Singapore
POSCO INTERNATIONAL ITALIA S.R.L.	Trading business	—	100.00	100.00	—	100.00	100.00	Italy
POSCO INTERNATIONAL (CHINA) CO., LTD	Trading business	—	100.00	100.00	—	100.00	100.00	China
POSCO INTERNATIONAL TEXTILE LLC.	Textile manufacturing	—	100.00	100.00	—	100.00	100.00	Uzbekistan
POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD.	Resource development	—	100.00	100.00	—	100.00	100.00	Australia
POSCO MAURITIUS LIMITED	Coal development and sales	—	100.00	100.00	—	100.00	100.00	Mauritius
PT. KRAKATAU POSCO	Steel manufacturing and sales	70.00	—	70.00	70.00	—	70.00	Indonesia
POSCO INTERNATIONAL MEXICO, S.A de C.V.	Trading business	—	100.00	100.00	—	100.00	100.00	Mexico



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 19:28 EST	271339 FIN 23	11*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

		Ownership (%)						Region
		December 31, 2020			December 31, 2021			
		POSCO HOLDINGS INC.	Subsidiaries	Total	POSCO HOLDINGS INC.	Subsidiaries	Total	
Principal operations								
[Foreign]								
POSCO INTERNATIONAL MALAYSIA SDN BHD	Trading business	—	100.00	100.00	—	100.00	100.00	Malaysia
PT.POSCO INDONESIA INTI	Consulting	100.00	—	100.00	100.00	—	100.00	Indonesia
POSCO INTERNATIONAL SHANGHAI CO., LTD.	Trading business	—	100.00	100.00	—	100.00	100.00	China
PGSF, L.P.	Investment in bio tech Industry	—	100.00	100.00	—	100.00	100.00	USA
POSCO INTERNATIONAL INDIA PVT. LTD	Trading business	—	100.00	100.00	—	100.00	100.00	India
POSCO(Dalian) IT Center Development Co., Ltd.	Real estate development and investment	—	100.00	100.00	—	100.00	100.00	China
PT. POSCO E&C INDONESIA	Civil engineering and construction	—	100.00	100.00	—	100.00	100.00	Indonesia
HUME COAL PTY LTD	Raw material manufacturing	—	100.00	100.00	—	100.00	100.00	Australia
Brazil Sao Paulo Steel Processing Center	Steel manufacturing and sales	—	76.00	76.00	—	76.00	76.00	Brazil
POSCO ENGINEERING & CONSTRUCTION DO BRAZIL LTDA.	Construction	—	100.00	100.00	—	100.00	100.00	Brazil
POSCO ASSAN TST STEEL INDUSTRY	Steel manufacturing and sales	60.00	10.00	70.00	60.00	10.00	70.00	Turkey
HONG KONG POSCO E&C (CHINA) INVESTMENT Co., Ltd.	Real estate development and investment	—	100.00	100.00	—	100.00	100.00	Hongkong
JB CLARK HILLS	Apartment construction	—	70.00	70.00	—	70.00	70.00	Philippines
POS-LT Pty Ltd	Lithium mining investment	—	100.00	100.00	—	100.00	100.00	Australia
ZHEJIANG POSCO-HUAYOU ESM CO., LTD	Anode material manufacturing	60.00	—	60.00	60.00	—	60.00	China
POSCO Argentina S.A.U.	Mineral exploration/manufacturing/sales	100.00	—	100.00	100.00	—	100.00	Argentina
GRAIN TERMINAL HOLDING PTE. LTD.	Trading business	—	75.00	75.00	—	75.00	75.00	Singapore
Mykolaiv Milling Works PJSC.	Grain trading	—	100.00	100.00	—	100.00	100.00	Ukraine
Yuzhnaya Stevedoring Company Limited LLC.	Cargo handling	—	100.00	100.00	—	100.00	100.00	Ukraine
Posco International (Thailand) Co., Ltd.	Trade	—	100.00	100.00	—	100.00	100.00	Thailand
PT POSCO INTERNATIONAL INDONESIA	Trade	—	100.00	100.00	—	100.00	100.00	Indonesia



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-577 22.3.29.0	LSWvijap0dc	19-Apr-2022 18:20 EST	271339 FIN 24	12*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

		Ownership (%)						Region	
		December 31, 2020			December 31, 2021				
		Principal operations	POSCO HOLDINGS	Subsidiaries	Total	POSCO HOLDINGS	Subsidiaries		Total
			INC.			INC.			
[Foreign]									
PEC POWERCON SDN. BHD.	Construction and engineering service	—	100.00	100.00	—	100.00	100.00	Malaysia	
POSCO CHEMICAL Free Zone Enterprise	Refractory Construction	—	100.00	100.00	—	100.00	100.00	Nigeria	
Poland Legnica Sourcing Center Sp. z o.o	Non-ferrous metal Smelting	—	—	—	100.00	—	100.00	Poland	
POSCO INTERNATIONAL E&P MALAYSIA SDN. BHD.	Extraction of Crude petroleum and Natural gas	—	—	—	—	100.00	100.00	Malaysia	
AGPA PTE. LTD.	Holding company	—	—	—	—	100.00	100.00	Singapore	
POSCO AMERICA COMERCIALIZADORA S DE RL DE CV	Workforce services	—	100.00	100.00	—	—	—	Mexico	
POSCO(Guangdong) Automotive Steel Co., Ltd.	Vehicle steel manufacturing and sales	83.64	10.00	93.64	—	—	—	China	
POSCO E&C Mongolia	Construction and engineering service	—	100.00	100.00	—	—	—	Mongolia	
POSCO INTERNATIONAL POWER (PNGPOM) LTD.	Electricity production	—	100.00	100.00	—	—	—	Papua New Guinea	
DAESAN (CAMBODIA) Co., Ltd.	Real estate development and investment	—	100.00	100.00	—	—	—	Cambodia	

The controlling company's interests in the subsidiaries decreased by ₩27,716 million (POSCO Thainox Public Company Limited and others) and increased by ₩83,547 million (POSCO CHEMICAL CO., LTD and others) in 2020 and 2021, respectively, as a result of changes in the Company's ownership investment in subsidiaries that did not result in a loss of control.

POSCO HOLDINGS INC. received dividends of ₩93,674 million and ₩133,125 million from its subsidiaries in aggregate in 2020 and 2021, respectively.

As of December 31, 2021, there are no restrictions on the ability of subsidiaries to transfer funds to the controlling company, such as in the form of cash dividends, repayment of loans or payment of advances.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(c) Details of non-controlling interest as of and for the years ended December 31, 2019, 2020 and 2021 are as follows:

1) December 31, 2019

(in millions of Won)	POSCO INTERNATIONAL Corporation	PT. KRAKATAU POSCO	POSCO CHEMICAL CO., LTD	POSCO ENGINEERING & CONSTRUCTION CO., LTD.	POSCO ICT	Others	Total
Current assets	₩ 4,396,683	520,057	624,017	4,242,954	441,208	8,062,428	18,287,347
Non-current assets	4,186,197	2,723,254	1,050,406	1,808,919	210,037	4,740,887	14,719,700
Current liabilities	(3,013,269)	(1,570,204)	(236,968)	(2,734,305)	(262,265)	(7,672,691)	(15,489,702)
Non-current liabilities	(2,087,769)	(1,590,810)	(462,361)	(786,191)	(38,836)	(2,095,797)	(7,061,764)
Equity	3,481,842	82,297	975,094	2,531,377	350,144	3,034,827	10,455,581
Non-controlling interests	1,290,600	24,689	377,770	1,194,833	121,213	1,124,381	4,133,486
Sales	22,745,239	1,906,302	1,434,507	7,625,389	925,551	22,975,605	57,612,593
Profit (loss) for the period	199,721	(146,975)	94,481	330,298	32,954	(587,146)	(76,667)
Profit (loss) attributable to non-controlling interests	74,030	(44,093)	36,604	155,904	11,408	(89,676)	144,177
Cash flows from operating activities	580,372	61,398	22,794	24,636	21,571	(16,324)	694,447
Cash flows from investing activities	(40,264)	(7,173)	(111,996)	(6,620)	(2,129)	31,057	(137,125)
Cash flows from financing activities (before dividends to non-controlling interest)	(502,801)	(53,890)	134,609	(25,448)	(336)	(4,295)	(452,161)
Dividends to non-controlling interest	(27,432)	—	(9,451)	(9,867)	(2,628)	(11,079)	(60,457)
Effect of exchange rate fluctuation on cash held	1,736	25	(7)	1,401	(47)	3,931	7,039
Net increase (decrease) in cash and cash equivalents	11,611	360	35,949	(15,898)	16,431	3,290	51,743



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-DPF-690 22.3.29.0	LSWjeyav0dc	21-Apr-2022 11:40 EST	271339 FIN 26	14*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) December 31, 2020

(in millions of Won)	POSCO INTERNATIONAL Corporation	PT. KRAKATAU POSCO	POSCO CHEMICAL CO., LTD.	POSCO ENGINEERING & CONSTRUCTION CO., LTD.	POSCO ICT	Others	Total
Current assets	₩ 3,992,996	503,633	774,817	4,614,481	465,158	7,207,141	17,558,226
Non-current assets	3,410,528	2,366,359	1,229,349	1,823,229	187,415	4,789,484	13,806,364
Current liabilities	(2,649,187)	(1,722,805)	(203,443)	(2,933,668)	(278,335)	(6,354,111)	(14,141,549)
Non-current liabilities	(1,816,160)	(1,235,948)	(833,857)	(978,672)	(24,132)	(1,727,139)	(6,615,908)
Equity	2,938,177	(88,761)	966,866	2,525,370	350,106	3,915,375	10,607,133
Non-controlling interests	1,089,082	(26,628)	374,582	1,191,998	121,200	1,330,280	4,080,514
Sales	19,230,652	1,691,310	1,524,146	6,943,725	935,958	21,059,978	51,385,769
Profit (loss) for the period	173,155	(179,403)	29,720	315,139	8,961	(44,660)	302,912
Profit (loss) attributable to non-controlling interests	64,183	(53,821)	11,514	148,748	3,102	(19,899)	153,827
Cash flows from operating activities	324,822	62,276	11,021	451,803	21,403	123,108	994,433
Cash flows from investing activities	(38,535)	212	(162,861)	(398,937)	(4,841)	(93,565)	(698,527)
Cash flows from financing activities (before dividends to non-controlling interest)	(99,765)	(45,207)	122,736	9,475	(302)	(192,311)	(205,374)
Dividends to non-controlling interest	(32,004)	—	(9,451)	(9,867)	(2,628)	(6,102)	(60,052)
Effect of exchange rate fluctuation on cash held	(2,425)	(1,421)	(398)	(2,220)	(74)	702	(5,836)
Net increase (decrease) in cash and cash equivalents	152,093	15,860	(38,953)	50,254	13,558	(168,168)	24,644

3) December 31, 2021

(in millions of Won)	POSCO INTERNATIONAL Corporation	PT. KRAKATAU POSCO	POSCO CHEMICAL CO., LTD.	POSCO ENGINEERING & CONSTRUCTION CO., LTD.	POSCO ICT	Others	Total
Current assets	₩ 5,952,771	968,129	2,071,307	5,221,691	423,422	9,496,214	24,133,534
Non-current assets	3,322,590	2,388,139	1,708,558	1,929,362	185,508	4,772,409	14,306,566
Current liabilities	(4,537,785)	(1,155,003)	(604,333)	(3,100,971)	(263,794)	(7,918,852)	(17,580,738)
Non-current liabilities	(1,666,455)	(1,778,668)	(835,222)	(1,306,648)	(10,051)	(1,706,779)	(7,303,823)
Equity	3,071,121	422,597	2,340,310	2,743,434	335,085	4,642,992	13,555,539
Non-controlling interests	1,138,360	126,779	942,660	1,294,925	116,000	1,542,960	5,161,684
Sales	30,545,740	2,694,601	1,939,524	6,693,933	832,127	28,538,963	71,244,888
Profit (loss) for the period	223,845	500,801	128,960	266,821	(18,802)	690,197	1,791,822
Profit (loss) attributable to non-controlling interests	82,972	150,240	51,944	125,942	(6,509)	189,590	594,179
Cash flows from operating activities	(235,359)	151,393	36,745	113,021	(18,494)	130,828	178,134
Cash flows from investing activities	(91,619)	(4,022)	(639,965)	(243,463)	(17,309)	(86,585)	(1,082,963)
Cash flows from financing activities (before dividends to non-controlling interest)	279,529	(81,187)	595,521	36,359	(226)	9,604	839,600
Dividend to non-controlling interest	(32,004)	—	(7,370)	(9,867)	(2,628)	(7,671)	(59,540)
Effect of exchange rate fluctuation on cash held	1,937	3,916	6	3,048	3	6,216	15,126
Net increase (decrease) in cash and cash equivalents	(77,516)	70,100	(15,063)	(100,902)	(38,654)	52,392	(109,643)



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POSCO HOLDINGS INC.	Donnelley Financial	V01-W10-LPF-076 22.3.29.0	LSWmanirOdc	19-Apr-2022 18:15 EST	271339 FIN 27	7*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(d) Details of associates and joint ventures

1) Associates

Details of associates as of December 31, 2020 and 2021 are as follows:

Investee	Category of business	Ownership (%)		Region
		2020	2021	
[Domestic]				
New Songdo International City Development, LLC	Real estate rental	29.90	29.90	Incheon
Gale International Korea, LLC	Real estate rental	29.90	29.90	Incheon
SNNC	Raw material manufacturing and sales	49.00	49.00	Gwangyang
KONES, Corp.	Technical service	26.72	26.72	Gyeongju
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	Real estate development	29.53	29.53	Chungju
DAEHO GLOBAL MANAGEMENT CO., LTD.	Investment advisory service	35.82	35.82	Pohang
Mokpo Deayang Industrial Corporation	Real estate development and rental	27.40	27.40	Mokpo
Gunggi Green Energy(*1)	Electricity generation	19.00	19.00	Hwaseong
Pohang Special Welding Co.,Ltd.	Welding material and tools manufacturing and sales	50.00	50.00	Pohang
KoFC POSCO HANWHA KB Shared Growth NO. 2. Private Equity Fund(*3)	Investment in new technologies	12.50	—	Seoul
EQP POSCO Global NO1 Natural Resources Private Equity Fund	Investment in new technologies	36.34	42.82	Seoul
KC Chemicals CORP.(*1)	Machinery manufacturing	19.00	19.00	Hwaseong
POSTECH Social Enterprise Fund(*1)	Investment in new technologies	9.17	9.17	Seoul
QSONE Co.,Ltd.	Real estate rental and facility management	50.00	50.00	Seoul
Chun-cheon Energy Co., Ltd	Electricity generation	49.10	49.10	Chuncheon
Keystone NO.1 Private Equity Fund(*3)	Private equity financial	52.58	—	Seoul
Noeul Green Energy(*1)	Electricity generation	10.00	10.00	Seoul
Posco-IDV Growth Ladder IP Fund(*1)	Investment in new technologies	17.86	17.86	Seoul
Daesung Steel(*1)	Steel sales	17.54	17.54	Busan
Pohang E&E Co., LTD	Investment in waste energy	30.00	30.00	Pohang
POSCO Energy Valley Fund	Investment in new technologies	20.00	20.00	Pohang
Hyundai Invest Guggenheim CLO Qualified Private Special Asset Trust No.2	Investment in new technologies	38.45	38.47	Seoul
Posco Agri-Food Export Fund	Investment in new technologies	30.00	30.00	Seoul
Posco Culture Contents Fund	Investment in new technologies	31.67	31.67	Seoul
PCC_Centroid 1st Fund(*3)	Investment in new technologies	24.10	—	Seoul
PCC Amberstone Private Equity Fund 1(*1)	Investment in new technologies	8.80	8.80	Seoul
UITrans LRT Co., Ltd.	Transporting	38.19	38.19	Seoul
POSCO Advanced Technical Staff Fund(*1)	Investment in new technologies	15.87	15.87	Seoul
POSCO 4th Industrial Revolution Fund	Investment in new technologies	20.00	20.00	Seoul
Pureun Tongyeong Enviro Co., Ltd.	Sewerage treatment	20.40	20.40	Tongyeong
Pure Gimpo Co., Ltd.	Construction	28.79	28.79	Gimpo
Posgreen Co., Ltd.(*1)	Lime and plaster manufacturing	19.00	19.00	Gwangyang
Clean Iksan Co., Ltd.	Construction	23.50	23.50	Iksan
Innovalley Co., Ltd.	Real estate development	28.77	28.77	Yongin
BLUE OCEAN Private Equity Fund	Private equity financial	27.52	27.52	Seoul
Western Inland highway CO.,LTD.	Construction	29.82	20.39	Incheon
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway co., ltd.)(*5)	Investment in Expressway	21.27	23.27	Incheon
INNOPOLIS Job Creation Fund II(*1)	Investment in new technologies	6.13	6.13	Seoul



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POSCO HOLDINGS INC.
FORM 20-F

Donnelley Financial
None

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

Investee	Category of business	Ownership (%)		Region
		2020	2021	
[Domestic]				
Samcheok Blue Power Co.,Ltd.	Generation of electricity	34.00	34.00	Samcheok
INKOTECH, INC.(*1)	Electricity generation and sales	10.00	10.00	Seoul
PCC Social Enterprise Fund II(*1)	Investment in new technologies business	16.67	16.67	Seoul
PCC Amberstone Private Equity Fund II(*1) ...	Private equity trust	19.91	19.91	Seoul
NEXTRAIN Co.,Ltd(*4)	Service maintenance and management	21.26	—	Incheon
TK CHEMICAL CORPORATION(*4)	Chemical	5.01	—	Daegu
PCC-Conar No.1 Fund(*1)	Investment in new technologies business	13.64	14.68	Pohang
HYOCHUN Co., Ltd(*1)	Screen door operation and other	18.00	18.00	Seoul
RPSD Project Co., Ltd	Real estate development	29.00	29.00	Incheon
PCC EV Fund(*1)	Investment in new technologies business	18.18	18.18	Pohang
IBKC-PCC 1st Fund(*1)	Investment in new technologies business	18.18	18.18	Pohang
2019 PCC Materials and Parts Fund(*1)	Investment in new technologies business	8.70	8.70	Pohang
Shinahn wind Power generation(*4)	Electric, gas, steam	19.00	—	Suwon
2019 PCC New technology Fund(*3)	Investment in new technologies business	4.76	—	Pohang
PCC-Woori LP secondary Fund(*1)	Investment in new technologies business	18.85	18.85	Pohang
KPGE Inc.	Wholesales and retail, generator material, trade	25.00	25.00	Busan
CURO CO.,LTD.(*1)	Manufacturing, construction	0.54	0.54	Ulsan
The Blue Gimpo Co., Ltd.(*4)	Construction and engineering service	33.33	—	Incheon
Link City PFV Inc.	Contruction, housing construction and sales	44.00	44.00	Uijeongbu
BNH-POSCO Bio Healthcare Fund(*1)	Investment in new technologies business	18.14	18.14	Pohang
PCC-BM Project Fund(*1)	Investment in new technologies business	8.77	8.77	Pohang
Energy Innovation Fund I(*1)	Investment in new technologies business	10.11	10.11	Pohang
ConsusPSdevelopment Professional Private Real Estate Fund	Real estate development	50.00	50.00	Seoul
POSTECH Holdings 4th Fund	Private Investment Association	40.00	40.00	Pohang
SNU STH IP Fund	Private Investment Association	33.33	33.33	Seoul
PCC-BM Project Fund 2(*1)	Investment in new technologies business	13.70	13.70	Pohang
G&G Technology Innovation Fund No.1(*1) ...	Investment in new technologies business	13.97	13.97	Seongnam
NPX-PCC Edutech Fund(*1)	Investment in new technologies business	19.96	19.96	Pohang
C&-PCC I Fund(*1)	Investment in new technologies business	0.68	0.68	Pohang
2020 POSCO-MOORIM Bio New Technology Fund(*1)	Investment in new technologies business	5.00	5.00	Pohang
PCC-KAI Secondary I Fund(*1)	Investment in new technologies business	19.12	19.12	Seoul
Human Eco-Land Co., Ltd.(*2)	Sewage facilities management	—	27.95	Ansan
2021 PCC Bio New Technology Fund(*1,2)	Investment in new technologies	—	5.45	Pohang
Consus BG Private Real Estate Fund No.2(*2)	Real estate development	—	50.00	Seoul
Consus OS Private Real Estate Fund(*2)	Real estate development	—	50.00	Seoul
Consus NewDeal Infra Development Specialized Private Special Asset Investment Trust 1(*2)	Investment Association	—	40.00	Seoul
Hybrid ESG Secondary Fund No.1(*1,2)	Investment Association	—	18.27	Pohang
[Foreign]				
VSC POSCO Steel Corporation	Steel processing and sales	50.00	50.00	Vietnam
POSCHROME (PROPRIETARY) LIMITED	Raw material manufacturing and sales	50.00	50.00	South Africa
CAML RESOURCES PTY LTD	Raw material manufacturing and sales	33.34	33.34	Australia New
Nickel Mining Company SAS	Raw material manufacturing and sales	49.00	49.00	Caledonia
PT. Wampu Electric Power	Construction and civil engineering	20.00	20.00	Indonesia
POSK(Pinghu) Steel Processing Center Co., Ltd.	Steel processing and sales	20.00	20.00	China
PT.INDONESIA POS CHEMTECH CHOSUN Ref	Refractory manufacturing and sales	30.19	30.19	Indonesia



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

Investee	Category of business	Ownership (%)		Region
		2020	2021	
[Foreign]				
NS-Thainox Auto Co., Ltd.	Steel manufacturing and sales	49.00	49.00	Thailand
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	Tinplate manufacturing and sales	34.00	34.00	China
PT. Tanggamus Electric Power(*1)	Construction and civil engineering	17.50	17.50	Indonesia
LLP POSUK Titanium	Titanium manufacturing and sales	35.30	35.30	Kazakhstan
LI3 ENERGY INC(*4)	Resource development	26.06	—	Peru
IMFA ALLOYS FINLEASE LTD	Raw material manufacturing and sales	24.00	24.00	India
KRAKATAU POS-CHEM DONG-SUH CHEMICAL(*1)	Chemical by-product manufacturing and sales	19.00	19.00	Indonesia
9404-5515 Quebec Inc.(*1)	Investments management	10.40	10.40	Canada
Hamparan Mulya	Resource development	45.00	45.00	Indonesia
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd. ...	Steel manufacturing and sales	25.00	25.00	China
Eureka Moly LLC	Raw material manufacturing and sales	20.00	20.00	USA
PT. Batutua Tembaga Raya(*4)	Raw material manufacturing and sales	22.00	—	Indonesia
KIRIN VIETNAM CO., LTD(*1)	Panel manufacturing	19.00	19.00	Vietnam
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	Steel processing and sales	25.00	25.00	China
POS-SeAH Steel Wire (Thailand) Co., Ltd.	Steel manufacturing and sales	25.00	25.00	Thailand
Jupiter Mines Limited(*1)	Resource development	6.89	6.89	Australia
SAMHWAN VINA CO., LTD(*1)	Steel manufacturing and sales	19.00	19.00	Vietnam
Saudi-Korean Company for Maintenance Properties Management LLC(*1)	Building management	19.00	19.00	Saudi Arabia
NCR LLC	Coal sales	29.40	22.10	Canada
AMCI (WA) PTY LTD	Iron ore sales & mine development	49.00	49.00	Australia
SHANGHAI LANSHENG DAEWOO CORP. ...	Trading	49.00	49.00	China
SHANGHAI WAIGAOQIAO FREE TRADE ZONE LANSHENG DAEWOO IN'L TRADING CO., LTD.	Trading	49.00	49.00	China
General Medicines Company Ltd.	Medicine manufacturing and sales	33.00	33.00	Sudan
KOREA LNG LTD.	Gas production and sales	20.00	20.00	England
AES-VCM Mong Duong Power Company Limited	Electricity generation	30.00	30.00	Vietnam
South-East Asia Gas Pipeline Company Ltd. ...	Pipeline construction and management	25.04	25.04	Myanmar
GLOBAL KOMSCO Daewoo LLC	Cotton celluloid manufacturing and sales	35.00	35.00	Uzbekistan
POSCO-Poggenamp Electrical Steel Pvt. Ltd.	Steel processing and sales	26.00	26.00	India
Qingdao Pohang DGENX Stainless SteelPipeCo., Ltd	Exhaust meter manufacturing	40.00	40.00	China
SHINPOONG DAEWOO PHARMA VIETNAM CO.,LTD(*1)	Medicine production	3.42	3.42	Vietnam
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	Cathode material Production	40.00	40.00	China
MONG DUONG FINANCE HOLDINGS B.V. ...	Financial Holdings	30.00	30.00	Netherlands
FQM Australia Holdings Pty Ltd(*2)	Non-ferrous metal Mining	—	30.00	Australia
Qingdao ZhongShou New Energy Technology Co.,Ltd (*1,2)	Artificial Graphite manufacturing	—	19.09	China
Black Rock Mining LTD(*1,2)	Mining	—	14.81	Australia

(*1) The Company has less than 20% of the voting rights; however, the Company has determined that it has significant influence because it has meaningful representation on the board of the investee.

(*2) During the year ended December 31, 2021, the entity was newly classified to associates.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (*3) During the year ended December 31, 2021, the entity was excluded from associates due to liquidation.
- (*4) During the year ended December 31, 2021, the entity was excluded from associates due to sale of interest, etc.
- (*5) During the year ended December 31, 2021, Metropolitan Outer Ring Expressway co., Ltd. changed its name to Pocheon-Hwado Highway Corp.

2) Joint ventures

Details of joint ventures as of December 31, 2020 and 2021 are as follows:

Investee	Category of business	Ownership (%)		Region
		2020	2021	
[Domestic]				
POSCO MITSUBISHI CARBON TECHNOLOGY	Steel processing and sales	60.00	60.00	Gwangyang
POSCO-SGI Falcon Pharmaceutic Bio Secondary Fund 1(*1)	Investment in new technologies	25.00	—	Seoul
POSCO-KB Shipbuilding Restructuring Fund ..	Investment in new technologies	18.75	18.75	Seoul
POSCO-NSC Venture Fund	Investment in new technologies	16.67	16.67	Seoul
PoscoPlutus Project 3rd Project fund	Investment in new technologies	5.96	5.96	Seoul
PCC Bio 2nd Fund	Investment in new technologies	19.72	19.72	Seoul
PCC Material 3rd Fund(*1)	Investment in new technologies	2.38	—	Seoul
Union PCC Portfolio Fund	Investment in new technologies	14.12	14.12	Seoul
[Foreign]				
KOBRASCO	Steel materials manufacturing and sales	50.00	50.00	Brazil
PT. POSMI Steel Indonesia	Steel processing and sales	36.69	36.69	Indonesia
CSP—Compania Siderurgica do Pecem	Steel manufacturing and sales	20.00	20.00	Brazil
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	Steel processing and sales	25.00	25.00	China
POSCO-SAMSUNG-Slovakia Processing Center	Steel processing and sales	30.00	30.00	Slovakia
YULCHON MEXICO S.A. DE C.V.	Tube for automobile manufacturing	11.85	11.85	Mexico
Hyunson Engineering & Construction				
HYENCO	Construction	4.89	4.89	Algeria
POSCO E&C Saudi Arabia	Civil engineering and construction	40.00	40.00	Saudi Arabia
Pos-Austem Suzhou Automotive Co., Ltd	Automotive parts manufacturing	19.90	19.90	China
POS-InfraAuto (Suzhou) Co., Ltd	Automotive parts manufacturing	16.20	16.20	China
POS-AUSTEM YANTAI AUTOMOTIVE CO., LTD	Automotive parts manufacturing	11.10	11.10	China
POS-AUSTEM WUHAN AUTOMOTIVE CO., LTD	Automotive parts manufacturing	7.43	7.43	China
Kwanika Copper Corporation	Energy & resource development	34.04	34.04	Canada
DMSA/AMSA	Energy & resource development	4.27	3.89	Madagascar
Roy Hill Holdings Pty Ltd	Energy & resource development	12.50	12.50	Australia
POSCO-NPS Niobium LLC	Mine development	50.00	50.00	USA
HBIS-POSCO Automotive Steel Co., Ltd(*2) ...	Steel manufacturing and sales	—	50.00	China
POSCO(Guangdong) Automotive Steel Co., Ltd.(*2)	Vehicle steel manufacturing and sales	—	10.00	China

- (*1) Excluded from joint ventures due to liquidation during the year ended December 31, 2021.
- (*2) During the year ended December 31, 2021, the entity was newly classified to joint ventures.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(e) Newly included subsidiaries

Consolidated subsidiaries acquired or newly established during the year ended December 31, 2021 are as follows:

Company	Date of addition	Ownership (%)	Reason
Poland Legnica Sourcing Center Sp. z o.o . . .	February 2021	100.00	New establishment
POSCO Lithium Solution Co., Ltd.	April 2021	100.00	New establishment
POSCO-HY Clean Metal Co., Ltd.	May 2021	65.00	New establishment
Consus Pf private Real Estate Fund	October 2021	66.67	New establishment
New Energy Hub	October 2021	100.00	New establishment
POSCO INTERNATIONAL E&P MALAYSIA SDN.BHD.	November 2021	100.00	New establishment
Posco Busan Newdeal Fund	December 2021	32.00	New establishment
AGPA PTE. LTD.	December 2021	100.00	New establishment
Shinan Green Energy Co., LTD	December 2021	54.53	Acquisition of control

(f) Loss of controls

Subsidiaries for which the Company has lost control during the year ended December 31, 2021 are as follows:

Company	Date of exclusion	Reason
POSCO E&C Mongolia	January 2021	Liquidation
Suncheon Eco Trans Co. Ltd	May 2021	Loss of Control due to filing for bankruptcy
POSCO AMERICA COMERCIALIZADORA S DE RL DE CV	July 2021	Merged into POSCO INTERNATIONAL MEXICO S.A. de C.V
DAESAN (CAMBODIA) Co., Ltd.	October 2021	Liquidation
POSCO(Guangdong) Automotive Steel Co., Ltd.	December 2021	Loss of Control due to contributing interests into HBIS-POSCO Automotive Steel Co. Ltd
POSCO INTERNATIONAL POWER (PNGPOM) LTD.	December 2021	Liquidation

2. Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The consolidated financial statements were authorized for issue by management on April 28, 2022.

Basis of measurement

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

- Derivatives instruments measured at fair value
- Financial instruments measured at fair value through profit or loss
- Financial instruments measured at fair value through other comprehensive income
- Defined benefit liabilities measured at the present value of the defined benefit obligation less the fair value of the plan assets



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

Functional and presentation currency

The financial statements of POSCO HOLDINGS INC. and subsidiaries are prepared in functional currency of each operation. These consolidated financial statements are presented in Korean Won, the POSCO HOLDINGS INC.'s functional currency which is the currency of the primary economic environment in which POSCO HOLDINGS INC. operates.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with 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 prospectively.

(a) Judgments

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

- Note 1 - Subsidiaries, associates and joint ventures
- Note 11 - Investments in associates and joint ventures
- Note 12 - Joint operations

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in the following notes:

- Note 9 - Inventory
- Note 11 - Investments in associates and joint ventures
- Note 14 - Property, plant and equipment, net
- Note 15 - Goodwill and other intangible assets, net
- Note 20 - Provisions
- Note 21 - Employee benefits
- Note 23 - Financial instruments
- Note 29 - Revenue – contract balances
- Note 35 - Income taxes
- Note 38 - Commitments and contingencies



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(c) 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 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 liability, either directly or indirectly.
- Level 3 - inputs for the assets or liability 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.

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

- Note 23 - Financial instruments

Changes in Accounting Policies

Except for the standards and amendments applied for the first time for the reporting period beginning on January 1, 2021 described below, the accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements for all the periods presented.

- (a) 'Phase 2 Interest Rate Benchmark Reform'(IFRS No. 9 "Financial Instruments", IFRS No. 39 "Financial Instruments : Recognition and Measurement", IFRS No. 7 "Financial Instruments : Disclosures", IFRS No. 4 "Insurance Contracts" and IFRS No. 16 "Lease")

The Company has applied 'Phase 2 Interest Rate Benchmark Reform'(IFRS No. 9 "Financial Instruments", IAS No. 39 "Financial Instruments : Recognition and Measurement" , IFRS No. 7 "Financial Instruments : Disclosures" , IFRS No. 4 "Insurance Contracts" and IFRS No. 16 "Lease") for the first time for the reporting period commenced January 1, 2021. The Company has applied the amendments retrospectively.



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

However the Company did not restate the comparative financial statements for 2019 and 2020 according to the transitional provisions in the amendments and the adoption of the amendments did not have any impact on the beginning balance of retained earnings.

The Company reflects the changes in the basis for determining contractual cash flows of financial assets and financial liabilities as a result of interest rate benchmark reform by updating the effective interest rate.

A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

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

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

3. Summary of Significant Accounting Policies

The significant accounting policies applied by the Company in the preparation of its consolidated financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes in accounting policies disclosed in Note 2.

Basis of consolidation

(a) Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(b) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(d) Loss of control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(e) Interests in equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

Foreign currency transactions and translation

(a) Foreign currency transactions

Foreign currency transactions are initially recorded using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period end are recognized in profit or loss in the period in which they arise. When gains or losses on non-monetary items are recognized in other comprehensive income, exchange components of those gains or losses are recognized in other comprehensive income. Conversely, when gains or losses on non-monetary items are recognized in profit or loss, exchange components of those gains or losses are recognized in profit or loss.

(b) Foreign operations

If the presentation currency of the Company is different from a foreign operation's functional currency, the financial statements of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency using exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated to the presentation currency at the closing rate.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Cash and cash equivalents

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

Non-derivative financial assets

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instruments.



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

On initial recognition, a financial asset is classified as measured at amortized cost, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

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

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

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, gains and losses on foreign currency translation and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

Equity instruments measured at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and never reclassified to profit or loss.

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

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(e) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

(f) Offsetting a financial asset and a financial liability

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

Inventories

Inventory costs, except materials-in-transit in which costs are determined by using specific identification method, are determined by using the moving-weighted average method. The cost of inventories comprises all costs of purchase, conversion and other incurred in bringing the inventories to their present location and condition. The allocation of fixed production overheads to the costs of finished goods or work in progress are based on the normal capacity of the production facilities.

Inventories are measured at the lower of cost or net realizable value. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value is recognized as a reduction in the amount of inventories recognized as cost of goods sold in the period in which the reversal occurs.



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

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The carrying amount of those inventories sold is recognized as cost of goods sold in the period in which the related revenue is recognized.

Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. In order to be classified as held for sale, the assets or disposal groups must be available for immediate sale in their present condition and their sale must be highly probable. The assets or disposal groups that are classified as non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

The Company recognizes an impairment loss for any initial or subsequent write-down of an asset or disposal group to fair value less costs to sell, and a gain for any subsequent increase in fair value less costs to sell, up to the cumulative impairment loss previously recognized.

A non-current asset that is classified as held for sale or part of a disposal group classified as held for sale is not depreciated (or amortized).

Investment property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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



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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	5-50 years
Structures	4-50 years
Machinery and equipment	4-25 years
Vehicles	3-20 years
Tools	3-10 years
Furniture and fixtures	3-20 years
Lease assets	2-30 years
Bearer plants	20 years

The estimated residual value, useful lives and the depreciation method are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

Borrowing costs

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. Financial assets and inventories that are manufactured or otherwise produced over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. The Company immediately recognizes other borrowing costs as an expense. To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs



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eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

Intangible assets

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

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

Intellectual property rights	4-25 years
Development expense	3-5 years
Port facilities usage rights	4-75 years
Other intangible assets	2-15 years

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.



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Exploration for and evaluation of mineral resources

POSCO HOLDINGS INC. is engaged in exploration projects for mineral resources through subsidiaries, associates and joint ventures or other contractual arrangements. Expenditures related to the development of mineral resources are recognized as exploration or development intangible assets. The nature of these intangible assets are as follows:

(a) Exploration and evaluation assets

Exploration and evaluation assets consist of expenditures for topographical studies, geophysical studies and trenching. These assets are reclassified as development assets when it is proved that the exploration has identified commercially viable mineral deposit.

(b) Development assets

When proved reserves are determined and development is sanctioned, development expenditures incurred are capitalized. These expenditures include evaluation of oil fields, construction of oil/gas wells, drilling for viability and others. On completion of development and inception of extraction for commercial production of developed proved reserves, the development assets are reclassified as either property, plant and equipment or as intellectual property rights (mining rights) under intangible assets based on the nature of the capitalized expenditures.

The respective property, plant and equipment and intellectual property (mining rights) are each depreciated and amortized based on proved reserves on a unit of production basis.

Government grants

Government grants are not recognized unless there is reasonable assurance that the Company will comply with the grant's conditions and that the grant will be received.

(a) Grants related to assets

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

(b) Grants related to income

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

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for considerations.

1) As a lessee

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



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The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

Lease payments included in the measurement of the lease liability comprise the followings:

- fixed payments
- variable lease payments that depend on an index or a rate
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company's is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The lease liability is remeasured when there is:

- a revised in-substance fixed lease payment,
- a change in future lease payments arising from a change in an index or rate,
- a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or
- a change in the Company's assessment of whether it will exercise a purchase, extension or termination option

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



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

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

2) As a lessor

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

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company leases out its investment properties. The Company classifies these leases as operating leases.

The Company provides subleases certain leased vessels and others .

Impairment for financial assets

The Company recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost;
- debt instruments measured at fair value through other comprehensive income; and
- lease receivables, contractual assets, loan commitments, and financial guarantee contracts

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

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

(a) Judgments on credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.



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The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held). The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

(b) Measurement of expected credit losses

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

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls such as the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive.

Expected credit losses for financial assets measured at amortized cost are recognized in profit or loss. Loss allowances for financial assets measured at amortized cost are deducted from carrying amount of the assets. For debt instruments measured at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognized in other comprehensive income.

(c) Credit-impaired financial assets

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

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

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

(d) Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in entirety or a portion. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery based on continuous payments and extinct prescriptions. The



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Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment for non-financial assets

The carrying amounts of the Company's non-financial assets, other than assets arising from contract assets recognized in accordance with revenue from contracts with customers, employee benefits, inventories, deferred tax assets and non-current assets held for sale, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

Management estimates the recoverable amount of an individual asset. If it is impossible to measure the individual recoverable amount of an asset, then management estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company determined that individual operating entities are CGUs.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. The value-in-use is estimated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired. Any impairment identified at the CGU level will first reduce the carrying amount of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Derivative financial instruments, including hedge accounting

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized as describe below.

(a) Hedge accounting

The Company holds forward exchange contracts, currency swaps and commodity future contracts to manage foreign exchange risk and commodity fair value risk. The Company designated derivatives as



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hedging instruments to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

① Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the consolidated statement of comprehensive income.

The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

② Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

(b) Other derivatives

Changes in the fair value of a derivative that is not designated as a hedging instrument are recognized immediately in profit or loss.

Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Company recognizes financial liabilities in the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.



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

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

(b) Financial liabilities measured at amortized cost

Non-derivative financial liabilities other than financial liabilities measured at fair value through profit or loss are classified as financial liabilities measured at amortized cost. At the date of initial recognition, financial liabilities measured at amortized cost are measured at fair value after deducting transaction costs that are directly attributable to the acquisition. Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method subsequently to initial recognition.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Construction work in progress

The gross amount due from customers for contract work is presented for all contracts in which profits multiply cumulative percentage-of-completion exceed progress billings. If progress billings exceed profits multiply cumulative percentage-of-completion, then the gross amount due to customers for contract work is presented. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

The Company accounts for the remaining rights and performance obligation on the contract with each customer on a net basis. Due from customers for contract work and due to customers for contract work for a contract are offset and presented on a net basis.

Employee benefits

(a) Short-term employee benefits

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



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(b) Other long-term employee benefits

Other long-term employee benefits include employee benefits that are settled beyond twelve months after the end of the period in which the employees render the related service, and are calculated at the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, less the fair value of any related assets. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

(c) Retirement benefits: Defined contribution plans

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

(d) Retirement benefits: Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method.

The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Company recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

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

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

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



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Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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

Regarding provision for construction warranties, warranty period starts from the completion of construction in accordance with construction contracts. If the Company has an obligation for warranties, provision for warranties which are estimated based on historical warranty data are recorded as cost of construction during the construction period.

If the estimated total contract cost of the construction contract exceeds the total contract revenue, the estimated contract cost exceeding the contract revenue is recognized as a provision for construction losses for incomplete construction projects.

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

A provision is used only for expenditures for which the provision was originally recognized.

Emission Rights

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

(a) Greenhouse Gases Emission Right

Greenhouse Gases Emission Right consists of emission allowances which are allocated from the government free of charge and those purchased from the market. The cost includes any directly attributable costs incurred during the normal course of business.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

Emission rights held for the purpose of performing the obligation are classified as intangible asset and initially measured at cost and subsequently carried at cost less accumulated impairment losses.

The Company derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to government when the future economic benefits are no longer expected to be probable.

(b) Emission liability

Emission liability is a present obligation of submitting emission rights to the government with regard to emission of greenhouse gas. Emission liability is recognized when there is a high possibility of outflows of resources in performing the obligation and the costs required to perform the obligation are reliably estimable. Emission liability is an amount of estimated obligations for emission rights to be submitted to the government for the performing period. The emission liability is measured based on the expected quantity of emission for the performing period in excess of emission allowance in possession and the unit price for such emission rights in the market at the end of the reporting period. The emission liability is derecognized when submitted to the government.

Equity instruments

(a) Share capital

Common stock is classified as equity and the incremental costs directly attributable to the issuance of common stock less their tax effects are deducted from equity.

If the Company reacquires its own equity instruments, the amount of those instruments ("treasury shares") are presented as a contra-equity account. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of its own equity instruments. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase to equity, and the resulting surplus or deficit on the transaction is recorded in capital surplus.

(b) Hybrid Bonds

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity. When the Company has an unconditional right to avoid delivering cash or other financial asset to settle a contractual obligation, the instruments are classified as equity instruments.

Revenue from contracts with customers

Revenue is measured based on the consideration promised in the contract with the customer. The Company recognizes revenue when the control over a good or service is transferred to the customer. The following are the revenue recognition policies for performance obligations in the contracts with customers in accordance with IFRS No. 15.

(a) Sale of good

The goods sold by the Company consist mainly of steel products from the steel segment and products such as steel, chemicals, auto parts and machinery in the trading segment.



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

For export sales, revenue is recognized at the time when control of the product is transferred to the customer based on the "International Incoterms for Interpretation of Trade Terms" prescribed in the respective contracts, which is generally when the products are loaded to the transportation vessels. Invoices are usually issued at the date of bill of lading and payments are settled by the terms of Letter of Credit (L / C), Document against Acceptance (D / A), Document against Payment (D / P), Telegraphic Transfer (T / T) and others.

The Company provides certain discount when the customer prepays according to the payment terms. The Company recognized revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when discount period expires.

(b) Transportation service

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

(c) Construction contracts

In the case of construction contracts where the Company renders construction services for plants, etc., the customer controls the assets as they are being constructed. Under those contracts, the Company performs construction or design services to meet the customer's specifications, and if a contract is terminated by the customer, the Company is entitled to reimbursement of all costs incurred to date, including a reasonable margin. When the contract can be reliably estimated, the company recognizes the contract revenue and contract cost as revenue and costs based on the progress of the contract activity as of the end of the reporting period. The percentage of completion is determined based on the contract costs, excluding the costs that do not contribute to the progress of the construction project, incurred to date as a percentage of total estimated cost required to complete the construction.

If the outcome of the contract cannot be reliably estimated, the revenue is recognized only to the extent of the contract costs that are probable to be recovered. If the total contract cost is likely to exceed the total contract revenue, expected losses are immediately recognized as a cost.

The Company issues an invoice when the customer has completed a progress confirmation and generally the payment is made within 45 days from the invoice date.

(d) Certain construction contracts for condominiums

For certain construction service contracts for condominiums where the criterion of an enforceable right to payment for performance is met under IFRS No.15, even if the legal ownership or physical occupancy of the incomplete construction is not transferred to the customer during the



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

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As of December 31, 2020 and 2021

construction period, revenue is recognized based on percentage of completion by considering the terms and conditions described in the relevant law and contracts such as the guarantee for sale policy, government approval on business plan, payment and termination terms. For certain construction contracts for condominiums and shopping centers where the criterion of an enforceable right to payment for performance is not met during the construction period, the Company recognizes revenue upon completion of construction when the control of the condominiums and shopping centers are transferred to customers.

The timing of the billing and the payment terms of the sales contracts are different according to the terms of the contracts.

Finance income and finance costs

The Company's finance income and finance costs include:

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

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Income taxes

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

The Company recognizes interest and penalties related to corporate income taxes in accordance with IAS No. 12 "Income Taxes". If interest and penalties do not meet the definition on income taxes, the Company applies IAS No. 37 "Provisions, Contingent Liabilities and Contingent Assets".



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If there is uncertainty about an income tax treatment such as dispute of a particular tax treatment by a tax authority, the Company considers whether it is probable that the tax authority will accept the Company's tax treatment in determining taxable profit, tax bases, unused tax losses, unused tax credits or tax rates.

If the Company concludes it is probable that the tax authority will accept the Company's tax treatment, the Company determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filing. If not, the Company reflects the effect of uncertainty for each uncertain tax treatment by using either of the most likely amount or the expected value method whichever the entity expects to better predict the resolution of the uncertainty.

(a) Current income tax

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

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

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

(b) Deferred income tax

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

A deferred income tax asset is recognized for the carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilized. The future taxable profit depends on reversing taxable temporary differences. When there are insufficient taxable temporary differences, the probability of future taxable profit (including the reversal of temporary differences) should be considered.



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

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

Earnings per share

Management calculates basic earnings per share ("EPS") data for POSCO HOLDINGS INC.'s common shares, which is presented at the end of the statement of comprehensive income. Basic EPS is calculated by dividing profit attributable to common shareholders of POSCO HOLDINGS INC. by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is calculated by adjusting basic EPS and weighted average number of common shares, concerning the effect of all dilutive potential common shares.

Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenditures, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are regularly reviewed by the Company's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management has determined that the CODM of the Company is the CEO. Segment results that are reported to the CEO include items directly attributable to a segment and items allocated on a reasonable basis.

With regard to construction segment, segment profit and loss is determined in accordance with IFRS except that revenues and expenses from the development and sale of certain residential real estates are determined by reference to the stage of completion, while in the consolidated financial statements, they are recognized when the title to the real estates is transferred to the buyer.

For the other segments, segment profit and loss is determined in accordance with IFRS without any allocation of corporate expenses.

The accounting policies used in reporting segment information are consistent with the accounting policies used in the preparation of the consolidated financial statements except the assets and liabilities related to certain real estate contract revenue of the construction segment explained above which are determined by reference to the stage of completion of the contract activity at the end of each period. Corporate expenses are not allocated to segments in determining segment profit and loss. In addition, segment assets and liabilities, are not allocated to segments either. The assets and liabilities of each segment presented in Note 40 are based on the separate financial statements of the entities belonging to each segment.



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As of December 31, 2020 and 2021

In addition, there are a variety of transactions amongst the reportable segments. These transactions include sales and purchase of products, materials and property, plant and equipment, and rendering of construction service and so on.

New standards and interpretations not yet adopted

A number of new 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 consolidated financial statements.

(a) IAS No. 16 “Property, Plant and Equipment”—Proceeds Before Intended Use

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

(b) IFRS No. 3 “Business Combinations”—Reference to conceptual Framework

The definition of assets and liabilities to be recognized is amended to refer to the revised conceptual framework for financial reporting. However, the amendments add an exception which allows IAS No. 37 “Provisions, contingent liabilities and contingent assets” and IFRIC No. 21 “Levies” to be applied to the liabilities and contingent liabilities included in the scope of these standards. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

(c) IAS No. 37 (Provisions, Contingent Liabilities and Contingent Assets)—Onerous Contracts : Cost of Fulfilling a Contact

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment is effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

(d) IAS No. 1 “Presentation of Financial Statements”—Classification of Liabilities as Current or Non-current

Under existing IAS 1 requirements, the Company classifies a liability as current when it does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. The amendment removes the requirement for a right to be unconditional and instead, requires that a right to defer settlement must have substance and exist at the end of the reporting period. In addition, the amendment also clarifies that settlement of a liability includes transferring a company’s own equity instruments to the counterparty. The amendment is effective for annual periods beginning on or after January 1, 2023. Early application



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As of December 31, 2020 and 2021

is permitted. The Company expects that the exchangeable bonds (amounting to ₩1,435,193 million as of December 31, 2021) will be classified from non-current borrowings to current borrowings upon adoption of the amendment.

- (e) IAS No. 12 “Income Tax”—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment clarifies the coverage of initial recognition exemptions accounting for deferred tax related to both assets and liabilities arising from a single transaction. If temporary differences arise, which are offsetting the same amount at the time of transaction, the Company would recognize deferred tax even if it is not a business combination and affects neither accounting profit nor taxable profit (tax loss). The amendment is effective for annual periods beginning on or after January 1, 2023. Early application is permitted. The Company does not expect the effect of the amendments to the financial statements to be significant.

4. Financial risk management

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

- credit risk
- liquidity risk
- market risk
- capital risk

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

- (a) Financial risk management

- 1) Risk management framework

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

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

- 2) Credit risk

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



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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component based on group of financial assets with similar risk characteristics.

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

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

3) Liquidity risk

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

The Company's cash flow from business, borrowing or financing is sufficient to meet the cash requirements for the Company's strategic investments. Management believes that the Company is capable of raising funds by borrowing or financing if the Company is not able to generate cash flow requirements from its operations. The Company has committed borrowing facilities with various banks.

4) Market risk

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

① Currency risk

The Company's policy in respect of foreign currency risks is a natural hedge whereby foreign currency income is offset with foreign currency expenditures. The remaining net exposures after the natural hedge have been hedged using derivative contracts such as forward exchange contracts. In addition, the Company's derivative transactions are



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As of December 31, 2020 and 2021

limited to hedging actual foreign currency transactions. Based on this policy, the Company manages currency risk considering characteristics of respective segments. The entities in the steel segment reduces the foreign currency exposure by repayment of foreign currency borrowings at maturities related to investment in overseas when the entities have excessive foreign currency. In addition, the entities in steel segment are using forward exchange contract for hedging foreign currency risks relating to foreign currency borrowings. The entities in the engineering and construction segment have hedged foreign currency risks by using forward exchange contracts. Entities in the trading segment have hedged foreign currency risks from net exposure of foreign currency receivables and payables using forward exchange contracts.

② Interest rate risk

The Company manages the exposure to interest rate risk by adjusting borrowing structure between borrowings at fixed interest rates and variable interest rates. The Company monitors interest rate risks regularly in order to manage exposure to interest rate risk on borrowings at variable interest rate.

③ Interest rate benchmark reform risk

A fundamental reform of major interest rate benchmark is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The publication of overnight and 1, 3, 6, and 12 months USD LIBOR will cease on June 30, 2023 and all other LIBOR publication has ceased on December 31, 2021. As a result of the reform, Korea Overnight Financing Repo Rate (KOFRR) has been selected as the benchmark for the domestic CD rate, which has been published by Korea Securities since November 26, 2021. The details of when and how to KOFRR are unclear.

The Company plans to modify the clause in a contract or change the LIBOR rate to alternative benchmark rate for the financial instruments for which LIBOR settings are not yet ceased to be published. The market trend of CD rate related financial instruments is monitored, and if needed, the Company plans to modify the clause in the contract or change the interest rate from CD rate to KOFRR.

As of December 31, 2021, the financial instruments with USD LIBOR and CD rate as the benchmark rates are mostly associated with interest rate benchmark reform risk. The Company is exposed to a variety of risks: legal risk, process risk, and operational risk, due to the modification of contract. In addition, the Company is exposed to risk associated with monitoring the market trend related to alternative benchmark rate for risk management of new alternative benchmark rate and establishing appropriate risk management strategy.

The Company monitors and manages its transition to alternative rates. The Company evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communications about IBOR reform with counterparties.

As of December 31, 2020, USD LIBOR and CD floating rate loans, borrowings, and derivatives are exposed to interest rate benchmark reform risk. For some USD LIBOR



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floating rate financial instruments, the Company completed the modification of contracts by December 31, 2021. The termination of the publication of USD LIBOR date is expected to be June 30, 2023 but is subject to change. The Company plans to replace USD LIBOR with SOFR immediately after cessation.

In July 2019, changes related to the methodologies to determine Euribor were made and Belgium Financial Services and Markets Authority granted the continuity of Euribor usage based on the European Union Benchmark Regulation. The Company did not make a transition from Euribor to alternative benchmark rate, and expects to continue to use Euribor.

The Company manages the alternative benchmark rate transition by modifying the clause, IBOR related to uncompleted interest rate benchmark reform. The progress of transition is managed by comparing the financial instruments with transition not yet completed and financial instruments with modification of clause completed. The Company classifies the financial instruments, with IBOR as the benchmark rate, as transition not yet completed even if the clause in the contract has been modified.

Financial instruments classified as transition not yet completed as of December 31, 2021 are as follows:

(in millions of Won)

Category(*5)	USD LIBOR(*3)		OTHER LIBOR(*4)	
	Transition not yet completed	Modification of clause completed	Transition not yet completed	Modification of clause completed
Non-derivative financial assets(*1)				
Loans	₩ 4,742	—	—	—
Non-derivative financial liabilities(*1)				
Borrowings	2,328,046	18,968	51,512	51,512
Derivatives(*2)				
Interest rate swap	6,372	—	—	—
Foreign currency swap	—	—	(2,548)	(2,548)

(*1) Based on nominal amount

(*2) Based on related financial assets(liabilities) amount

(*3) Excluded financial instruments with maturity date before June 30, 2023

(*4) Financial instruments using LIBOR until the interest rate renewal

(*5) Excluded financial instruments not obligated to use alternative benchmark rate as of December 31, 2021

The USD LIBOR related financial instruments with maturity date before June 30, 2023, and transition not yet completed include borrowings of ₩1,696,750 million, loans of ₩48,368 million, and derivative assets of ₩9,721 million. The transition to alternative benchmark rate is not needed as the USD LIBOR publication will continue until maturity.

④ Other market price risk

Equity price risk arises from fluctuation of market price of listed equity securities. The Company's management measures regularly the fair value of listed equity securities and the risk of market price fluctuations. All buy and sell decisions related to significant investments are managed and approved by the Company's management.



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(b) Management of capital

The fundamental goal of capital management is the maximization of shareholders' value by means of the stable dividend policy and retirement of treasury shares. The capital structure of the Company consists of equity and net borrowings (borrowings less cash and cash equivalents). The Company's strategy is to maintain a strong capital base so as to maintain investor creditor and market confidence and to sustain future development of its businesses.

Net borrowing-to-equity ratio as of December 31, 2020 and 2021 is as follows:

<i>(in millions of Won)</i>	2020	2021
Total borrowings	₩ 20,497,607	21,741,216
Less: Cash and cash equivalents	4,754,644	4,775,166
Net borrowings	15,742,963	16,966,050
Total equity	47,603,523	54,713,966
Net borrowings-to-equity ratio	33.07%	31.01%

5. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Cash	₩ 3,100	8,940
Demand deposits and checking accounts	2,344,259	2,310,431
Time deposits	1,108,111	947,904
Other cash equivalents	1,299,174	1,507,891
	₩ 4,754,644	4,775,166

As of December 31, 2021, cash and cash equivalents amounting to ₩1,819 million of subsidiaries of the Company, such as POSCO E&C CHINA Co., Ltd., is restricted.

6. Trade Accounts and Notes Receivable

(a) Trade accounts and notes receivable as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Current		
Trade accounts and notes receivable	₩ 7,468,622	9,266,729
Finance lease receivables	41,841	126
Unbilled due from customers for contract work . . .	941,793	1,027,039
Less: Allowance for doubtful accounts	(342,017)	(314,955)
	₩ 8,110,239	9,978,939
Non-current		
Trade accounts and notes receivable	₩ 131,010	113,370
Finance lease receivables	46	—
Less: Allowance for doubtful accounts	(44,633)	(50,165)
	₩ 86,423	63,205



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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 December 31, 2020 and December 31, 2021, the carrying amounts of such secured borrowings are ₩328,807 million and ₩270,101 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

(b) Finance lease receivables are as follows:

<i>(in millions of Won)</i>			
Customer	Leased Items	2020	2021
Officers and employees	Songdo apartment rental contract	₩41,624	75
ZHAOHUUI PROSPERITY INT'L LTD	Office Rental	263	51
		<u>₩41,887</u>	<u>126</u>

(c) As of December 31, 2020 and 2021, the Company's gross investment and net investment in the leases are as follows:

<i>(in millions of Won)</i>	2020	2021
Less than 1 year	₩ 41,847	126
1 year - 3 years	47	—
Undiscounted lease payments	41,894	126
Unrealized interest income	(7)	—
Present value of minimum lease payment	<u>₩ 41,887</u>	<u>126</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

7. Other Receivables

(a) The details of other receivables as of December 31, 2020 and 2021, are as follows:

(in millions of Won)		2020	2021
Current			
Loans	₩	258,735	331,692
Other accounts receivable		835,791	1,305,383
Accrued income		298,157	350,301
Deposits		82,884	130,011
Lease receivables		18,015	17,706
Others		68,198	63,568
Less: Allowance for doubtful accounts		(67,541)	(94,051)
		<u>₩1,494,239</u>	<u>2,104,610</u>
Non-current			
Loans	₩	798,287	884,990
Other accounts receivable		197,304	196,018
Accrued income		86,920	121,041
Deposits		284,588	390,971
Lease receivables		128,366	80,317
Less: Allowance for doubtful accounts		(299,503)	(258,194)
		<u>₩1,195,962</u>	<u>1,415,143</u>

(b) The details of lease receivables are as follows:

(in millions of Won)		2020	2021
Customer	Leased items		
HEUNG-A SHIPPING CO., LTD., HEUNG-A LINE CO., LTD., MSC	6 Container Ships, 4 Tankers	₩166,077	153,395
KOGAS, ONGC Videsh Limited, GAIL(India) Limited, Myanmar Oil and Gas Enterprise	Helicopter, Ship, Office, Jetty	30,487	23,679
		<u>₩196,564</u>	<u>177,074</u>

(c) As of December 31, 2021, total and net lease investments in the leases are as follows:

(in millions of Won)		2020	2021
Less than 1 year	₩	70,378	68,782
1 year - 3 years		101,049	55,270
3 years - 5 years		28,922	5,388
Over 5 years		9,969	52,634
Undiscounted lease payments		210,318	182,074
Unrealized interest income		(13,754)	(5,000)
Present value of minimum lease payment	₩	<u>196,564</u>	<u>177,074</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

8. Other Financial Assets

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

<i>(in millions of Won)</i>	2020	2021
Current		
Derivatives assets	₩ 99,324	66,558
Debt securities	154,154	157,895
Deposit instruments(*1,2)	2,322,327	2,709,171
Short-term financial instruments(*2) ...	9,133,404	10,514,093
	<u>₩11,709,209</u>	<u>13,447,717</u>
Non-current		
Derivatives assets	₩ 18,551	182,538
Equity securities(*3)	1,120,968	1,466,061
Debt securities	20,260	3,968
Other securities(*3)	364,404	430,998
Deposit instruments(*2)	37,624	36,109
	<u>₩ 1,561,807</u>	<u>2,119,674</u>

- (*1) As of December 31, 2020 and 2021, ₩4,881 million and ₩4,314 million, respectively, are restricted in use for a government project.
- (*2) As of December 31, 2020 and 2021, financial instruments amounting to ₩46,855 million and ₩83,738 million, respectively, are restricted in use for financial arrangements, pledge and others.
- (*3) As of December 31, 2020 and 2021, ₩113,674 million and ₩189,198 million of equity and other securities, respectively, have been provided as collateral for borrowings, construction projects and others.

9. Inventories

(a) Inventories as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Finished goods	₩ 1,285,552	2,583,191
Merchandise	751,245	1,326,736
Semi-finished goods	1,626,855	2,902,717
Raw materials	1,980,518	3,777,112
Fuel and materials	876,593	917,906
Construction inventories	1,521,206	1,597,719
Materials-in-transit	1,664,770	3,051,786
Others	61,086	101,133
	<u>9,767,825</u>	<u>16,258,300</u>
Less: Allowance for inventories valuation	(131,642)	(161,929)
	<u>₩ 9,636,183</u>	<u>16,096,371</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (b) The changes in allowance for inventories valuation for the years ended December 31, 2019, 2020 and 2021 were as follows:

(in millions of Won)	2019	2020	2021
Beginning	₩206,782	216,143	131,642
Loss on valuation of inventories	96,201	54,014	78,783
Realization on sale of inventories	(79,419)	(132,707)	(49,528)
Others	(7,421)	(5,808)	1,032
Ending	₩216,143	131,642	161,929

10. Assets Held for Sale

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

(in millions of Won)	2020			2021		
	The controlling company(*3)	Subsidiaries	Total	The controlling company(*1,2,3,4)	Subsidiaries(*7)	Total
Asset						
Cash and cash equivalents(*5)	₩ —	934	934	—	554	554
Account receivables and other receivables	—	273	273	—	956	956
Investment stock in joint ventures(*6)	—	—	—	—	13,044	13,044
Tangible assets	32,244	40	32,284	29,236	30,995	60,231
Intangible assets	—	—	—	553	2,977	3,530
Others	—	719	719	—	155	155
	₩32,244	1,966	34,210	29,789	48,681	78,470
Liability						
Others	₩ —	25	25	185	4	189

- (*1) During the year ended December 31, 2021, the Company sold the land in the Yanghak Neighborhood Park development reserve area that was classified as asset held for sale and the Company recognized ₩43,760 million of gain on disposal.
- (*2) During the year ended December 31, 2021, the Company decided to trade and exchange the emission rights and reclassified the emission rights to assets held for sale. After that, 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 ₩5,030 million of impairment loss for the difference between the fair value less cost to sell and the carrying amount of the assets. During the year ended December 31, 2021, the Company disposed of the assets held for sale for ₩25,767 million.
- (*4) During the year ended December 31, 2021, the Company decided to dispose Synthetic Natural Gas (SNG) facility for which use was discontinued, and classified as asset held for sale.
- (*5) Cash and cash equivalents in the statement of cash flows include cash and cash equivalents that are classified as assets held for sale as of December 31, 2020 and 2021.



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-LPF-407 22.3.29.0	LSWpitca0dc	19-Apr-2022 22:36 EST	271339 FIN 66	5*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (*6) During the year ended December 31, 2021, the Company decided to dispose of interests of POSCO(Guangdong) Automotive Steel Co, Ltd. which is classified investment in joint ventures as asset held for sale for ₩13,044 million.
- (*7) The Company decided to dispose tangible/intangible assets of HUME COAL PTY LTD, a subsidiary, and classified as assets held for sale for ₩33,972 million.

11. Investments in Associates and Joint ventures

- (a) Investments in associates and joint ventures as of December 31, 2020 and 2021 are as follows:

(in millions of Won)	2020	2021
Investments in associates	₩1,732,833	2,203,274
Investments in joint ventures	2,143,416	2,311,373
	<u>₩3,876,249</u>	<u>4,514,647</u>

- (b) Details of investments in associates as of December 31, 2020 and 2021 are as follows:

(in millions of Won)				Book value	
Company	Number of shares	Ownership (%)	Acquisition cost	2020	2021
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	178,691,901,565	42.82	₩178,787	₩ 175,939	176,136
Samcheok Blue Power Co.,Ltd.(*1)	4,507,138	34.00	429,904	145,092	382,887
SNNC	18,130,000	49.00	90,650	160,332	171,332
QSONE Co.,Ltd.	200,000	50.00	84,395	86,004	86,058
Chun-cheon Energy Co., Ltd.(*1)	17,308,143	49.10	86,541	23,913	9,571
Western Inland highway CO.,LTD.	10,988,115	20.39	54,941	45,070	53,563
NEXTRAIN CO., Ltd.(*2)	—	—	—	47,364	—
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway co., Ltd.)(*1)	5,878,095	23.27	29,390	13,721	28,813
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	2,008,000	29.53	10,040	17,137	19,191
Daesung Steel(*3)	108,038	17.54	14,000	16,990	19,073
PCC Amberstone Private Equity Fund 1(*3)	8,375,982,634	8.80	8,258	9,230	9,251
Others (57 companies)(*1)				103,472	107,035
				<u>844,264</u>	<u>1,062,910</u>
[Foreign]					
South-East Asia Gas Pipeline Company Ltd.	135,219,000	25.04	132,907	199,342	238,601
AES-VCM Mong Duong Power Company Limited(*1)	—	30.00	164,303	158,777	182,639
9404-5515 Quebec Inc.(*3)	114,452,000	10.40	124,341	123,296	135,738
FQM Australia Holdings Pty Ltd(*4)	186,000,030	30.00	109,568	—	91,052
Eureka Moly LLC	—	20.00	240,123	43,520	13,633
AMCI (WA) PTY LTD	49	49.00	209,664	71,732	67,972
NCR LLC	—	22.10	98,737	46,608	102,319
KOREA LNG LTD.	2,400	20.00	135,205	42,229	31,340
Nickel Mining Company SAS	3,234,698	49.00	157,585	40,890	48,249
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	134,400,000	40.00	22,423	22,147	22,769
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	10,200,000	34.00	9,517	15,181	19,099
PT. Wampu Electric Power(*1)	8,708,400	20.00	10,054	12,716	15,851
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	50	25.00	4,723	7,110	9,140
Others (27 companies)(*1)				105,021	161,962
				<u>888,569</u>	<u>1,140,364</u>
				<u>₩1,732,833</u>	<u>2,203,274</u>



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POSCO HOLDINGS INC.
FORM 20-F

Donnelley Financial
None

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (*1) As of December 31, 2020 and 2021, investments in associates amounting to ₩410,573 million and ₩629,832 million, respectively, are provided as collateral in relation to the associates' borrowings.
- (*2) During the year ended December 31, 2021, investment in this associate was transferred to financial assets at fair value through other comprehensive income due to decline in ownership upon capital increase in the associate in which the Company did not participate.
- (*3) As of December 31, 2021, it was classified as an associate even though the Company's ownership percentage is less than 20% since the Company has significant influence over the investee when considering the structure of its Board of Directors and others.
- (*4) During the year ended December 31, 2021, the Company acquired shares of FQM Australia Holdings Pty Ltd and classified the investment as investment in an associate
- (c) Details of investments in joint ventures as of December 31, 2020 and 2021 are as follows:

(in millions of Won)

(in millions of Won)					
Company	Number of shares	Ownership (%)	Acquisition cost	Book value	
				2020	2021
[Domestic]					
POSCO MITSUBISHI CARBON TECHNOLOGY	11,568,000	60.00	₩ 115,680	₩ 153,457	169,838
Others (5 companies)				14,014	6,676
				167,471	176,514
[Foreign]					
Roy Hill Holdings Pty Ltd(*1)	13,117,972	12.50	1,528,672	1,418,056	1,346,712
POSCO-NPS Niobium LLC	325,050,000	50.00	364,609	353,725	393,793
KOBRASCO	2,010,719,185	50.00	32,950	54,400	68,296
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	—	25.00	61,961	91,270	107,650
DMSA/AMSA(*1,2)	—	3.89	346,880	31,104	24,144
CSP - Compania Siderurgica do Pecem	1,578,377,432	20.00	676,060	—	52,257
HBIS-POSCO Automotive Steel Co., Ltd(*3)	—	50.00	109,057	—	110,769
Others (11 companies)				27,390	31,238
				1,975,945	2,134,859
				₩2,143,416	2,311,373

- (*1) As of December 31, 2020 and December 31, 2021, the investments in joint ventures are provided as collateral in relation to the joint ventures' borrowings.
- (*2) All of the shareholders of the joint venture entered into supplemental funding agreement to extend the maturity of the loans to the joint venture by the lenders. However, the Company believed the shareholders' supplemental funding agreement was invalid and was in arbitration process for annulment. Pursuant to the final judgement from the arbitration, the Company received a refund of the previously provided supplement funding which was subsequently converted to shares. Upon receipt of such capital distribution, the Company recognized decrease in the investment on joint venture, which also resulted in decrease in the Company's ownership in the investee.
- (*3) During the year ended December 31, 2021, the Company newly acquired interests in HBIS-POSCO Automotive Steel Co., Ltd through investment in kind with shares in POSCO(Guangdong) Automotive Steel Co., Ltd which was a subsidiary. Meanwhile, the residual interests in



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-DPF-690 22.3.29.0	LSWjeyav0dc	21-Apr-2022 11:48 EST	271339 FIN 68	15*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

POSCO(Guangdong) Automotive Steel Co., Ltd owned by POSCO-China Holding Corp. which is a subsidiary are classified as assets held for sale.

- (d) The movements of investments in associates and joint ventures for the years ended December 31, 2020 and 2021 were as follows:

- 1) For the year ended December 31, 2020

(in millions of Won)

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

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



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POSCO HOLDINGS INC.	Donnelley Financial	VDI-W10-DPF-690 22.3.29.0	LSWjeyav0dc	21-Apr-2022 11:50 EST	271339 FIN 69	13*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) For the year ended December 31, 2021

(in millions of Won)

Company	December 31, 2020 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*)	December 31, 2021 Book value
[Domestic]						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 175,939	—	—	197	—	176,136
Samcheok Blue Power Co., Ltd.	145,092	250,495	(405)	(4,248)	(8,047)	382,887
SNNC	160,332	—	(18,243)	29,314	(71)	171,332
QSONE Co., Ltd.	86,004	—	(1,140)	1,194	—	86,058
Chun-cheon Energy Co., Ltd.	23,913	—	—	(15,094)	752	9,571
Western Inland highway CO., LTD.	45,070	4,031	—	(1,981)	6,443	53,563
NEXTRAIN CO., Ltd.	47,364	—	—	(127)	(47,237)	—
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway co., Ltd.)	13,721	13,954	—	(2,679)	3,817	28,813
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	17,137	—	—	2,054	—	19,191
Daesung Steel	16,990	—	—	2,083	—	19,073
PCC Amberstone Private Equity Fund 1	9,230	—	(674)	977	(282)	9,251
POSCO MITSUBISHI CARBON TECHNOLOGY	153,457	—	—	16,243	138	169,838
Others (62 companies)	117,486	38,021	(7,159)	6,399	(41,036)	113,711
	1,011,735	306,501	(27,621)	34,332	(85,523)	1,239,424
[Foreign]						
South-East Asia Gas Pipeline Company Ltd.	199,342	—	(27,828)	48,159	18,928	238,601
AES-VCM Mong Duong Power Company Limited	158,777	—	(28,623)	35,959	16,526	182,639
9404-5515 Quebec Inc.	123,296	—	(16,999)	18,071	11,370	135,738
FQM Australia Holdings Pty Ltd	—	109,568	—	(17,997)	(519)	91,052
Eureka Moly LLC	43,520	—	—	(32,607)	2,720	13,633
AMCI (WA) PTY LTD	71,732	—	—	(5,986)	2,226	67,972
NCR LLC	46,608	44,797	—	(2,016)	12,930	102,319
KOREA LNG LTD.	42,229	—	(9,178)	9,145	(10,856)	31,340
Nickel Mining Company SAS	40,890	—	—	7,243	116	48,249
ZHEJIANG HUAYOU-POSCO ESM CO., LTD.	22,147	—	—	(1,838)	2,460	22,769
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	15,181	—	—	1,752	2,166	19,099
PT. Wampu Electric Power	12,716	—	—	1,389	1,746	15,851
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	7,110	—	—	675	1,355	9,140
Roy Hill Holdings Pty Ltd	1,418,056	—	(522,947)	392,887	58,716	1,346,712
POSCO-NPS Niobium LLC	353,725	—	(20,479)	28,729	31,818	393,793
KOBRASCO	54,400	—	(39,059)	52,118	837	68,296
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	91,270	—	—	6,291	10,089	107,650
DMSA/AMSA	31,104	—	—	674	(7,634)	24,144
CSP - Companhia Siderurgica do Pecem	—	19,176	—	22,398	10,683	52,257
HBIS-POSCO Automotive Steel Co., Ltd.	—	109,057	—	1,636	76	110,769
Others (38 companies)	132,411	12,184	(4,713)	48,555	4,763	193,200
	2,864,514	294,782	(669,826)	615,237	170,516	3,275,223
	₩3,876,249	601,283	(697,447)	649,569	84,993	4,514,647

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



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(e) Summarized financial information of associates and joint ventures as of and for the years ended December 31, 2020 and 2021 are as follows:

1) December 31, 2019

(in millions of Won)

Company	Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund ... ₩	516,659	786	515,873	—	7,479
POSPower Co., Ltd	707,051	199,846	507,205	—	(5,294)
SNNC	677,508	357,843	319,665	738,977	63,269
QSONE Co.,Ltd.	250,364	78,589	171,775	17,591	2,576
Chun-cheon Energy Co., Ltd	610,089	492,620	117,469	313,438	(24,677)
NEXTRAIN CO., Ltd.	136,203	7,322	128,881	—	(509)
Keystone NO. 1. Private Equity Fund	187,156	138,219	48,937	18,342	(887)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	53,019	22,971	30,048	17,824	1,497
Daesung Steel	164,708	108,441	56,267	85,537	(1,536)
Incheon-Gimpo Expressway Co., Ltd.	1,014,410	951,321	63,089	50,575	(36,449)
KoFC POSCO HANWHA KB Shared Growth NO. 2. Private Equity Fund	50,479	1,062	49,417	2,841	3,502
KONES, Corp.	1,950	1,648	302	4,416	(966)
POSCO MITSUBISHI CARBON TECHNOLOGY	474,387	170,678	303,709	216,648	32,334
[Foreign]					
South-East Asia Gas Pipeline Company Ltd.	1,808,529	906,254	902,275	555,075	254,582
9404-5515 Quebec Inc.	1,276,857	1	1,276,856	—	95,306
Nickel Mining Company SAS	471,377	331,194	140,183	245,509	2,432
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	73,604	17,765	55,839	641	153
KOREA LNG LTD.	232,935	147	232,788	69,577	67,507
PT. Batutua Tembaga Raya	423,608	392,226	31,382	112,568	(28,360)
PT. Wampu Electric Power	222,266	158,451	63,815	18,163	(6,233)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	65,413	15,232	50,181	101,101	28
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	61,847	33,989	27,858	77,371	327
Roy Hill Holdings Pty Ltd	11,143,705	5,718,152	5,425,553	5,037,471	1,660,577
POSCO-NPS Niobium LLC	752,617	—	752,617	—	47,521
KOBRASCO	268,139	36,857	231,282	167,022	112,949
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	969,280	637,478	331,802	1,145,794	1,704
DMSA/AMSA	5,703,501	4,202,704	1,500,797	638,797	(504,077)
CSP - Companhia Siderurgica do Pecem	3,959,365	4,249,083	(289,718)	1,623,843	(465,853)



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR15 22.3.29.0	LSWpf_rend	22-Apr-2022 13:17 EST	271339 FIN 71	3*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) December 31, 2020

(in millions of Won)

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



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR15 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 72	13*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

3) December 31, 2021

(in millions of Won)

Company	Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 400,339	574	399,765	—	5,411
Samcheok Blue Power Co.,Ltd.	2,301,783	1,620,752	681,031	—	(6,226)
SNNC	628,075	236,726	391,349	869,815	75,125
QSONE Co.,Ltd.	251,158	79,042	172,116	17,962	2,388
Chun-cheon Energy Co., Ltd	616,111	528,683	87,428	327,534	(5,424)
Western Inland highway CO.,LTD.	305,166	42,052	263,114	—	(2,137)
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway co., Ltd.)(*1)	217,888	95,005	122,883	—	(929)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	56,418	21,740	34,678	45,543	6,957
Daesung Steel	176,458	99,112	77,346	113,706	11,868
PCC Amberstone Private Equity Fund 1	105,169	—	105,169	11,910	11,110
POSCO MITSUBISHI CARBON TECHNOLOGY	470,330	185,622	284,708	172,441	28,699
[Foreign]					
South-East Asia Gas Pipeline Company Ltd.	1,604,624	651,751	952,873	439,974	192,322
AES-VCM Mong Duong Power Company Limited	1,677,096	1,084,900	592,196	366,205	119,863
9404-5515 Quebec Inc.	1,317,335	3	1,317,332	—	173,763
FQM Australia Holdings Pty Ltd	1,348,138	1,021,630	326,508	243,611	(64,143)
KOREA LNG LTD.	157,060	357	156,703	47,843	45,724
Nickel Mining Company SAS	475,751	307,570	168,181	328,570	31,688
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	129,618	72,965	56,653	28,488	(4,680)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	92,850	31,260	61,590	174,511	5,193
PT. Wampu Electric Power	209,172	132,917	76,255	20,288	6,946
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	89,809	54,517	35,292	117,461	2,595
Roy Hill Holdings Pty Ltd	9,165,759	2,227,659	6,938,100	8,839,084	3,740,696
POSCO-NPS Niobium LLC	787,383	—	787,383	—	52,451
KOBRASCO	194,022	57,430	136,592	165,224	104,507
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	727,958	324,222	403,736	2,044,978	25,165
DMSA/AMSA	3,631,856	2,068,847	1,563,009	749,634	636,113
CSP - Companhia Siderurgica do Pecem	3,777,391	3,542,398	234,993	2,570,010	653,370
HBIS-POSCO Automotive Steel Co., Ltd	502,645	261,765	240,880	482,696	3,272



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR15 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 73	15*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (f) Changes in accumulated losses of equity-accounted investees that were not recognized since the Company discontinues the use of the equity method for the year ended December 31, 2021 were as follows:

(in millions of Won)

Company	Beginning balance	Increase (decrease)	Ending balance
New Songdo International City Development, LLC	₩259,341	(59,858)	199,483
Mokpo Deayang industrial Corporation	84	(67)	17
UITrans LRT Co., Ltd.	32,334	7,769	40,103
Clean Iksan Co., Ltd.	714	83	797
HYOCHUN Co.,Ltd.	3,505	332	3,837
Shinhan wind power generation	843	(843)	—
CSP - Companhia Siderurgica do Pecem	168,737	(168,737)	—
KIRIN VIETNAM CO.,Ltd.	67	33	100
INKOTECH, INC.	341	271	612
POSTO-Poggenamp Electrical Steel Pvt, Ltd.	96	205	301
Gunggi Green Energy	—	448	448

12. Joint Operations

Details of significant joint operations that the Company is participating in as a party to a joint arrangement as of December 31, 2021 are as follows:

Joint operations	Operation	Ownership (%)	Location
Myanmar A-1/A-3 mine	Mine development and gas production	51.00	Myanmar
Offshore Midstream	Gas transportation facility	51.00	Myanmar
Greenhills Mine	Mine development	20.00	Canada
Arctos Anthracite Coal Project	Mine development	50.00	Canada
Mt. Thorley J/V	Mine development	20.00	Australia
POSMAC J/V	Mine development	20.00	Australia
Samcheok Thermal Power Plant EPC (unit 1, 2) Construction work	Construction	49.00	Korea
Sinansan Line Double Track Train Private Investment project construction work	Construction	32.00	Korea
Panama Metro Line 3 Project construction work	Construction	20.00	Panama
2*600 MW Matarbari Ultra Super Critical Coal-Fired Power construction work	Construction	67.00	Bangladesh
Yangsan Sasong 2nd Apartment Project (B5,6,7,9 Block) Construction work	Construction	49.00	Korea
Yangsan Sasong Apartment Project (C1,B3,B4 Block) Construction work	Construction	49.00	Korea
Songdo B5 Block officetel Project Construction work	Construction	80.00	Korea
Particle Accelerator Facility Construction work	Construction	55.00	Korea
Anyang Jinheung Apartment Construction work	Construction	45.00	Korea



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

13. Investment Property, Net

(a) Investment property as of December 31, 2020 and 2021 are as follows:

(in millions of Won)

	2020			2021		
	Acquisition cost	Accumulated depreciation and impairment loss	Book value	Acquisition cost	Accumulated depreciation and impairment loss	Book value
Land	₩ 296,115	(16,718)	279,397	349,026	(16,718)	332,308
Buildings	746,698	(187,114)	559,584	803,156	(218,607)	584,549
Structures	4,268	(3,069)	1,199	3,213	(2,460)	753
Right of use assets	175,026	(20,425)	154,601	196,344	(27,877)	168,467
	<u>₩1,222,107</u>	<u>(227,326)</u>	<u>994,781</u>	<u>1,351,739</u>	<u>(265,662)</u>	<u>1,086,077</u>

As of December 31, 2021, the fair value of investment property is ₩2,497,206 million.

(b) Changes in the carrying amount of investment property for the years ended December 31, 2020 and 2021 were as follows:

1) For the year ended December 31, 2020

(in millions of Won)

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

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

(*2) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference and others.

2) For the year ended December 31, 2021

(in millions of Won)

	Beginning	Acquisitions	Disposals	Depreciation	Others(*1)	Ending
Land	₩279,397	83,497	(1,092)	—	(29,494)	332,308
Buildings	559,584	11,378	(2,264)	(21,362)	37,213	584,549
Structures	1,199	—	—	(598)	152	753
Right of use assets	154,601	—	—	(4,364)	18,230	168,467
	<u>₩994,781</u>	<u>94,875</u>	<u>(3,356)</u>	<u>(26,324)</u>	<u>26,101</u>	<u>1,086,077</u>

(*1) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference and others.

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

14. Property, Plant and Equipment, Net

(a) Property, plant and equipment as of December 31, 2020 and 2021 are as follows:

(in millions of Won)

	2020				2021			
	Acquisition cost	Accumulated depreciation and impairment loss	Government grants	Book value	Acquisition cost	Accumulated depreciation and impairment loss	Government grants	Book value
Land	₩ 2,592,705	(2,618)	—	2,590,087	2,702,768	(53)	—	2,702,715
Buildings	9,417,295	(5,250,281)	(5,614)	4,161,400	9,802,539	(5,592,600)	(5,489)	4,204,450
Structures	6,363,370	(3,338,075)	(69)	3,025,226	6,683,546	(3,551,692)	(59)	3,131,795
Machinery and equipment	48,435,445	(31,570,233)	(7,905)	16,857,307	50,090,721	(33,663,244)	(7,321)	16,420,156
Vehicles	310,078	(272,705)	(217)	37,156	324,073	(277,437)	(606)	46,030
Tools	423,927	(363,360)	(266)	60,301	453,297	(375,212)	(290)	77,795
Furniture and fixtures	670,079	(542,217)	(403)	127,459	752,314	(585,881)	(271)	166,162
Lease assets	1,093,817	(320,117)	—	773,700	1,288,639	(420,893)	—	867,746
Bearer plants	171,160	(21,195)	—	149,965	185,234	(30,552)	—	154,682
Construction-in-progress	2,474,766	(850,839)	(6,387)	1,617,540	1,961,033	(125,620)	(10,246)	1,825,167
	<u>₩71,952,642</u>	<u>(42,531,640)</u>	<u>(20,861)</u>	<u>29,400,141</u>	<u>74,244,164</u>	<u>(44,623,184)</u>	<u>(24,282)</u>	<u>29,596,698</u>

(b) Changes in the carrying amount of property, plant and equipment for the years ended December 31, 2020 and 2021 were as follows:

1) For the year ended December 31, 2020

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

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



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) For the year ended December 31, 2021

(in millions of Won)	Beginning	Acquisitions	Disposals	Depreciation	Impairment loss(*1,2,3)	Others(*4)	Ending
Land	₩ 2,590,087	66,015	(117)	—	5,670	41,060	2,702,715
Buildings	4,161,400	22,559	(4,001)	(316,999)	(32,863)	374,354	4,204,450
Structures	3,025,226	15,728	(15,727)	(233,370)	(4,900)	344,838	3,131,795
Machinery and equipment	16,857,307	206,564	(31,769)	(2,283,704)	(77,173)	1,748,931	16,420,156
Vehicles	37,156	14,896	(832)	(15,242)	(58)	10,110	46,030
Tools	60,301	21,802	(782)	(30,864)	(69)	27,407	77,795
Furniture and fixtures	127,459	28,178	(1,630)	(47,135)	(667)	59,957	166,162
Lease assets	773,700	224,667	(8,320)	(172,443)	(1,547)	51,689	867,746
Bearer plants	149,965	—	(24,876)	(9,264)	—	38,857	154,682
Construction-in-progress	1,617,540	2,838,175	(10,789)	—	(190,556)	(2,429,203)	1,825,167
	<u>₩29,400,141</u>	<u>3,438,584</u>	<u>(98,843)</u>	<u>(3,109,021)</u>	<u>(302,163)</u>	<u>268,000</u>	<u>29,596,698</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, 2021. During the year ended December 31, 2021, the Company recognized impairment losses on damaged assets caused by the fire accident.
- (*2) The Company decided to stop the intended use for Synthetic Natural Gas (SNG) facility and sell the related assets. The Company estimated the recoverable amount based on expected sale price and recognized ₩217,564 million of impairment loss in 2021. The remaining balances were classified as assets held for sale as of December 31, 2021.
- (*3) During the year ended December 31, 2021, evidence of impairment occurred due to changes in the quality of bituminous coal and changes in production plans at Narrabri Coal Mine where POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD, a subsidiary of the Company, participates as a non-operating party. The Company recognized an impairment loss of ₩27,672 million since recoverable amounts are less than their carrying amounts.
- (*4) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, reclassifications with investment property resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

(c) Borrowing costs capitalized and the capitalized interest rate for the years ended December 31, 2019, 2020 and 2021 were as follows:

(in millions of Won)	2019	2020	2021
Weighted average expenditure	₩ 587,628	932,298	1,230,145
Borrowing costs capitalized	22,775	29,653	31,295
Capitalization rate (%)	3.57 ~ 5.46	3.14 ~ 3.18	2.25 ~ 3.16



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POSCO HOLDINGS INC.

Donnelley Financial

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FORM 20-F

None

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

- (d) Property, plant and equipment and investment property pledged as collateral as of December 31, 2020 and 2021 are as follows:

		Book value	
		2020	2021
(in millions of Won)	Collateral right holder		
Land	Korean Development Bank and others	₩ 867,820	933,560
Buildings and structures	Korean Development Bank and others	1,464,551	1,598,040
Machinery and equipment	Korean Development Bank and others	2,263,383	2,286,656
		<u>₩4,595,754</u>	<u>4,818,256</u>

As of December 31, 2021, assets pledged as collateral related to the Company's borrowings and others amounting to ₩5,637,044 million include investment properties and other assets such as right to use land.

- (e) Changes in the carrying amount of right of use assets presented as investment property and property, plant and equipment for the years ended December 31, 2020 and 2021 were as follows:

- 1) For the year ended December 31, 2020

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

- 2) For the year ended December 31, 2021

(in millions of Won)	Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩371,719	14,161	(14,191)	19,757	391,446
Buildings and structures	171,760	30,912	(61,261)	2,443	143,854
Machinery and equipment	239,181	13,543	(41,721)	45,202	256,205
Vehicles	11,456	12,159	(8,657)	(205)	14,753
Ships	106,555	120,217	(16,716)	—	210,056
others	27,630	33,675	(34,261)	(7,145)	19,899
	<u>₩928,301</u>	<u>224,667</u>	<u>(176,807)</u>	<u>60,052</u>	<u>1,036,213</u>



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR15 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 78	16*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (f) The amount recognized in profit or loss related to leases for the years ended December 31, 2019, 2020 and 2021 were as follows:

(in millions of Won)	2019	2020	2021
Interest on lease liabilities	₩35,483	36,373	32,331
Expenses related to short-term leases	41,974	18,809	20,885
Expenses related to leases of low-value assets	14,150	14,375	18,577
	<u>₩91,607</u>	<u>69,557</u>	<u>71,793</u>

15. Goodwill and Other Intangible Assets, Net

- (a) Goodwill and other intangible assets as of December 31, 2020 and 2021 are as follows:

(in millions of Won)	2020				2021			
	Acquisition cost	Accumulated amortization and impairment loss	Government grants	Book value	Acquisition cost	Accumulated amortization and impairment loss	Government grants	Book value
Goodwill	₩1,626,876	(722,983)	—	903,893	1,648,119	(912,150)	—	735,969
Intellectual property rights	3,628,121	(1,457,383)	—	2,170,738	3,987,689	(1,761,881)	—	2,225,808
Membership	143,403	(4,700)	—	138,703	146,043	(3,673)	—	142,370
Development expense	652,492	(425,381)	—	227,111	656,712	(502,739)	—	153,973
Port facilities usage rights	685,210	(448,938)	—	236,272	685,540	(469,519)	—	216,021
Exploration and evaluation assets	274,691	(217,551)	—	57,140	280,092	(218,135)	—	61,957
Customer relationships	865,671	(535,424)	—	330,247	865,622	(579,902)	—	285,720
Other intangible assets	1,101,595	(716,190)	(77)	385,328	1,098,320	(753,790)	(39)	344,491
	<u>₩8,978,059</u>	<u>(4,528,550)</u>	<u>(77)</u>	<u>4,449,432</u>	<u>9,368,137</u>	<u>(5,201,789)</u>	<u>(39)</u>	<u>4,166,309</u>

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(b) The changes in carrying amount of goodwill and other intangible assets for the years ended December 31, 2020 and 2021 were as follows:

1) For the year ended December 31, 2020

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

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

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

2) For the year ended December 31, 2021

<i>(in millions of Won)</i>	Beginning	Acquisitions	Disposals	Amortization	Impairment loss(*2,4)	Others(*3)	Ending
Goodwill	₩ 903,893	17,804	—	—	(189,167)	3,439	735,969
Intellectual property rights	2,170,738	281,544	(574)	(271,931)	(20,005)	66,036	2,225,808
Membership(*1)	138,703	7,457	(4,198)	(137)	145	400	142,370
Development expense	227,111	11,301	—	(72,294)	(4,027)	(8,118)	153,973
Port facilities usage rights	236,272	—	—	(20,581)	—	330	216,021
Exploration and evaluation assets	57,140	3,649	—	—	(374)	1,542	61,957
Customer relationships	330,247	—	—	(44,478)	—	(49)	285,720
Other intangible assets	385,328	68,253	(14,818)	(34,679)	(10,032)	(49,561)	344,491
	<u>₩4,449,432</u>	<u>390,008</u>	<u>(19,590)</u>	<u>(444,100)</u>	<u>(223,460)</u>	<u>14,019</u>	<u>4,166,309</u>

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

(*2) During the year ended December 31, 2021, the Company decided to sell a portion of purchased emission rights and recognized ₩7,180 million of impairment loss since book value exceeded fair value less costs to sell.

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

(*4) During the year ended December 31, 2021, evidence of impairment has occurred due to changes in the quality of bituminous coal and changes in production plans at Narrabri Coal Mine where POSCO INTERNATIONAL AUSTRALIA HOLDINGS PTY. LTD, a subsidiary of the Company, participates as a non-operating party. The Company recognized an impairment loss of ₩20,006 million since recoverable amounts are less than their carrying amounts.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (c) For the purpose of impairment testing, goodwill is allocated to individual operating entities each of which is determined to be a CGU. The goodwill amounts as of December 31, 2020 and 2021 are as follows:

(in millions of Won) Reportable segments	Total number of CGUs		CGUs	2020	2021
	2020	2021			
Steel	7	7	POSCO VST CO., LTD.	₩ 36,955	36,955
			Others	12,498	12,542
Trading	3	3	POSCO INTERNATIONAL Corporation(*1)	762,816	578,046
			GRAIN TERMINAL HOLDING PTE. LTD.	23,726	21,516
			PT. Bio Inti Agrindo	6,955	7,468
E&C	2	2	POSCO ENGINEERING & CONSTRUCTION CO., LTD.	24,868	24,868
			POSCO Center Beijing	159	178
			POSCO ENERGY CO., LTD.	26,471	26,471
Others	4	5	Others	9,445	27,925
	<u>16</u>	<u>17</u>		<u>₩903,893</u>	<u>735,969</u>

- (*1) The recoverable amount of POSCO INTERNATIONAL Corporation, a subsidiary included in trading segment, is determined based on its value in use. As of December 31, 2021, the value in use is estimated by applying 8.14%(2020: 6.92%) post-tax discount rate to the future cash flows estimated from management's 5-year business plan and terminal growth rate of 2.0% (2020: 1.9%) thereafter. The terminal growth rate does not exceed long-term growth rate of its industry. During the year ended December 31, 2021, impairment loss on goodwill of ₩184,770 million was recognized as the recoverable amount is less than the carrying amount of the CGU.

The Company calculated the value in use by discounting the post-tax cash flows at the post-tax discount rate, which is consistent with and materially the same as applying pre-tax discount rate of 10.56% (2020: 8.77%) to pre-tax cash flows.

The value in use of the CGU is sensitive to the assumptions such as discount rate, terminal growth rate and estimated sales used in discount cash flow model. If the discount rate increases by 0.5%, the value in use would decrease by ₩188,559 million or 5.97% and if the terminal growth rate decreases by 0.5%, the value in use would decrease by ₩87,806 million or 2.78%.



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

16. Other Assets

Other current assets and other non-current assets as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Current		
Advance payments	₩348,753	564,196
Prepaid expenses	181,985	274,023
Firm commitment asset	23,506	11,323
Others	62,379	65,816
	<u>₩616,623</u>	<u>915,358</u>
Non-current		
Long-term advance payments	₩ 21,587	47,752
Long-term prepaid expenses	92,774	76,739
Others(*1)	155,699	74,116
	<u>₩270,060</u>	<u>198,607</u>

(*1) As of December 31, 2020 and 2021, the Company recognized tax assets amounting to ₩121,255 million and ₩4,722 million, respectively, based on the Company's best estimate of the tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

17. Borrowings

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

<i>(in millions of Won)</i>	Bank	Issuance date	Maturity date	Interest rate (%)	2020	2021
Short-term borrowings						
Bank overdrafts	JP Morgan and others	May, 2021~ December, 2021	January, 2022~ December, 2022	0.51~5.50	₩ 146,762	118,558
Short-term borrowings	HSBC and others	January, 2021~ December, 2021	January, 2022~ December, 2022	0.17~5.35	5,047,633	4,991,866
					<u>5,194,395</u>	<u>5,110,424</u>
Current portion of long-term liabilities						
Current portion of long-term borrowings	Export-Import Bank of Korea and others	November, 2004~ June, 2021	January, 2022~ December, 2022	0.70~8.50	1,067,338	992,154
Current portion of debentures	Merrill Lynch and others	April, 2015~ October, 2020	March, 2022~ November, 2022	1.29~3.70	2,417,339	2,731,321
Less: Current portion of discount on debentures issued					(1,543)	(3,832)
					<u>3,483,134</u>	<u>3,719,643</u>
					<u>₩ 8,677,529</u>	<u>8,830,067</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

(in millions of Won)	Bank	Issuance date	Maturity date	Interest rate (%)	2020	2021
Long-term borrowings	Export-Import Bank of Korea and others	September, 2001~ December, 2021	February, 2023~ March, 2040	0.20~8.50	₩ 3,366,400	3,841,375
Less: Present value discount					(16,058)	(12,530)
Bonds	KB Securities co.,Ltd. and others	October, 2013~ October, 2021	January, 2023~ October, 2029	0.50~4.00	8,505,485	7,671,755
Less: Discount on debentures issued . . .					(35,749)	(24,644)
Exchangeable bonds(*1)	Foreign currency exchangeable bonds				—	1,435,193
					<u>₩11,820,078</u>	<u>12,911,149</u>

(*1) The issuance conditions of the exchangeable bonds issued by the Company 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	1) 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 2) Prepayment : The issuer has call option and the bondholders have put option
Exchange rate	100%
Exchange price (Won/share)	486,539 (*)
Underlying shares exchange	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, issuance of new shares 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)



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2020 and 2021

Foreign currency exchangeable bonds

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 exchange price has changed due to cash dividends during the year ended December 31, 2021.

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 measurement, and changes in fair value are recognized in profit or loss.

(c) Assets pledged as collateral with regard to the borrowings as of December 31, 2021 are as follows:

<i>(in millions of Won)</i>	Bank	Book value	Pledged amount
Property, plant and equipment and Investment property	Korea Development Bank and others	4,557,948	5,503,093
Trade accounts and notes receivable	Korea Development Bank and others	270,101	270,101
Financial instruments	KB Kookmin Bank and others	20,985	21,158
		<u>₩4,849,034</u>	<u>5,794,352</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

18. Other Payables

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

(in millions of Won)

	2020	2021
Current		
Accounts payable	₩ 800,439	1,034,823
Accrued expenses	697,087	835,226
Dividend payable	2,703	4,046
Lease liabilities	244,548	181,774
Withholdings	100,489	133,492
	<u>₩1,845,266</u>	<u>2,189,361</u>
Non-current		
Accounts payable	₩ 5,572	17,312
Accrued expenses	4,953	8,760
Lease liabilities	495,127	596,240
Long-term withholdings	53,272	56,697
	<u>₩ 558,924</u>	<u>679,009</u>

19. Other Financial Liabilities

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

(in millions of Won)

	2020	2021
Current		
Derivatives liabilities	₩ 82,859	91,739
Financial guarantee liabilities	58,545	19,902
	<u>₩ 141,404</u>	<u>111,641</u>
Non-current		
Derivatives liabilities	₩ 129,505	18,300
Financial guarantee liabilities	4,083	5,696
	<u>₩ 133,588</u>	<u>23,996</u>

20. Provisions

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

(in millions of Won)

	2020		2021	
	Current	Non-current	Current	Non-current
Provision for bonus payments	₩ 73,441	48,510	93,502	45,031
Provision for construction warranties	9,662	217,435	14,519	222,141
Provision for legal contingencies and claims(*1)	24,275	63,175	24,441	69,050
Provision for the restoration(*2,3)	5,307	134,438	5,918	153,613
Others(*4,5)	330,588	59,411	261,604	99,257
	<u>₩443,273</u>	<u>522,969</u>	<u>399,984</u>	<u>589,092</u>



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POSCO HOLDINGS INC.

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2020 and 2021

- (*1) The Company recognized probable outflow of resources amounting to ₩59,221 million and ₩61,911 million as provisions for legal contingencies and asserted claim in relation to lawsuits against the Company as of December 31, 2020 and 2021, respectively.
- (*2) Due to contamination of lands near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery amounting to ₩12,503 million as provisions for restoration as of December 31, 2021. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials available for now to recover the land. In addition, the Company has applied a discount rate of 2.08%~2.34% to measure present value of these costs.
- (*3) Due to contamination of river water quality near Greenhills mine owned by POSCO Canada Ltd., the Company recognized present value of estimated costs for recovery amounting to ₩81,300 million as provisions for improvement as of December 31, 2021.
- (*4) As of December 31, 2020 and 2021, POSCO ENERGY CO., LTD., and Korea Fuel Cell, recognized ₩80,842 million and ₩80,727 million of provisions for warranties, respectively, for the service contract on fuel cell based on its estimate of probable outflow of resources.
- (*5) As of December 31, 2020 and 2021, the Company has recognized emission liabilities amounting to ₩78,646 million and ₩84,364 million, respectively, for expected greenhouse gas emissions exceeding the quantity of free quota emission rights.

- (b) The following are the key assumptions concerning the future and other key sources of estimation uncertainties at the end of the reporting period.

	Key assumptions for the estimation
Provision for bonus payments	Estimations based on financial performance and working service rendered
Provision for construction warranties	Estimations based on historical warranty data
Provision for legal contingencies and claims	Estimations based on the degree of probability of an unfavorable outcome and the ability to make a sufficient reliable estimate of the amount of loss

- (c) Changes in provisions for the years ended December 31, 2020 and 2021 were as follows:

1) For the year ended December 31, 2020

(in millions of Won)	Beginning	Increase	Utilization	Reversal	Others(*1)	Ending
Provision for bonus payments	₩123,669	106,855	(109,835)	(6,334)	7,596	121,951
Provision for construction warranties	170,428	86,691	(23,916)	(5,311)	(795)	227,097
Provision for legal contingencies and claims	84,484	30,894	(16,444)	(9,087)	(2,397)	87,450
Provision for the restoration	87,303	67,501	(6,525)	(15,811)	7,277	139,745
Others	352,607	349,639	(142,440)	(133,294)	(36,513)	389,999
	<u>₩818,491</u>	<u>641,580</u>	<u>(299,160)</u>	<u>(169,837)</u>	<u>(24,832)</u>	<u>966,242</u>

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



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) For the year ended December 31, 2021

<i>(in millions of Won)</i>	<u>Beginning</u>	<u>Increase</u>	<u>Utilization</u>	<u>Reversal</u>	<u>Others(*1)</u>	<u>Ending</u>
Provision for bonus payments	₩121,951	160,893	(138,003)	(4,989)	(1,319)	138,533
Provision for construction						
warranties	227,097	79,518	(67,196)	(3,080)	321	236,660
Provision for legal contingencies						
and claims	87,450	66,395	(28,400)	(32,731)	777	93,491
Provision for the restoration	139,745	29,456	(7,646)	(11,129)	9,105	159,531
Others	389,999	291,284	(185,066)	(119,633)	(15,723)	360,861
	<u>₩966,242</u>	<u>627,546</u>	<u>(426,311)</u>	<u>(171,562)</u>	<u>(6,839)</u>	<u>989,076</u>

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

21. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expense related to post-employment benefit plans			
under defined contribution plans	₩46,846	50,694	54,527

(b) Defined benefit plans

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

<i>(in millions of Won)</i>	<u>2020</u>	<u>2021</u>
Present value of funded obligations	₩ 2,439,938	2,401,261
Fair value of plan assets(*1)	(2,397,717)	(2,620,046)
Present value of non-funded obligations	13,415	13,770
Net defined benefit liabilities	<u>₩ 55,636</u>	<u>(205,015)</u>

(*1) As of December 31, 2020 and 2021, the Company recognized net defined benefit assets amounting to ₩86,149 million and ₩255,858 million, respectively, since there are consolidated entities whose fair value of plan assets exceeded the present value of defined benefit obligations.

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- 2) Changes in present value of defined benefit obligations for the years ended December 31, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2020	2021
Defined benefit obligations at the beginning of year	₩2,431,880	2,453,353
Current service costs	245,047	243,029
Interest costs	47,485	52,118
Remeasurements :	(52,732)	(78,888)
- Loss (gain) from change in financial assumptions	(76,744)	(159,154)
- Loss (gain) from change in demographic assumptions	27,399	1,512
- Loss (gain) from change in others	(3,387)	78,754
Benefits paid	(225,293)	(253,208)
Others	6,966	(1,373)
Defined benefit obligations at the end of year	<u>₩2,453,353</u>	<u>2,415,031</u>

- 3) Changes in fair value of plan assets for the years ended December 31, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2020	2021
Fair value of plan assets at the beginning of year	₩2,255,149	2,397,717
Interest on plan assets	44,208	51,580
Remeasurement of plan assets	(600)	(9,529)
Contributions to plan assets	307,367	417,486
Benefits paid	(213,246)	(230,938)
Others	4,839	(6,270)
Fair value of plan assets at the end of year ...	<u>₩2,397,717</u>	<u>2,620,046</u>

The Company expects to make an estimated contribution of ₩267,486 million to the defined benefit plan assets in 2022.

- 4) The fair value of plan assets as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Equity instruments	₩ 17,886	23,980
Debt instruments	696,583	811,498
Deposits	1,614,796	1,724,245
Others	68,452	60,323
	<u>₩2,397,717</u>	<u>2,620,046</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- 5) The amounts recognized in consolidated statement of comprehensive income for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Current service costs	₩ 236,735	245,047	243,029
Net interest costs(*1)	3,690	3,277	538
	<u>₩ 240,425</u>	<u>248,324</u>	<u>243,567</u>

- (*1) The actual return on plan assets amounted to ₩39,518 million, ₩43,608 million and ₩42,051 for the years ended December 31, 2019, 2020 and 2021, respectively.

The expenses by function were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Cost of sales	₩ 169,206	177,223	166,734
Selling and administrative expenses	70,060	69,256	76,265
Others	1,159	1,845	568
	<u>₩ 240,425</u>	<u>248,324</u>	<u>243,567</u>

- 6) Accumulated actuarial gains (losses), net of tax recognized in other comprehensive income for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Beginning	₩(472,644)	(589,796)	(553,221)
Current actuarial gains (losses)	(117,152)	36,575	51,155
Ending	<u>₩(589,796)</u>	<u>(553,221)</u>	<u>(502,066)</u>

- 7) The principal actuarial assumptions as of December 31, 2020 and 2021 are as follows:

<i>(%)</i>	2020	2021
Discount rate	0.53 ~ 13.00	1.25 ~ 7.84
Expected future increase in salaries(*1) ...	1.92 ~ 11.00	1.50 ~ 11.50

- (*1) The expected future increase in salaries is based on the average salary increase rate for the past 5 years.

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



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

(in millions of Won)	1% Increase		1% Decrease	
	Amount	Percentage(%)	Amount	Percentage(%)
Discount rate	₩(167,127)	(6.9)	192,542	8.0
Expected future increase in salaries	192,838	8.0	(170,207)	(7.0)

- 9) As of December 31, 2020, the maturity of the expected benefit payments are as follows:

(in millions of Won)	Within 1 year	1 year - 5 years	5 years - 10 years	10 years - 20 years	After 20 years	Total
Benefits to be paid	₩280,973	847,689	610,187	1,105,470	457,677	3,301,996

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

22. Other Liabilities

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

(in millions of Won)	2020	2021
Current		
Due to customers for contract work	₩ 629,399	813,207
Advances received	951,521	845,652
Unearned revenue	24,433	106,574
Withholdings	332,327	340,107
Firm commitment liability	35,993	11,852
Others	8,304	14,844
	<u>₩1,981,977</u>	<u>2,132,236</u>
Non-current		
Advances received	₩ 311,277	730,505
Unearned revenue	17,953	27,908
Others	19,067	28,583
	<u>₩ 348,297</u>	<u>786,996</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

23. 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 December 31, 2020 and 2021 are as follows:

① December 31, 2020

(in millions of Won)

	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivative assets	₩ 79,995	—	79,995	—	79,995
Short-term financial instruments	9,133,404	—	9,133,404	—	9,133,404
Debt securities	20,797	—	—	20,797	20,797
Other securities	364,404	47,321	2,242	314,841	364,404
Other receivables	2,000	—	—	2,000	2,000
Derivative hedging instruments(*2) ...	37,880	—	37,880	—	37,880
Fair value through other comprehensive income					
Equity securities	1,120,968	729,342	—	391,626	1,120,968
Debt securities	2,471	—	—	2,471	2,471
Financial assets measured at amortized cost(*1)					
Cash and cash Equivalents	4,754,644	—	—	—	—
Trade accounts and notes receivable	7,329,596	—	—	—	—
Other receivables	2,300,515	—	—	—	—
Debt securities	151,146	—	—	—	—
Deposit instruments	2,359,951	—	—	—	—
	<u>₩ 2,657,771</u>	<u>776,663</u>	<u>9,253,521</u>	<u>731,735</u>	<u>10,761,919</u>
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 180,773	—	180,773	—	180,773
Derivative hedging instruments(*2) ...	31,591	—	31,591	—	31,591
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	3,777,836	—	—	—	—
Borrowings	20,497,607	—	20,821,353	—	20,821,353
Financial guarantee liabilities	62,629	—	—	—	—
Others	2,347,244	—	—	—	—
	<u>₩26,897,680</u>	<u>—</u>	<u>21,033,717</u>	<u>—</u>	<u>21,033,717</u>

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



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

② December 31, 2021

(in millions of Won)

(in millions of Won)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivative assets	₩ 241,541	—	241,541	—	241,541
Short-term financial instruments	10,514,093	—	10,514,093	—	10,514,093
Debt securities	10,717	—	—	10,717	10,717
Other securities	430,998	37,343	1,022	392,633	430,998
Other receivables	2,000	—	—	2,000	2,000
Derivative hedging instruments(*2) ..	7,555	—	7,555	—	7,555
Fair value through other comprehensive income					
Equity securities	1,466,061	1,250,497	—	215,564	1,466,061
Financial assets measured at amortized cost(*1)					
Cash and cash Equivalents	4,775,166	—	—	—	—
Trade accounts and notes receivable	9,051,708	—	—	—	—
Other receivables	2,761,566	—	—	—	—
Debt securities	151,146	—	—	—	—
Deposit instruments	2,745,280	—	—	—	—
	<u>₩32,157,831</u>	<u>1,287,840</u>	<u>10,764,211</u>	<u>620,914</u>	<u>12,672,965</u>
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 93,236	—	93,236	—	93,236
Borrowings	1,435,193	1,435,193	—	—	1,435,193
Derivative hedging instruments(*2) ..	16,803	—	16,803	—	16,803
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	5,468,869	—	—	—	—
Borrowings	20,306,023	—	20,393,246	—	20,393,246
Financial guarantee liabilities ...	25,598	—	—	—	—
Others	2,693,163	—	—	—	—
	<u>₩30,038,885</u>	<u>1,435,193</u>	<u>20,503,285</u>	<u>—</u>	<u>21,938,478</u>

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



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

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

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

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

① Value measurement method and significant but not observable inputs for the financial assets classified as fair value hierarchy Level 3 as of December 31, 2021 are as follows:

(in millions of Won)	Fair value	Valuation technique	Inputs	Range of inputs	Effect on fair value assessment with unobservable input
Financial assets at fair value		Discounted cash flows	Growth rate	0% ~ 1%	As growth rate increases, fair value increases
	₩ 65,910		Discount rate	6.19% ~ 20.24%	As discount rate increases, fair value decreases
		Proxy firm valuation method	Price multiples	0.817	As price multiples increases, fair value increases
	56,162	Asset value approach	—	—	—
	498,842				

② Sensitivity analysis of financial assets and financial liabilities classified as Level 3 of fair value hierarchy

If other inputs remain constant as of December 31, 2021 and one of the significant but not observable input is changed, the effect on fair value measurement is as follows:

(in millions of Won)	Input variable	Favorable changes	Unfavorable changes
Financial assets at fair value	Fluctuation 0.5% of growth rate	₩ 229	190
	Fluctuation 0.5% of discount rate	4,790	4,371



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- ③ Changes in fair value of financial assets and financial liabilities classified as Level 3 for the years ended December 31, 2020 and 2021 were as follows:

(in millions of Won)

	2020	2021
Beginning	₩793,950	731,735
Acquisition	78,241	138,473
Gain (Loss) on valuation of financial assets	(41,537)	5,292
Other comprehensive income (loss)	(44,469)	1,581
Disposal and others	(54,450)	(256,167)
Ending	₩731,735	620,914

- 4) Finance income and costs by category of financial instrument for the years ended December 31, 2019, 2020 and 2021 were as follows:

- ① For the year ended December 31, 2019

(in millions of Won)	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩ 142,873	(23,551)	—	5,556	630	125,508	—
Derivative assets	—	123,538	—	184,861	—	308,399	—
Financial assets at fair value through other comprehensive income	—	—	—	—	74,825	74,825	(10,541)
Financial assets measured at amortized cost	209,511	—	295,319	(36,935)	(8,042)	459,853	—
Derivative liabilities ..	—	(7,494)	—	(217,072)	—	(224,566)	(90)
Financial liabilities measured at amortized cost	(755,711)	—	(330,808)	(2,432)	(24,988)	(1,113,939)	—
	₩(403,327)	92,493	(35,489)	(66,022)	42,425	(369,920)	(10,631)



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

② For the year ended December 31, 2020

(in millions of Won)	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩ 165,160	(15,883)	—	9,979	329	159,585	—
Derivative assets	—	56,273	—	318,820	—	375,093	—
Financial assets at fair value through other comprehensive income	—	—	—	—	38,019	38,019	(77,627)
Financial assets measured at amortized cost	207,014	—	(222,215)	(15,779)	(5,821)	(36,801)	—
Derivative liabilities . .	—	(170,155)	—	(376,823)	—	(546,978)	(331)
Financial liabilities measured at amortized cost	(638,797)	—	450,984	—	(16,010)	(203,823)	—
	<u>₩(266,623)</u>	<u>(129,765)</u>	<u>228,769</u>	<u>(63,803)</u>	<u>16,517</u>	<u>(214,905)</u>	<u>(77,958)</u>

③ For the year ended December 31, 2021

(in millions of Won)	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩ 158,121	(12,093)	—	12,119	26,170	184,317	—
Derivative assets	—	213,724	—	370,547	—	584,271	—
Financial assets at fair value through other comprehensive income	—	—	—	—	48,281	48,281	214,888
Financial assets measured at amortized cost	134,122	—	651,435	(17,769)	(7,149)	760,639	—
Financial liabilities at fair value	—	54,057	33,069	—	(15,876)	71,250	—
Derivative liabilities . .	—	55,858	—	(465,174)	—	(409,316)	309
Financial liabilities measured at amortized cost	(439,826)	—	(846,202)	(16)	11,537	(1,274,507)	—
	<u>₩(147,583)</u>	<u>311,546</u>	<u>(161,698)</u>	<u>(100,293)</u>	<u>62,963</u>	<u>(35,065)</u>	<u>215,197</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(b) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. The maximum exposure to credit risk as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Cash and cash equivalents	₩ 4,754,644	4,775,166
Derivative assets	117,875	249,096
Short-term financial Instrument	9,133,404	10,514,093
Debt securities	174,414	161,863
Other securities	364,404	430,998
Other receivables	2,302,515	2,763,566
Trade accounts and notes receivable	7,329,596	9,051,708
Deposit Instruments	2,359,951	2,745,280
	<u>₩26,536,803</u>	<u>30,691,770</u>

The Company provided financial guarantee for the repayment of loans of associates, joint ventures and third parties. As of December 31, 2020 and 2021, the maximum exposure to credit risk related to the financial guarantee amounted to ₩4,069,562 million and ₩4,122,774 million, respectively.

2) Impairment losses on financial assets

The Company assesses expected credit losses by estimating the default rate based on the credit loss experience of prior periods and current overdue conditions and considers the credit default swap (CDS) premium to reflect changes in credit risk by sector. For credit-impaired assets and significant receivables where the credit risk is significantly increased, credit losses are individually assessed.

① Allowance for doubtful accounts as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Trade accounts and notes receivable	₩386,650	365,120
Other accounts receivable	177,037	171,273
Loans	184,610	172,162
Other assets	5,396	8,810
	<u>₩753,693</u>	<u>717,365</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- ② Impairment losses on financial assets for the years ended December 31, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2020	2021
Bad debt expenses	₩ 829	40,153
Other bad debt expenses(*1)	71,092	19,704
Less: Recovery of allowance for other bad debt accounts	(17,987)	(32,679)
	<u>₩ 53,934</u>	<u>27,178</u>

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

- ③ The aging and allowance for doubtful accounts of trade accounts and notes receivable as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020		2021	
	Trade accounts and notes receivable	Impairment	Trade accounts and notes receivable	Impairment
Current (not past due) . . .	₩7,042,308	82,836	9,481,730	28,866
Over due less than 1 month	279,548	4,238	289,716	6,537
1 month - 3 months	198,807	4,775	132,509	2,821
3 months - 12 months	286,274	21,042	85,339	22,212
Over 12 months	776,375	273,759	417,970	304,684
	<u>₩8,583,312</u>	<u>386,650</u>	<u>10,407,264</u>	<u>365,120</u>

- ④ The aging and allowance for doubtful accounts of other receivables as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020		2021	
	Loans and other account receivable	Impairment	Loans and other account receivable	Impairment
Current (not past due)	₩1,836,372	132,209	2,239,492	99,661
Over due less than 1 month	50,858	199	33,276	373
1 month - 3 months	39,053	100	86,517	71
3 months - 12 months	47,978	10,033	289,810	12,227
Over 12 months	695,297	224,502	466,716	239,913
	<u>₩2,669,558</u>	<u>367,043</u>	<u>3,115,811</u>	<u>352,245</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- ⑤ Changes in the allowance for doubtful accounts for the years ended December 31, 2019, 2020 and 2021 were as follows:

(in millions of Won)	2019	2020	2021
Beginning	₩916,790	898,273	753,693
Bad debt expenses(reversal)	(28,105)	829	40,153
Other bad debt expenses	80,323	53,105	(12,975)
Others(*1)	(70,735)	(198,514)	(63,506)
Ending	₩898,273	753,693	717,365

- (*1) Others for the year ended December 31, 2019, 2020 and 2021, included decreases mainly due to write-off amounting to ₩78,505 million, ₩150,417 million and ₩86,111 million, respectively.

(c) Liquidity risk

- 1) Contractual maturities of non-derivative financial liabilities are as follows:

(in millions of Won)	Book value	Contractual cash flow	Within 1 year	1 year - 5 years	After 5 years
Trade accounts and notes payable	₩ 5,468,869	5,469,700	5,469,006	694	—
Borrowings	21,741,216	22,109,986	8,711,485	12,479,283	919,218
Financial guarantee liabilities(*1)	25,598	4,122,774	4,122,774	—	—
Lease liabilities	778,014	1,041,367	212,332	465,206	363,829
Other financial liabilities	1,915,149	1,915,668	1,832,601	83,067	—
	₩29,928,846	34,659,495	20,348,198	13,028,250	1,283,047

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

- 2) Contractual maturities of derivative financial liabilities are as follows:

(in millions of Won)	Within 1 year	1 year - 5 years	After 5 years	Total
Currency forward	₩80,276	14,511	—	94,787
Currency swap	5,746	3,789	—	9,535
Interest rate swap	4,974	—	—	4,974
Others	744	—	—	744
	₩91,740	18,300	—	110,040

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(d) Currency risk

- 1) The Company has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The exposure to currency risk as of December 31, 2020 and 2021 is as follows:

	2020		2021	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 4,331,058	6,768,169	5,237,890	7,879,302
EUR	459,423	939,160	622,749	2,620,254
JPY	110,569	644,675	156,007	545,622
Others	714,324	461,162	849,744	467,053

- 2) As of December 31, 2020 and 2021, provided that functional currency against foreign currencies other than functional currency hypothetically strengthens or weakens by 10%, the changes in gain or loss for the years ended December 31, 2020 and 2021 were as follows:

	2020		2021	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (243,711)	243,711	(264,141)	264,141
EUR	(47,974)	47,974	(199,751)	199,751
JPY	(53,411)	53,411	(38,962)	38,962

(e) Interest rate risk

- 1) The carrying amount of interest-bearing financial instruments as of December 31, 2020 and 2021 are as follows:

	2020	2021
Fixed rate		
Financial assets	₩ 17,291,726	20,677,076
Financial liabilities	(14,601,638)	(16,092,096)
	<u>2,690,088</u>	<u>4,584,980</u>
Variable rate		
Financial liabilities	₩ (6,635,644)	(6,427,133)

- 2) Sensitivity analysis on the cash flows of financial instruments with variable interest rate

The Company's interest rate risk mainly arises from borrowings with variable interest rate. As of December 31, 2020 and 2021, provided that other factors remain the same and the interest rate of borrowings with floating rates increases or decreases by 1%, the changes in interest expense for the years ended December 31, 2020 and 2021 were as follows:

	2020		2021	
	1% increase	1% decrease	1% increase	1% decrease
Variable rate financial instruments ..	₩(66,356)	66,356	(64,271)	64,271



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FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

24. Share Capital and Capital Surplus

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

(Share, in Won)	2020	2021
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 December 31, 2021, total number of ADRs of 26,067,848 outstanding in overseas stock market are equivalent to 6,516,962 shares of common stock.

(*2) As of December 31, 2021, the difference between the ending balance of common stock and the aggregate par value of issued common stock is ₩46,469 million due to retirement of 9,293,790 treasury stocks.

(b) The changes in issued common stock for the years ended December 31, 2020 and 2021 were as follows:

(share)	2020			2021		
	Issued shares	Treasury shares	Number of outstanding shares	Issued shares	Treasury shares	Number of outstanding shares
Beginning	87,186,835	(7,071,194)	80,115,641	87,186,835	(11,171,363)	76,015,472
Acquisition of treasury shares ...	—	(4,100,169)	(4,100,169)	—	(389,900)	(389,900)
Ending	87,186,835	(11,171,363)	76,015,472	87,186,835	(11,561,263)	75,625,572

(c) Capital surplus as of December 31, 2020 and 2021 are as follows:

(in millions of Won)	2020	2021
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	796,623	796,623
Other capital surplus	59,555	136,968
	₩1,320,003	1,397,416

25. Hybrid Bonds

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

(in millions of Won)	Date of issue	Date of maturity	Interest rate (%)	2020	2021
Hybrid bond 1-2(*1)	2013-06-13	2043-06-13	4.60	₩ 200,000	200,000
Issuance cost				(616)	(616)
				₩ 199,384	199,384



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(*1) Details of issuance of hybrid bonds as of December 31, 2021 are as follows:

	Hybrid bond 1-2
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 of the Republic of Korea (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 holder's preference in the event of liquidation is senior to the common stockholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of December 31, 2021 amounts to ₩479 million.

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

(in millions of Won)	Date of issue	Date of maturity	Interest rate (%)	2020	2021
Hybrid bond 1-4(*1)	2013-08-29	2043-08-29	5.21	₩140,000	140,000
Issuance cost				(429)	(429)
				₩139,571	139,571

(*1) Details of hybrid bonds of POSCO ENERGY CO., LTD .as of December 31, 2021 are as follows:

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



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

The hybrid bond holder's preference in the event of liquidation is senior to the common stockholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of December 31, 2021 amounts to ₩639 million.

26. Reserves

(a) Reserves as of December 31, 2020 and 2021 are as follows:

<i>(in millions of Won)</i>	2020	2021
Accumulated comprehensive loss of investments in associates and joint ventures	₩ (693,176)	(532,833)
Changes in fair value of equity investments at fair value through other comprehensive income	(359,283)	(153,359)
Foreign currency translation differences	(339,707)	7,762
Gain or losses on valuation of derivatives	(699)	(455)
Others	11,947	11,900
	<u>₩(1,380,918)</u>	<u>(666,985)</u>

(b) Changes in fair value of equity investments at fair value through other comprehensive income for the years ended December 31, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2020	2021
Beginning balance	₩ (285,073)	(359,283)
Changes in unrealized fair value of equity investments	(72,808)	201,144
Reclassification upon disposal	2,726	1,667
Others	(4,128)	3,113
Ending balance	<u>₩ (359,283)</u>	<u>(153,359)</u>

27. Treasury Shares

Based on the Board of Directors' resolution, POSCO HOLDINGS INC. holds treasury shares for business purposes including its share price stabilization. The changes in treasury shares for the years ended December 31, 2020 and 2021 were as follows:

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

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



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

28. Revenue

(a) Disaggregation of revenue

- 1) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the years ended December 31, 2019, 2020 and 2021 were as follows:

① For the year ended December 31, 2019

<i>(in millions of Won)</i>	Steel	Trading	Construction	Others	Total
Types of revenue					
Revenue from sales of goods	₩31,456,714	21,629,838	—	712,196	53,798,748
Revenue from services	573,463	369,730	49,696	2,217,862	3,210,751
Revenue from construction contract	—	—	7,308,401	30,998	7,339,399
Others	48,276	157,564	5,393	225,578	436,811
	<u>₩32,078,453</u>	<u>22,157,132</u>	<u>7,363,490</u>	<u>3,186,634</u>	<u>64,785,709</u>
Timing of revenue recognition					
Revenue recognized at a point in time	₩31,504,990	21,787,402	747,917	943,037	54,983,346
Revenue recognized over time	573,463	369,730	6,615,573	2,243,597	9,802,363
	<u>₩32,078,453</u>	<u>22,157,132</u>	<u>7,363,490</u>	<u>3,186,634</u>	<u>64,785,709</u>

② For the year ended December 31, 2020

<i>(in millions of Won)</i>	Steel	Trading	Construction	Others	Total
Types of revenue					
Revenue from sales of goods	₩28,394,790	18,796,522	—	917,307	48,108,619
Revenue from services	462,489	388,222	45,359	1,811,380	2,707,450
Revenue from construction contract	—	—	6,197,497	27,949	6,225,446
Others	35,599	160,478	7,196	221,890	425,163
	<u>₩28,892,878</u>	<u>19,345,222</u>	<u>6,250,052</u>	<u>2,978,526</u>	<u>57,466,678</u>
Timing of revenue recognition					
Revenue recognized at a point in time	₩28,430,389	18,957,000	141,916	1,139,197	48,668,502
Revenue recognized over time	462,489	388,222	6,108,136	1,839,329	8,798,176
	<u>₩28,892,878</u>	<u>19,345,222</u>	<u>6,250,052</u>	<u>2,978,526</u>	<u>57,466,678</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

③ For the year ended December 31, 2021

(in millions of Won)

	Steel	Trading	Construction	Others	Total
Types of revenue					
Revenue from sales of goods	₩40,305,393	24,233,531	—	1,438,050	65,976,974
Revenue from services	680,513	547,369	58,807	2,133,164	3,419,853
Revenue from construction contract	—	—	6,014,050	27,967	6,042,017
Others	107,499	284,708	2,365	175,785	570,357
	<u>₩41,093,405</u>	<u>25,065,608</u>	<u>6,075,222</u>	<u>3,774,966</u>	<u>76,009,201</u>
Timing of revenue recognition					
Revenue recognized at a point in time	₩40,412,892	24,518,239	491,313	1,613,835	67,036,279
Revenue recognized over time	680,513	547,369	5,583,909	2,161,131	8,972,922
	<u>₩41,093,405</u>	<u>25,065,608</u>	<u>6,075,222</u>	<u>3,774,966</u>	<u>76,009,201</u>

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

(in millions of Won)

	2020	2021
Receivables		
Account receivables	₩7,329,596	9,051,708
Contract assets		
Due from customers for contract work	867,066	990,436
Contract liabilities		
Advance received	1,264,615	1,583,732
Due to customers for contract work	629,399	813,207
Unearned revenue	42,040	133,765

29. Revenue – Contract Balances

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

(in millions of Won)

	2020	2021
Accumulated cost	₩29,168,745	30,691,333
Accumulated contract profit	2,262,854	2,462,231
Accumulated contract loss	(1,262,933)	(1,244,787)
Accumulated contract revenue	30,168,666	31,908,777



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

<i>(in millions of Won)</i>	2020	2021
Unbilled due from customers for contract work	₩ 941,793	1,027,039
Due to customers for contract work	(629,399)	(813,207)
	<u>₩ 312,394</u>	<u>213,832</u>

- (c) Due to the factors causing the cost variation for the years ended December 31, 2020 and 2021, the estimated total contract costs have changed. Details of changes in estimated total contract costs and the impact on profit before income taxes for the years ended December 31, 2020, 2021 and future periods are as follows:

<i>(in millions of Won)</i>	2020	2021
Changes in total contract revenues	₩ 325,945	862,660
Changes in estimated total contract costs . .	180,065	659,613
Changes in profit before income taxes of construction contract :		
- Current period	40,743	116,340
- Future periods	105,137	86,707

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

- (d) Uncertainty of estimates

1) Total contract revenues

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

2) Total contract costs

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

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



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

- (e) As of December 31, 2021, revenue expected to be recognized in the future in relation to performance obligations that have not been fulfilled (or partially fulfilled) is as follows:

<i>(in millions of Won)</i>	2022	2023	2024	After 2025	Total
Expected Revenue	₩6,091,326	5,526,530	4,081,693	1,723,443	17,422,992

30. Selling and Administrative Expenses

- (a) Other administrative expenses

Other administrative expenses for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Wages and salaries	₩ 840,599	828,667	941,824
Expenses related to post-employment benefits	88,880	83,037	142,606
Other employee benefits	177,908	187,075	207,074
Travel	42,692	17,513	18,916
Depreciation	131,337	146,483	144,037
Amortization	112,171	115,254	87,232
Communication	11,150	10,390	9,898
Electricity	8,799	7,968	7,398
Taxes and public dues	78,932	59,274	85,808
Rental	39,886	34,966	28,682
Repairs	13,454	8,952	12,604
Entertainment	11,123	8,328	10,186
Advertising	82,574	71,743	89,218
Research & development	110,315	116,273	123,092
Service fees	193,486	156,530	187,271
Vehicles maintenance	7,660	4,880	5,336
Industry association fee	9,609	9,586	9,691
Conference	15,104	11,576	14,479
Increase to provisions	18,071	12,285	8,936
Others	47,536	48,822	75,521
	<u>₩2,041,286</u>	<u>1,939,602</u>	<u>2,209,809</u>



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POSCO HOLDINGS INC.

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2020 and 2021

(b) Selling expenses

Selling expenses for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Freight and custody	₩ 180,341	180,503	192,973
Operating expenses for distribution center	9,222	6,977	7,382
Sales commissions	73,941	86,851	65,404
Sales advertising	1,552	1,284	3,620
Sales promotion	9,989	7,086	6,264
Sample	2,287	1,650	2,164
Sales insurance premium	32,632	30,364	41,069
Contract cost	38,081	46,247	61,450
Others	20,273	15,978	12,749
	<u>₩ 368,318</u>	<u>376,940</u>	<u>393,075</u>

31. Research and Development Expenditures Recognized as Expenses

Research and development expenditures recognized as expenses for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Administrative expenses	₩ 110,315	116,273	123,092
Cost of sales	389,460	351,861	345,457
	<u>₩ 499,775</u>	<u>468,134</u>	<u>468,549</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

32. Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Other operating income			
Gain on disposals of assets held for sale	₩ 37,461	841	60,208
Gain on disposals of investment in subsidiaries, associates and joint ventures	27,836	88,836	85,981
Gain on disposals of property, plant and equipment	49,367	15,548	12,016
Gain on disposals of intangible assets	1,896	815	273
Gain on valuation of firm commitment	60,201	107,511	169,485
Gain on valuation of emission rights	25,440	—	—
Gain on disposals of emission rights	11,141	24,851	567
Reversal of other provisions	36,522	5,154	33,887
Premium income	3,326	25,253	38,115
Miscellaneous income(*1,2)	189,610	111,701	157,703
Others	8,091	21,826	19,762
	<u>₩ 450,891</u>	<u>402,336</u>	<u>577,997</u>
Other operating expenses			
Impairment loss on assets held for sale	₩ (38,328)	(5,030)	—
Loss on disposals of investments in subsidiaries, associates and joint ventures	(6,539)	(14,632)	(12,882)
Loss on disposals of property, plant and equipment	(120,227)	(142,126)	(95,720)
Impairment loss on property, plant and equipment	(442,700)	(27,040)	(311,520)
Impairment loss on investment property	(32,642)	—	—
Impairment loss on intangible assets	(191,021)	(197,776)	(224,328)
Loss on valuation of firm commitment	(37,685)	(93,098)	(111,542)
Idle tangible asset expenses	(34,152)	(19,276)	(23,843)
Increase to provisions	(23,074)	(30,536)	(37,962)
Donations	(51,567)	(45,652)	(101,258)
Miscellaneous losses	(95,878)	(63,525)	(69,972)
Others	(16,152)	(6,883)	(38,465)
	<u>₩(1,089,965)</u>	<u>(645,574)</u>	<u>(1,027,492)</u>

(*1) During the year ended December 31, 2021, the Company recognized ₩46,283 million of other operating income for refund of taxes other than income tax as a result of administrative litigation for tax audits.



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(*2) During the year ended December 31, 2019, the company recognized other operating income for the refunded amount of ₩74,044 million as a result of request for judgement on value added tax related to imported LNG.

33. Finance Income and Costs

Details of finance income and costs for the years ended December 31, 2019, 2020 and 2021 were as follows:

(in millions of Won)	2019	2020	2021
Finance income			
Interest income(*1)	₩ 352,384	372,174	292,243
Dividend income	75,455	38,348	74,451
Gain on foreign currency transactions	824,565	1,147,692	1,079,939
Gain on foreign currency translations	206,019	574,463	298,452
Gain on derivatives transactions	195,933	352,005	402,171
Gain on valuations of derivatives	163,491	115,642	370,780
Gain on disposals of financial assets at fair value through profit or loss	8,525	15,550	20,070
Gain on valuations of financial assets at fair value through profit or loss	42,297	51,581	101,717
Gain on valuations of financial liabilities at fair value through profit or loss	—	—	54,057
Others	3,474	10,044	36,230
	<u>₩ 1,872,143</u>	<u>2,677,499</u>	<u>2,730,110</u>
Finance costs			
Interest expenses	₩ (755,711)	(638,797)	(439,826)
Loss on foreign currency transactions	(746,603)	(1,067,907)	(985,179)
Loss on foreign currency translations	(319,470)	(425,479)	(554,910)
Loss on derivatives transactions	(228,144)	(410,008)	(496,798)
Loss on valuations of derivatives	(47,447)	(229,524)	(101,198)
Loss on disposals of trade accounts and notes receivable	(36,935)	(15,816)	(17,769)
Loss on disposals of financial assets at fair value through profit or loss	(2,969)	(5,571)	(7,951)
Loss on valuations of financial assets at fair value through profit or loss	(65,848)	(67,464)	(113,810)
Others	(38,936)	(31,836)	(47,734)
	<u>₩(2,242,063)</u>	<u>(2,892,402)</u>	<u>(2,765,175)</u>

(*1) Interest income calculated using the effective interest method for the years ended December 31, 2019, 2020 and 2021 were ₩209,511 million, ₩207,014 and ₩134,121 million, respectively.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

34. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses, impairment loss on other receivables and other operating expenses in the statements of comprehensive income for the years ended December 31, 2019, 2020 and 2021 were as follows (excluding finance costs and income tax expense):

<i>(in millions of Won)</i>	2019	2020	2021
Raw material used, changes in inventories and others	₩39,279,866	34,555,624	44,466,766
Employee benefits(*2)	3,623,611	3,624,953	4,023,167
Outsourced processing cost	8,250,372	7,808,343	7,690,334
Electricity	912,832	656,121	744,207
Depreciation(*1)	3,029,868	3,156,181	3,135,345
Amortization	431,247	465,558	444,100
Freight and custody	1,446,628	1,428,012	1,580,200
Sales commissions	73,941	86,851	65,404
Loss on disposal of property, plant and equipment	120,227	142,126	95,720
Impairment loss on property, plant and equipment	442,700	27,040	311,520
Impairment loss on goodwill and intangible assets	191,021	197,776	224,328
Donations	51,567	45,652	101,258
Other	4,168,470	3,638,393	4,962,224
	<u>₩62,022,350</u>	<u>55,832,630</u>	<u>67,844,573</u>

(*1) Includes depreciation of investment property.

(*2) The details of employee benefits expenses for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Wages and salaries	₩ 3,313,642	3,316,364	3,684,894
Expenses related to post-employment benefits	309,969	308,589	338,273
	<u>₩ 3,623,611</u>	<u>3,624,953</u>	<u>4,023,167</u>

35. Income Taxes

(a) Income tax expense for the years ended December 31, 2019, 2020 and 2021 was as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Current income taxes(*1)	₩ 913,286	692,870	2,470,416
Deferred income tax due to temporary differences	164,078	(481,303)	(153,919)
Items recorded directly in equity	11,005	12,705	(102,670)
Income tax expense	<u>₩ 1,088,369</u>	<u>224,272</u>	<u>2,213,827</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(*1) Refund (additional payment) of income taxes when filing a final corporation tax return is credited (charged) directly to current income taxes.

(b) The income taxes credited (charged) directly to equity for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in millions of Won)</i>	2019	2020	2021
Net changes in fair value of equity			
investments at fair value through other			
comprehensive income	₩ (26,744)	26,850	(83,532)
Others	37,749	(14,145)	(19,138)
	<u>₩ 11,005</u>	<u>12,705</u>	<u>(102,670)</u>

(c) The following table reconciles the calculated income tax expense based on POSCO's statutory rate (27.5%) to the actual amount of taxes recorded by the Company for the years ended December 31, 2019, 2020 and 2021.

<i>(in millions of Won)</i>	2019	2020	2021
Profit before income tax expense	₩ 3,126,534	1,972,764	9,389,809
Income tax expense computed at statutory rate	847,017	533,875	2,572,702
Adjustments:			
Tax credits	(39,709)	(90,093)	(313,205)
Refund of taxes for prior years	(35,389)	(14,362)	(42,667)
Tax effect from tax audit	14,775	11,796	5,635
Investment in subsidiaries, associates and joint ventures	317,977	147,874	(111,938)
Tax effects due to permanent differences	(5,588)	2,591	17,811
Others(*1)	(10,714)	(367,409)	85,489
	<u>241,352</u>	<u>(309,603)</u>	<u>(358,875)</u>
Income tax expense	<u>₩ 1,088,369</u>	<u>224,272</u>	<u>2,213,827</u>
Effective tax rate (%)	34.81%	11.37%	23.58%

(*1) Due to changes in estimation on deductibility of temporary difference related to Synthetic Natural Gas (SNG) facility and Business Combination of Off-gas Power Station Business Sector, ₩328,453 million of income tax benefit is recognized for the year ended December 31, 2020

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(d) The movements in deferred tax assets (liabilities) for the years ended December 31, 2020 and 2021 were as follows:

(in millions of Won)

	2020			2021		
	Beginning	Inc. (Dec.)	Ending	Beginning	Inc. (Dec.)	Ending
Deferred income tax due to temporary differences						
Allowance for doubtful accounts	₩ 153,136	(5,912)	147,224	147,224	(3,866)	143,358
PP&E - Depreciation	22,211	10,025	32,236	32,236	(1,328)	30,908
Share of profit or loss of equity - accounted investees	119,114	100,317	219,431	219,431	5,135	224,566
Allowance for inventories valuation	9,445	2,097	11,542	11,542	11,441	22,983
PP&E - Revaluation	(1,818,461)	84,462	(1,733,999)	(1,733,999)	130,616	(1,603,383)
Prepaid expenses	15,212	4,619	19,831	19,831	(301)	19,530
PP&E - Impairment loss	137,326	246,177	383,503	383,503	70,166	453,669
Gain or loss on foreign currency translation	7,036	(58,681)	(51,645)	(51,645)	50,540	(1,105)
Defined benefit liabilities	(95,683)	(26,137)	(121,820)	(121,820)	(26,521)	(148,341)
Provision for construction losses	7,303	10,302	17,605	17,605	(7,415)	10,190
Provision for construction warranty	61,801	1,714	63,515	63,515	10,845	74,360
Accrued income	(30,816)	(10,360)	(41,176)	(41,176)	(9,276)	(50,452)
Impairment loss on AFS	112,555	(3,957)	108,598	108,598	9,551	118,149
Difference in acquisition costs of treasury shares	69,408	—	69,408	69,408	—	69,408
Others	260,863	128,862	389,725	389,725	(88,617)	301,108
	<u>(969,550)</u>	<u>483,528</u>	<u>(486,022)</u>	<u>(486,022)</u>	<u>150,970</u>	<u>(335,052)</u>
Deferred income taxes recognized directly to equity						
Net changes in fair value of equity investments at fair value through other comprehensive income	130,141	26,850	156,991	156,991	(83,532)	73,459
Others	168,021	(14,145)	153,876	153,876	(19,139)	134,737
	<u>298,162</u>	<u>12,705</u>	<u>310,867</u>	<u>310,867</u>	<u>(102,671)</u>	<u>208,196</u>
Deferred tax from tax credit						
Tax credit carry - forward and others	91,839	(19,433)	72,406	72,406	458	72,864
Investments in subsidiaries, associates and joint ventures						
Investments in subsidiaries, associates and joint ventures	135,364	4,503	139,867	139,867	105,162	245,029
	<u>₩ (444,185)</u>	<u>481,303</u>	<u>37,118</u>	<u>37,118</u>	<u>153,919</u>	<u>191,037</u>

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(e) Deferred tax assets and liabilities as of December 31, 2020 and 2021 are as follows:

(in millions of Won)

	2020			2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred income tax due to temporary differences						
Allowance for doubtful accounts	₩ 147,243	(19)	147,224	143,526	(168)	143,358
PP&E - Depreciation	84,890	(52,654)	32,236	97,713	(66,805)	30,908
Share of profit or loss of equity-accounted investees	281,049	(61,618)	219,431	294,505	(69,939)	224,566
Allowance for inventories valuation	11,542	—	11,542	22,983	—	22,983
PP&E - Revaluation	—	(1,733,999)	(1,733,999)	—	(1,603,383)	(1,603,383)
Prepaid expenses	19,859	(28)	19,831	19,604	(74)	19,530
PP&E - Impairment loss	383,503	—	383,503	453,669	—	453,669
Gain or loss on foreign currency translation	101,244	(152,889)	(51,645)	87,947	(89,052)	(1,105)
Defined benefit liabilities	478,144	(599,964)	(121,820)	459,074	(607,415)	(148,341)
Provision for construction losses	17,605	—	17,605	10,190	—	10,190
Provision for construction warranty	63,515	—	63,515	74,360	—	74,360
Accrued income	—	(41,176)	(41,176)	—	(50,452)	(50,452)
Impairment loss on AFS	108,598	—	108,598	118,149	—	118,149
Difference in acquisition costs of treasury shares	69,408	—	69,408	69,408	—	69,408
Others	571,199	(181,474)	389,725	540,588	(239,480)	301,108
	<u>2,337,799</u>	<u>(2,823,821)</u>	<u>(486,022)</u>	<u>2,391,716</u>	<u>(2,726,768)</u>	<u>(335,052)</u>
Deferred income taxes recognized directly to equity						
Net changes in fair value of equity investments at fair value through other comprehensive income	167,070	(10,079)	156,991	143,956	(70,497)	73,459
Others	177,938	(24,062)	153,876	159,793	(25,056)	134,737
	<u>345,008</u>	<u>(34,141)</u>	<u>310,867</u>	<u>303,749</u>	<u>(95,553)</u>	<u>208,196</u>
Deferred tax from tax credit						
Tax credit carry-forward and others	72,406	—	72,406	72,864	—	72,864
Investments in subsidiaries, associates and joint ventures						
Investments in subsidiaries, associates and joint ventures	422,338	(282,471)	139,867	513,884	(268,855)	245,029
	<u>₩3,177,551</u>	<u>(3,140,433)</u>	<u>37,118</u>	<u>3,282,213</u>	<u>(3,091,176)</u>	<u>191,037</u>

- (f) As of December 31, 2021, deductible temporary differences of ₩6,346,230 million and taxable temporary differences of ₩8,365,483 million related to investments in subsidiaries and associates were not recognized as deferred tax assets or liabilities, because it is not probable they will reverse in the foreseeable future.
- (g) The Company recognized current tax payable or receivable at the amount expected to be paid or received that reflects uncertainty related to income taxes.



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POSCO HOLDINGS INC.

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FORM 20-F

None

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2020 and 2021

36. Earnings per Share

(a) Basic earnings per share for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in Won, except share information)</i>	2019	2020	2021
Profit attribute to controlling interest	₩1,864,405,092,477	1,581,207,551,926	6,606,727,454,113
Interests of hybrid bonds, net of tax	(6,669,999,999)	(6,688,273,972)	(6,669,999,999)
Weighted-average number of common shares outstanding(*1)	80,113,759	79,120,963	75,696,150
Basic earnings per share	₩ 23,189	19,900	87,191

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

<i>(shares)</i>	2019	2020	2021
Total number of common shares issued	87,186,835	87,186,835	87,186,835
Weighted-average number of treasury shares	(7,073,076)	(8,065,872)	(11,490,685)
Weighted-average number of common shares outstanding	80,113,759	79,120,963	75,696,150



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POSCO HOLDINGS INC.

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2020 and 2021

(b) Diluted earnings per share for the years ended December 31, 2019, 2020 and 2021 were as follows:

<i>(in Won, except per share information)</i>	2019	2020	2021
Profit attributable to controlling interest . . .	₩1,864,405,092,477	1,581,207,551,926	6,606,727,454,113
Interests of hybrid bonds, net of tax	(6,669,999,999)	(6,688,273,972)	(6,669,999,999)
Gain or loss from exchange rate on and revaluation of exchangeable bonds	—	—	(63,166,690,813)
Adjusted weighted-average number of common shares(*1)	80,113,759	79,120,963	76,688,340
Diluted earnings per share	₩ 23,189	19,900	85,240

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

<i>(shares)</i>	2019	2020	2021
Weighted-average number of common shares outstanding	80,113,759	79,120,963	75,696,150
Weighted-average number of potential common share	—	—	992,190
Adjusted weighted-average number of common shares	80,113,759	79,120,963	76,688,340

The Company holds exchangeable bonds as potential common stocks with a diluting effect as of December 31, 2021. Meanwhile, since there were no potential shares of common stock which had dilutive effects as of December 31, 2019 and 2020, diluted earnings per share is equal to basic earnings per share.



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FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

37. Related Party Transactions

(a) Significant transactions between the controlling company and related companies for the years ended December 31, 2019, 2020 and 2021 were as follows:

1) For the year ended December 31, 2019

(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
Subsidiaries(*3)						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 6,688	11,137	4,725	416,734	57	24,174
POSCO COATED & COLOR STEEL Co., Ltd.	468,070	2,014	95	—	20,298	724
POSCO ICT(*4)	2,924	4,994	—	344,977	34,638	181,128
eNtoB Corporation	15	60	304,846	64,845	126	25,754
POSCO CHEMICAL CO., LTD.	389,731	35,592	522,493	17,549	315,530	4,561
POSCO ENERGY CO., LTD.	148,205	2,211	5,123	94	—	7,561
POSCO INTERNATIONAL Corporation	6,025,938	46,661	541,002	—	49,506	7,149
POSCO Thainox Public Company Limited	265,374	13,795	10,037	—	—	3
POSCO America Corporation	300,598	—	—	—	—	2,994
POSCO Canada Ltd.	1,067	1,833	306,552	—	—	—
POSCO Asia Co., Ltd.	1,781,841	1,352	390,056	1,338	1,574	7,561
Qingdao Pohang Stainless Steel Co., Ltd.	146,468	—	—	—	—	110
POSCO JAPAN Co., Ltd.	1,509,631	36	38,631	6,269	—	5,835
POSCO-VIETNAM Co., Ltd.	265,849	368	—	—	—	66
POSCO MEXICO S.A. DE C.V.	303,924	159	—	—	—	809
POSCO Maharashtra Steel Private Limited	644,652	311	—	—	—	800
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	121,633	27	2,189	—	—	—
POSCO VST CO., LTD.	299,307	—	—	—	—	114
POSCO INTERNATIONAL SINGAPORE PTE LTD.	—	154	694,600	—	—	—
Others	964,532	20,679	134,296	34,444	246,184	169,849
	<u>13,646,447</u>	<u>141,383</u>	<u>2,954,645</u>	<u>886,250</u>	<u>667,913</u>	<u>439,192</u>
Associates and joint ventures(*3)						
POSCO PLANTEC Co., Ltd.	1,364	86	2,882	306,927	15,089	30,317
SNNC	5,527	4,100	588,276	—	—	9
POSCO-SAMSUNG-Slovakia Processing Center	65,688	—	—	—	—	—
Roy Hill Holdings Pty Ltd.	—	—	1,272,878	—	—	—
Others	16,084	112,390	76,427	—	—	85,167
	<u>88,663</u>	<u>116,576</u>	<u>1,940,463</u>	<u>306,927</u>	<u>15,089</u>	<u>115,493</u>
	<u>₩13,735,110</u>	<u>257,959</u>	<u>4,895,108</u>	<u>1,193,177</u>	<u>683,002</u>	<u>554,685</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 December 31, 2019, the company provided guarantees to related parties.

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



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 116	14*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) For the year ended December 31, 2020

(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
Subsidiaries(*3)						
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	₩ 6,790	11,123	15	772,846	220	63,467
POSCO COATED & COLOR STEEL Co., Ltd.	418,619	1,820	—	—	28,523	639
POSCO ICT(*4)	2,747	4,996	—	374,914	41,384	181,554
eNtoB Corporation	15	60	214,750	34,217	76	25,870
POSCO CHEMICAL CO., LTD.	258,154	34,944	456,780	23,003	304,135	4,816
POSCO ENERGY CO., LTD.	1,262	2,396	14,011	3	—	23,336
POSCO MOBILITY SOLUTION (formerly, POSCO SPS CORPORATION)	381,591	—	—	—	32,325	1,500
POSCO INTERNATIONAL Corporation	5,644,017	56,322	342,520	—	11,371	4,375
POSCO Thainox Public Company Limited	311,924	137	2,538	—	—	—
POSCO Canada Ltd.	—	1,325	162,385	—	—	—
POSCO Asia Co., Ltd.	1,514,154	1,060	151,373	4,331	1,508	3,915
Qingdao Pohang Stainless Steel Co., Ltd.	145,006	66	—	—	—	305
POSCO JAPAN Co., Ltd.	1,076,987	—	37,210	5,277	—	6,225
POSCO-VIETNAM Co., Ltd.	253,060	605	—	—	—	96
POSCO MEXICO S.A. DE C.V.	168,188	403	—	—	—	2,000
POSCO Maharashtra Steel Private Limited	328,943	2,507	—	—	—	479
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	112,925	—	—	—	—	—
POSCO VST CO., LTD.	208,464	218	—	—	—	156
POSCO INTERNATIONAL SINGAPORE PTE LTD.	—	—	600,580	—	—	—
POSCO ASSAN TST STEEL INDUSTRY	264,786	948	2,314	—	—	18
Others	806,672	22,069	71,261	45,695	238,496	135,429
	<u>11,904,304</u>	<u>140,999</u>	<u>2,055,737</u>	<u>1,260,286</u>	<u>658,038</u>	<u>454,180</u>
Associates and joint ventures(*3)						
SNNC	5,651	4,739	545,001	—	—	—
POSCO-SAMSUNG-Slovakia Processing Center	40,512	—	—	—	—	—
Roy Hill Holdings Pty Ltd	—	91,188	1,300,296	—	—	—
Others	34,620	69,151	64,861	84,839	4,086	44,068
	<u>80,783</u>	<u>165,078</u>	<u>1,910,158</u>	<u>84,839</u>	<u>4,086</u>	<u>44,068</u>
	<u>₩11,985,087</u>	<u>306,077</u>	<u>3,965,895</u>	<u>1,345,125</u>	<u>662,124</u>	<u>498,248</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 December 31, 2020, the company provided guarantees to related parties.

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



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POSCO HOLDINGS INC.
FORM 20-F

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None

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

3) For the year ended December 31, 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
Subsidiaries(*3)						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 5,859	11,113	—	491,624	158	32,328
POSCO COATED & COLOR STEEL Co., Ltd.	695,451	2,602	—	—	39,014	627
POSCO ICT(*4)	1,605	4,996	—	324,275	46,037	181,221
eNtoB Corporation	14	—	381,633	65,254	115	25,242
POSCO CHEMICAL CO., LTD.	318,808	31,917	462,013	14,358	298,431	3,724
POSCO ENERGY CO., LTD.	5,207	1,450	11,271	—	—	26,137
POSCO MOBILITY SOLUTION (formerly, POSCO SPS CORPORATION) ...	807,925	—	—	—	45,758	914
POSCO INTERNATIONAL Corporation	9,750,636	54,331	1,299,561	—	988	8,968
POSCO Thainox Public Company Limited	309,295	—	—	—	—	69
POSCO Canada Ltd.	—	1,372	202,523	—	—	—
POSCO Asia Co., Ltd.	19,142	426	417	—	—	1,648
Qingdao Pohang Stainless Steel Co., Ltd.	188,470	8	—	—	—	83
POSCO JAPAN Co., Ltd.	1,613,634	1	27,937	1,726	—	4,894
POSCO-VIETNAM Co., Ltd.	441,758	975	—	—	—	46
POSCO MEXICO S.A. DE C.V.	460,773	548	—	—	—	1,494
POSCO Maharashtra Steel Private Limited ...	899,675	903	—	—	—	229
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	161,808	—	—	—	—	2
POSCO VST CO., LTD.	201,517	—	—	—	—	20
POSCO INTERNATIONAL SINGAPORE PTE LTD.	—	1,453	1,704,193	—	—	—
POSCO ASSAN TST STEEL INDUSTRY	278,749	734	8	—	—	24
Others	1,337,458	56,161	220,000	63,116	276,202	153,677
	<u>17,497,784</u>	<u>168,990</u>	<u>4,309,556</u>	<u>960,353</u>	<u>706,703</u>	<u>441,347</u>
Associates and joint ventures(*3)						
SNNC	72,797	2,514	736,441	—	—	107
POSCO-SAMSUNG-Slovakia Processing Center	72,342	—	—	—	—	—
Roy Hill Holdings Pty Ltd	—	418,044	2,338,625	—	—	—
Others	37,410	63,298	107,637	—	—	49,741
	<u>182,549</u>	<u>483,856</u>	<u>3,182,703</u>	<u>—</u>	<u>—</u>	<u>49,848</u>
	<u>₩17,680,333</u>	<u>652,846</u>	<u>7,492,259</u>	<u>960,353</u>	<u>706,703</u>	<u>491,195</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 December 31, 2021, the company provided guarantees to related parties (Note 38).

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



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 118	15*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (b) The related account balances of receivables and payables resulting from significant transactions between the controlling company and related companies as of December 31, 2020 and 2021 are as follows:

1) 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
Subsidiaries							
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 MOBILITY SOLUTION (formerly, POSCO SPS CORPORATION)	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	—	—	—	—
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 INTERNATIONAL SINGAPORE PTE LTD.	—	13	13	42,596	—	—	42,596
POSCO ASSAN TST STEEL INDUSTRY	258,563	1,845	260,408	—	—	—	—
Others(*1)	467,135	29,002	496,137	2,926	30,691	82,716	116,333
	1,732,030	36,831	1,768,861	65,482	327,907	153,462	546,851
Associates and joint ventures							
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
	924	70,186	71,110	242,008	—	—	242,008
	₩1,732,954	107,017	1,839,971	307,490	327,907	153,462	788,859

- (*1) As of December 31, 2020, the Company has loans amounting to ₩2,950 million granted to Suncheon Eco Trans Co., Ltd., a subsidiary of the Company, and its loss allowance recognized is amounting to ₩2,950 million.

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

2) December 31, 2021

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 5,692	10	5,702	—	97,007	507	97,514
POSCO COATED & COLOR STEEL Co., Ltd.	95,001	—	95,001	—	154	5,082	5,236
POSCO ICT	221	3	224	3,736	155,064	27,562	186,362
eNtoB Corporation	—	—	—	1,683	23,851	—	25,534
POSCO CHEMICAL CO., LTD.	35,895	3,664	39,559	12,969	57,498	17,990	88,457
POSCO ENERGY CO., LTD.	1,485	292	1,777	—	6,169	10,066	16,235
POSCO MOBILITY SOLUTION (formerly, POSCO SPS CORPORATION)	133,608	—	133,608	71	2,232	5,104	7,407
POSCO INTERNATIONAL Corporation	1,279,463	4	1,279,467	4,831	483	502	5,816
POSCO Thainox Public Company Limited	54,804	—	54,804	—	—	—	—
Qingdao Pohang Stainless Steel Co., Ltd.	35,423	—	35,423	—	83	—	83
POSCO MEXICO S.A. DE C.V.	179,428	251	179,679	—	—	—	—
POSCO Maharashtra Steel Private Limited	530,693	1,048	531,741	—	—	—	—
POSCO INTERNATIONAL SINGAPORE PTE LTD.	—	14	14	169,565	90	—	169,655
POSCO ASSAN TST STEEL INDUSTRY	220,481	951	221,432	—	—	—	—
Others	368,252	21,761	390,013	22,583	48,274	84,778	155,635
	<u>2,940,446</u>	<u>27,998</u>	<u>2,968,444</u>	<u>215,438</u>	<u>390,905</u>	<u>151,591</u>	<u>757,934</u>
Associates and joint ventures							
SNNC	420	65	485	52,396	—	—	52,396
Roy Hill Holdings Pty Ltd	—	34,356	34,356	436,774	—	—	436,774
FQM Australia Holdings Pty Ltd(*1)	—	181,122	181,122	—	—	—	—
Others	168,167	15,895	184,062	5,549	187	—	5,736
	<u>168,587</u>	<u>231,438</u>	<u>400,025</u>	<u>494,719</u>	<u>187</u>	<u>—</u>	<u>494,906</u>
	<u>₩3,109,033</u>	<u>259,436</u>	<u>3,368,469</u>	<u>710,157</u>	<u>391,092</u>	<u>151,591</u>	<u>1,252,840</u>

(*1) It includes ₩177,825 million in acquisition of First Quantum Minerals Ltd. loans under the agreement for the purpose of investing in nickel mines in Australia during the year ended December 31, 2021.



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FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (c) Significant transactions between the Company, excluding the controlling company, and related companies for the years ended December 31, 2019, 2020 and 2021 were as follows:

1) For the year ended December 31, 2019

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
Associates and joint ventures				
POSCO PLANTEC Co., Ltd.	₩ 15,637	—	39	14,778
New Songdo International City Development, LLC	33,885	44,131	—	36
SNNC	74,034	—	35,910	65,503
Chuncheon Energy Co., Ltd.	1,156	—	—	—
Noeul Green Energy Co., Ltd.	6,579	—	—	1,217
USS-POSCO Industries	4	—	1,835	—
CSP—Compania Siderurgica do Pecem	98,330	12,718	416,541	23,398
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	34,895	—	39,733	—
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	10	—	4,222	—
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	11,500	—	—	—
PT. Batutua Tembaga Raya	—	772	45,841	—
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	30,083	—	353	—
Sebang Steel	—	—	4,862	—
DMSA/AMSA	—	—	71,275	—
South-East Asia Gas Pipeline Company Ltd.	64	42,010	—	—
POSCO MITSUBISHI CARBON TECHNOLOGY	88,506	16,424	4,769	2,144
Samcheok BluePower Co.,Ltd	163,167	—	—	—
TK CHEMICAL CORPORATION	172,133	—	63,836	—
Others	252,125	53,596	31,460	28,039
	<u>₩ 982,108</u>	<u>169,651</u>	<u>720,676</u>	<u>135,115</u>



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 121	14*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) For the year ended December 31, 2020

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
Associates and joint ventures				
POSCO PLANTEC Co., Ltd.	₩ 2,558	—	5	—
New Songdo International City Development, LLC	125,909	26,451	—	137
SNNC	61,332	30	48,764	126,060
Chuncheon Energy Co., Ltd.	213	211	—	—
Noeul Green Energy Co., Ltd.	6,059	—	—	829
CSP—Compania Siderurgica do Pecem	47,243	11,432	165,269	14,399
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	42,189	—	37,509	151
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	—	—	5,780	—
POS-SEAH STEEL WIRE (TIANJIN) CO., Ltd.	8,757	—	—	—
PT. Batutua Tembaga Raya	—	1,061	28,174	—
POSCO SeAH Steel Wire (Nantong) Co., Ltd.	29,964	—	384	—
DMSA/AMSA	—	—	29,189	—
South-East Asia Gas Pipeline Company Ltd.	7	71,299	—	—
POSCO MITSUBISHI CARBON TECHNOLOGY	31,068	19,530	3,608	701
Samcheok Blue Power Co., Ltd.	220,372	—	—	—
TK CHEMICAL CORPORATION	104,749	—	26,863	—
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway Co., Ltd)	17,631	—	—	—
UITrans LRT Co., Ltd.	2,263	—	—	—
Roy Hill Holdings Pty Ltd	—	22,797	—	—
Others	162,257	49,158	49,315	37,582
	<u>₩862,571</u>	<u>201,969</u>	<u>394,860</u>	<u>179,859</u>

3) For the year ended December 31, 2021

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
Associates and joint ventures				
New Songdo International City Development, LLC	₩ 286,731	266	—	165
SNNC	75,129	743	19,720	40,090
Noeul Green Energy Co., Ltd.	6,127	—	—	1,896
CSP—Compania Siderurgica do Pecem	4,660	—	96,179	—
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	46,323	—	33,316	5,686
POS-SEAH STEEL WIRE (TIANJIN) CO., Ltd.	14,673	—	—	—
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	39,887	—	164	—
DMSA/AMSA	—	—	9,875	—
South-East Asia Gas Pipeline Company Ltd.	—	35,392	—	—
POSCO MITSUBISHI CARBON TECHNOLOGY	65,746	10	4,347	180
Samcheok BluePower Co., Ltd.	263,730	405	—	4
TK CHEMICAL CORPORATION	14,906	—	2,292	—
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway Co., Ltd)	62,829	—	—	—
UITrans LRT Co., Ltd.	10,736	—	—	—
Roy Hill Holdings Pty Ltd	—	104,903	—	—
Others	184,606	64,480	31,379	18,505
	<u>₩1,076,083</u>	<u>206,199</u>	<u>197,272</u>	<u>66,526</u>



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 122	12*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

- (d) The related account balances of receivables and payables resulting from significant transactions between the Company, excluding the controlling company, and related companies as of December 31, 2020 and December 31, 2021 are as follows:

1) December 31, 2020

(in millions of Won)

	Receivables(*1)				Payables		
	Trade accounts and notes receivable	Loan	Others	Total	Trade accounts and notes payable	Others	Total
Associates and joint ventures							
New Songdo International City Development, LLC	₩ 23,866	—	20,592	44,458	—	3	3
Chuncheon Energy Co., Ltd.	—	—	—	—	444	—	444
Samcheok Blue Power Co., Ltd.	92,715	—	—	92,715	—	40,536	40,536
Nickel Mining Company SAS	—	62,420	143	62,563	—	—	—
CSP—Compania Siderurgica do Pecem	19,704	—	—	19,704	—	—	—
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd.	6,534	—	—	6,534	1,023	150	1,173
PT. Batutua Tembaga Raya	—	35,355	—	35,355	—	—	—
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	13,889	—	—	13,889	193	—	193
South-East Asia Gas Pipeline Company Ltd.	—	91,003	—	91,003	—	—	—
POSCO MITSUBISHI CARBON TECHNOLOGY	2,799	—	—	2,799	783	—	783
TK CHEMICAL CORPORATION	21,916	—	—	21,916	429	—	429
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway Co., Ltd)	6,299	—	—	6,299	—	—	—
UITrans LRT Co., Ltd.	6,908	23,452	102	30,462	—	—	—
Others	65,545	143,120	110,981	319,646	7,035	11,446	18,481
	<u>₩260,175</u>	<u>355,350</u>	<u>131,818</u>	<u>747,343</u>	<u>9,907</u>	<u>52,135</u>	<u>62,042</u>

- (*1) As of December 31, 2020, the Company recognizes bad debt allowance for receivables amounting to ₩133,997 million.



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_end	22-Apr-2022 13:18 EST	271339 FIN 123	14*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) December 31, 2021

(in millions of Won)

	Receivables(*1)				Payables		
	Trade accounts and notes receivable	Loan	Others	Total	Trade accounts and notes payable	Others	Total
Associates and joint ventures							
New Songdo International City Development, LLC	49,748	—	16,261	66,009	—	—	—
Chuncheon Energy Co., Ltd.	—	—	—	—	257	—	257
Samcheok Blue Power Co., Ltd.	120,672	—	—	120,672	—	23,683	23,683
Nickel Mining Company SAS	—	62,611	477	63,088	—	—	—
CSP—Compania Siderurgica do Pecem ..	—	—	—	—	3,144	—	3,144
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	9,108	—	—	9,108	4,393	—	4,393
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	19,271	—	—	19,271	—	18	18
South-East Asia Gas Pipeline Company Ltd.	—	47,423	—	47,423	—	—	—
POSCO MITSUBISHI CARBON TECHNOLOGY	8,183	—	—	8,183	1,083	—	1,083
Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway Co., Ltd)	14,162	—	—	14,162	—	—	—
UITrans LRT Co., Ltd.	7,048	29,099	—	36,147	—	—	—
Others	38,962	179,036	114,775	332,773	240	31,047	31,287
	<u>₩267,154</u>	<u>318,169</u>	<u>131,513</u>	<u>716,836</u>	<u>9,117</u>	<u>54,748</u>	<u>63,865</u>

(*1) As of December 31, 2021, the Company recognizes bad-debt allowance for receivables amounting to ₩114,315 million.



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_end	22-Apr-2022 13:18 EST	271339 FIN 124	10*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(e) Significant financial transactions between the Company, excluding the controlling company, and related companies for the years ended December 31, 2020 and 2021 were as follows:

1) December 31, 2020

(in millions of Won)

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

(*1) During the year ended December 31, 2020, loans amounting to ₩60,278 million have been converted to shares of DMSA/AMSA, which is presented in others.

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

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

2) December 31, 2021

(in millions of Won)

	Beginning	Lend	Collect	Others(*1)	Ending
Associates and joint ventures					
UITrans LRT Co., Ltd.	₩ 23,452	5,682	—	(35)	29,099
South-East Asia Gas Pipeline Company Ltd.	91,003	—	(49,928)	6,348	47,423
PT. Batutua Tembaga Raya(*2)	35,355	—	—	(35,355)	—
PT. Tanggamus Electric Power	4,304	—	—	386	4,690
PT. Wampu Electric Power	5,186	—	—	465	5,651
PT. POSMI Steel Indonesia	2,176	—	—	195	2,371
Nickel Mining Company SAS	62,420	—	—	191	62,611
KRAKATAU POS-CHEM DONG-SUH CHEMICAL	5,440	—	—	(698)	4,742
POS-SeaAH Steel Wire (Thailand) Co., Ltd.	6,528	—	—	585	7,113
AMCI (WA) PTY LTD	83,291	6,154	—	2,220	91,665
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD	5,440	—	—	488	5,928
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD	8,704	—	—	780	9,484
Hyo-chun Co., Ltd.	2,382	—	—	—	2,382
POS-AUSTEM Suzhou Automotive Co., Ltd.	16,320	—	—	1,463	17,783
CAML RESOURCES PTY LTD	3,312	—	(3,312)	—	—
Shinahn wind power generation(*3)	37	60	—	(97)	—
FQM Australia Holdings Pty Ltd	—	27,242	—	(15)	27,227
	<u>₩355,350</u>	<u>39,138</u>	<u>(53,240)</u>	<u>(23,079)</u>	<u>318,169</u>

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

(*2) PT. Batutua Tembaga Raya was excluded from the association due to the sale of its shares during the years ended December 31, 2021. Meanwhile, the uncollected loan was offset and written off from the loan loss provisions set in the previous period, and these effects are included in Others.

(*3) Shinahn wind power generation was excluded from the association due to the sale of its shares during the years period ended December 31, 2021.

(f) For the years ended December 31, 2019, 2020 and 2021, details of compensation to key management officers were as follows:

(in millions of Won)

	2019	2020	2021
Short-term benefits	₩119,658	109,546	111,900
Long-term benefits	13,562	15,288	18,115
Retirement benefits	21,231	16,238	22,239
	<u>₩154,451</u>	<u>141,072</u>	<u>152,254</u>



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 126	13*
FORM 20-F	None		TOK	CLN	PS	PMT 1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

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

38. Commitments and Contingencies

(a) Contingent liabilities

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

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

Management regularly analyzes current information about these matters and provides for probable contingent losses including the estimate of legal expense to resolve the matters. Internal and external lawyers are used for these assessments. In making the decision regarding the need for a provision, management considers whether the Company has an obligation as a result of a past event, whether it is probable that an outflow of cash or other resources embodying economic benefits will be required to settle the obligation and the ability to make a reliable estimate of the amount of the obligation.

(b) Details of guarantees

1) Contingent liabilities on outstanding guarantees provided by the Company as of December 31, 2021 are as follows:

(in millions of Won)

Guarantor	Guarantee beneficiary	Financial institution	Guarantee limit			Guarantee amount	
			Foreign currency	Won equivalent		Foreign currency	Won equivalent
[The Company] POSCO HOLDINGS INC.	POSCO Asia Co., Ltd.	Credit Agricole and others	USD	200,000,000	237,100	—	—
	POSCO-VIETNAM Co., Ltd.	SMBC and others	USD	156,000,000	184,938	140,000,000	165,969
	POSCO MEXICO S.A. DE C.V.	BOA and others	USD	120,000,000	142,260	100,000,001	118,550
	POSCO COATED STEEL (THAILAND) CO., LTD.	SMBC and others	THB	5,501,000,000	195,672	5,021,000,001	178,597
	POSCO Maharashtra Steel Private Limited	SMBC and others	USD	139,784,000	165,715	139,784,000	165,715
	PT. KRAKATAU POSCO	Export-Import Bank of Korea and others	USD	2,150,300,000	2,549,186	1,426,992,234	1,691,699
	POSCO ASSAN TST STEEL INDUSTRY	SOCIETE GENERALE and others	USD	146,527,500	173,708	131,874,750	156,338



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 127	15*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(in millions of Won)

Guarantor	Guarantee beneficiary	Financial institution	Guarantee limit			Guarantee amount	
			Foreign currency	Won equivalent		Foreign currency	Won equivalent
POSCO INTERNATIONAL Corporation	POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	Export-Import Bank of Korea and others	USD	180,000,000	213,390	180,000,000	213,390
	POSCO INTERNATIONAL POWER (PNGLAE) LIMITED	KDB bank	USD	53,517,404	63,445	32,717,404	38,786
	GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	Shinhan Bank and others	USD	11,000,000	13,041	11,000,000	13,041
	PT. Bio Inti Agrindo	BTPN and others	IDR	2,057,400,000,000	170,970	2,057,400,000,000	170,970
	POSCO ASSAN TST STEEL INDUSTRY	ING	USD	14,652,750	17,371	14,652,750	17,371
	POSCO INTERNATIONAL Deutschland GmbH					9,053,769	10,733
	POSCO INTERNATIONAL AMERICA Corp.					—	—
	POSCO INTERNATIONAL JAPAN Corp.					8,692,517	10,305
	POSCO INTERNATIONAL SINGAPORE Pte. Ltd.	Bank Mendes Gans	USD	50,000,000	59,275	—	—
	POSCO INTERNATIONAL Malaysia SDN BHD					—	—
	POSCO INTERNATIONAL Italia S.R.L.					—	—
	POSCO INTERNATIONAL MEXICO S.A. de C.V.					—	—
	GRAIN TERMINAL HOLDING PTE. LTD.	Export-Import Bank of Korea and others	USD	27,000,000	32,009	27,000,000	32,009
	POSCO E&C Vietnam Co., Ltd.	POSCO Asia Co., Ltd. and others	USD	36,000,000	42,678	36,000,000	42,678
	PT.POSCO E&C INDONESIA	POSCO Asia Co., Ltd. and others	USD	25,900,000	30,704	25,900,000	30,704
	PT.POSCO ICT INDONESIA	POSCO Asia Co., Ltd. and others	USD	1,500,000	1,778	600,000	711
	PT.Krakatau Posco Chemical Calcination	POSCO Asia Co., Ltd. and others	USD	15,200,000	18,020	4,800,000	5,690
	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd.	USD	13,986,947	16,582	13,986,947	16,582
	PT. KRAKATAU POSCO ENERGY	POSCO Asia Co., Ltd. and others	USD	77,002,839	91,287	77,002,839	91,287
[Associates and joint ventures]							
POSCO HOLDINGS INC.	CSP—Compania Siderurgica do Pecem	Export-Import Bank of Korea and others	USD	420,000,000	497,911	368,324,800	436,651
		BNDES	BRL	464,060,000	98,743	464,060,000	98,743
	LLP POSUK Titanium	SMBC	USD	13,500,000	16,004	13,500,000	16,004
	Nickel Mining Company SAS	SMBC	EUR	46,000,000	61,748	46,000,000	61,748



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(in millions of Won)

Guarantor	Guarantee beneficiary	Financial institution	Guarantee limit			Guarantee amount	
			Foreign currency	Won equivalent		Foreign currency	Won equivalent
POSCO INTERNATIONAL Corporation	GLOBAL KOMSCO Daewoo LLC	Hana Bank	USD	8,225,000	9,751	7,000,000	8,299
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	Chun-cheon Energy Co., Ltd.	Kookmin Bank	KRW	149,200	149,200	145,900	145,900
[Others]							
POSCO INTERNATIONAL Corporation	SHERRITT INTERNATIONAL CORP.	Export-Import Bank of Korea	USD	21,818,182	25,865	1,724,349	2,044
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	Busan Sanseong Tunnel and others	Balhae Infrastructure Fund and others	KRW	1,720,802	1,720,802	707,054	707,054
POSCO ICT	Busan Sanseong Tunnel	Hana Bank and others	KRW	7,618	7,618	6,391	6,391
POSCO AUSTRALIA PTY LTD	Department of Trade and Investment (NSW Government) and others	Woori Bank and others	AUD	14,665,087	12,596	14,665,095	12,596
PT. Bio Inti Agrindo	KSU Mandob	Bank Muamalat	IDR	80,000,000,000	6,648	80,000,000,000	6,648
POSCO Maharashtra Steel Private Limited	MAHARASHTRA STATE ELECTRICITY and others	HSBC and others	INR	482,882,773	7,692	482,882,773	7,692
			USD	3,881,914,622	4,602,018	2,770,606,360	3,284,556
			KRW	1,877,620	1,877,620	859,345	859,345
			IDR	2,137,400,000,000	177,618	2,137,400,000,000	177,618
			INR	482,882,773	7,692	482,882,773	7,692
			THB	5,501,000,000	195,672	5,021,000,001	178,597
			EUR	46,000,000	61,748	46,000,000	61,748
			AUD	14,665,087	12,596	14,665,095	12,596
			BRL	464,060,000	98,743	464,060,000	98,743



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PR10 22.3.29.0	LSWpf_rend	22-Apr-2022 13:18 EST	271339 FIN 129	15*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) Contingent liabilities on debt acquisition, financial support agreement provided by the Company as of December 31, 2021 are as follows:

(in millions of Won)

Provider	Recipient	Lender	Agreed Amount		Executed amount	
			Foreign currency	Won equivalent	Foreign currency	Won equivalent
[The Company]						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	JB CLARK HILLS	HSBC and others	USD 51,000,000	60,461	35,500,000	42,085
[Associates and joint ventures]						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	New Songdo International City Development, LLC	Others	KRW 620,000	620,000	537,000	537,000
	POHANG E&E Co.,LTD	Heungkuk Life Insurance Co., Ltd.	KRW 71,930	71,930	54,903	54,903
	UITrans LRT Co., Ltd	Kookmin Bank and others	KRW 200,632	200,632	184,416	184,416
	Western Inland Highway CO., LTD.	Nonghyup Bank and others	KRW 672,496	672,496	8,820	8,820
	Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway Co., Ltd)	Lotte Insurance Co., Ltd and others	KRW 276,033	276,033	39,649	39,649
	RPSD	Plan-up Sinsajeilcha Co., Ltd	KRW 45,000	45,000	37,000	37,000
	Pureun Tongyeong Enviro Co., Ltd	KDB Bank and others	KRW 22,714	22,714	14,067	14,067
	Pure Gimpo Co., Ltd.	KDB Bank and others	KRW 44,740	44,740	29,153	29,153
	Clean Iksan Co., Ltd.	SAMSUNG FIRE & MARINE INSURANCE	KRW 44,054	44,054	28,198	28,198
POSCO ICT	UITrans LRT Co., Ltd	Kookmin Bank	KRW 38,147	38,147	38,147	38,147
	Western Inland Highway CO., LTD.	Kookmin Bank	KRW 47,348	47,348	600	600
	Pocheon-Hwado Highway Corp. (formerly, Metropolitan Outer Ring Expressway Co., Ltd)	Woori Bank	KRW 24,920	24,920	1,308	1,308
[Others]						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	Incheon-Gimpo Expressway Co., Ltd and others	Kookmin Bank and others	KRW 3,117,808	3,117,808	1,554,052	1,554,052
POSCO ICT	Incheon-Gimpo Expressway Co., Ltd and others	Kookmin Bank and others	KRW 166,678	166,678	85,687	85,687

(c) Other commitments

Details of other commitments of the Company as of December 31, 2021 are as follows:

	Description
POSCO HOLDINGS INC.	POSCO HOLDINGS INC. 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 December 31, 2021, 32 million tons of iron ore and 5 million tons of coal remained to be purchased under such long-term contracts.
	POSCO HOLDINGS INC. entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of



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FORM 20-F

None

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2020 and 2021

Description

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.

POSCO HOLDINGS INC. has a long-term service contract for the transportation of raw material. As of December 31, 2021, there are 37 vessels under contract, and the average remaining contract period is about 9 years.

As of December 31, 2021, POSCO HOLDINGS INC. entered into a commitment with KOREA ENERGY AGENCY for long-term foreign currency borrowings, which are limited up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowings depends on the success of the projects. POSCO HOLDINGS INC. is not liable for the repayment of full or part of the amount borrowed if the respective projects fail. POSCO HOLDINGS INC. has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of December 31, 2021, the ending balance of the borrowing amounts to USD 1.02 million.

POSCO HOLDINGS INC. has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to POSCO ENERGY Co., Ltd., a subsidiary of the Company, under construction of new power plant.

POSCO HOLDINGS INC. has deposited 2,980,162 treasury shares for exchange with the Korea Securities Depository in relation to foreign currency exchangeable bonds as of December 31, 2021.

POSCO
INTERNATIONAL
Corporation

POSCO INTERNATIONAL Corporation operates a ship-to-ship business in which ships are chartered from ship's owners and leased out to shippers. The Company has entered into a ship purchase agreement with the ship owners and the shippers, which obliges the shippers to pay the agreed amount either at the end of the contract terms or at the agreed termination and to take over the ownership of the vessel from the ship owners. Only if the shipper fails to fulfill its obligation including payment obligation for the purchase of the vessel, the Company is obliged to take over the ship based on the condition that the shipper's contractual obligations and rights are transferred to the Company. As of December 31, 2021, the amount which is exposed to the ship purchase agreements entered into is USD 170 million.

The Company invested in the Ambatovy Nickel Project (DMSA/AMSA) in Madagascar through the Korea Ambatovy Consortium (KAC) formed with Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR) and STX Corporation. SHERRITT INTERNATIONAL CORP., the operator, transferred a portion of the project's interests to Sumitomo and AHL (Ambatovy Holdings Limited) in November 2017, and transferred the remaining interests of the project to Sumitomo and AHL2 (Ambatovy Holdings II Limited) in August 2020. KAC has the rights and obligations to the 15.33% stake held by AHL and AHL2.



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

	Description
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	<p>As of December 31, 2021, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has foreign currency guarantees of up to USD 2,419 million provided by financial institutions and uses USD 758 million with Woori Bank and others.</p> <p>As of December 31, 2021, according to the project agreements related to redevelopment and reconstruction projects, the Company has an agreement to compensate the Korea Housing and Urban Guarantee Corporation for damages of principal and interest amounting to ₩1,383,070 million (limited to ₩3,002,609 million). Furthermore, the Company provides agreements of construction completion (compensation for non-performance) in connection with a number of implementation and union business projects.</p>
POSCO ICT	<p>As of December 31, 2021, in relation to contract enforcement, POSCO ICT is provided with a guarantee of ₩147,108 million, ₩26,464 million, ₩305 million from Software credit union and Seoul guarantee insurance, Engineering credit union respectively.</p>

(d) Litigation in progress

1) Request for Arbitration of NSC Investment and TGC

In March 2019, NSC Investment and TGC ("Applicant"), a former joint venture partner of POSCO ENGINEERING & CONSTRUCTION CO., LTD., in connection with the Songdo International City Development Project in Incheon, filed an arbitration (mediation price: approximately USD 2 billion) for alleged violations of contract by POSCO ENGINEERING & CONSTRUCTION CO., LTD. As of December 31, 2021, the Company has determined that the applicant's claim is without merit, and did not recognize a provision.



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

2) Other litigations

As of December 31, 2021, litigations in progress that POSCO HOLDINGS INC. and certain subsidiaries are defendants in legal actions arising from the normal course of business are as follows:

(in millions of Won, in thousands of foreign currencies)

Company	Legal actions	Claim amount	Won equivalent	Description
POSCO HOLDINGS INC.	36	KRW 140,410	140,410	Lawsuit on claim for employee right and others
POSCO INTERNATIONAL Corporation	1	BRL 72,774	15,485	Lawsuit on claim for payment for goods
	1	CAD 79,000	73,518	Lawsuit on claim for damages
	2	CNY 21,605	4,024	Lawsuit on claim for damages and others(*1)
	2	INR 4,469,396	71,197	Lawsuit on claim for payment on guarantees and others(*1)
	9	KRW 26,235	26,235	Litigation for confirmation of deposit bond and others
	6	USD 73,511	87,148	Lawsuit on claim for damages and others(*1)
	1	PKR 124,775	830	Lawsuit on claim for damages
POSCO ENGINEERING & CONSTRUCTION CO., LTD. ...	98	KRW 397,711	397,711	Lawsuit on claim for damages and others(*1)
POSCO ICT	1	BRL 7,586	1,614	Lawsuit on claim for damage(*1)
	8	KRW 5,637	5,637	Lawsuit on claim for damages and others(*1)
POSCO A&C	10	KRW 13,097	13,097	Lawsuit on claim for payment on construction and others(*1)
POSCO America Corporation	1	USD —	—	Lawsuit on claim for labor
POSCO ENERGY CO., LTD.	4	KRW 14,357	14,357	Lawsuit on claim for damages and others
	2	USD 400,000	474,200	Lawsuit on claim for damages and others
POSCO E&C CHINA CO., LTD. ...	4	CNY 31,051	5,784	Lawsuit over contract dispute and others(*1)
POSCO O&M Co., Ltd.	4	KRW 2,256	2,256	Lawsuit on claim for damages and others
POSCO ENGINEERING (THAILAND) CO., LTD.	1	THB 160,929	5,724	Lawsuit on claim for payment on construction
eNtoB Corporation	2	KRW 133	133	Lawsuit on claim for damages
POSCO E&C Vietnam Co., Ltd. ...	1	USD 211	250	Lawsuit on claim for payment on construction
POSCO SOUTH EAST ASIA PTE. LTD	2	USD 15,900	18,849	Lawsuit over contract dispute
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	4	TRY 232	21	Lawsuit over industrial accidents and others(*1)
Brazil Sao Paulo Steel Processing Center	4	BRL 3,844	818	Lawsuit on claim for labor and others



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PRO9 22.3.29.0	LSWpf_rend	22-Apr-2022 13:17 EST	271339 FIN 133	15*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(in millions of Won, in thousands of foreign currencies)

Company	Legal actions	Claim amount	Won equivalent	Description
POSCO ENGINEERING & CONSTRUCTION DO BRAZIL LTDA.	89	BRL 194,834	41,457	Lawsuit on claim for payment on construction and others(*1)
POSCO ASSAN TST STEEL INDUSTRY	1	USD 180	214	Lawsuit on compensation(*1)
POSCO TMC INDIA PRIVATE LIMITED	2	INR —	—	Lawsuit on claim for employee laid-off and others
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED ...	1	INR 54,420	867	Lawsuit on claim for damages
POSCO-India Pune Processing Center. Pvt. Ltd.	1	INR 2,197,800	35,011	Lawsuit over contract dispute
POSCO CHEMCAL CO., LTD	1	KRW 15,383	15,383	Calculation of stock purchase value
POSCO M-TECH	2	KRW 70	70	Lawsuit on claim for damages and others
POSCO Engineering and Construction India Private Limited	2	INR 493,968	7,869	Lawsuit on claim for payment and others
POSCO INTERNATIONAL AMERICA Corp.	1	USD 2,500	2,964	Lawsuit on claim for damages
HONG KONG POSCO E&C (CHINA) INVESTMENT Co., Ltd.	1	KRW 3,305	3,305	Lawsuit on claim for payment
POSCO Thainox Public Company Limited	1	THB 3,000	107	Lawsuit on invalidation of a check
POSCO MOBILITY SOLUTION (formerly, POSCO SPS CORPORATION)	2	KRW 300	300	Lawsuit on claim for damages and others
POSCO INTERNATIONAL VIETNAM CO., LTD.	1	VND 579,407	30	Lawsuit over contract dispute
QINGDAO POHANG STAINLESS STEEL CO., LTD.	5	CNY 56,194	10,467	Lawsuit over contract dispute and others
POSCO(Yantai) Automotive Processing Center Co., Ltd	2	CNY 313	58	Lawsuit on claim for labor and others
POSCO INTERNATIONAL (CHINA) CO., LTD	1	CNY 12,350	2,300	Lawsuit over contract dispute
POSCO(Dalian) IT Center Development Co., Ltd.	1	CNY 54	10	Lawsuit on claim for damages

(*1) The Company made a reliable estimate in 71 lawsuits by considering the possibility and amount of expected outflow of resources and recognized ₩61,911 million as provision for legal contingencies and claims.

For all the other lawsuits and claims, management does not believe the Company has any present obligations and therefore, the Company has not recognized any provisions as of December 31, 2021 for the matters.



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POSCO HOLDINGS INC.	Donnelley Financial	FWPLAN-PRO9 22.3.29.0	LSWpf_rend	22-Apr-2022 13:17 EST	271339 FIN 134	15*
FORM 20-F	None		TOK	CLN	PS PMT	1C

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(e) Other contingent circumstances

Other major contingencies for the Company as of December 31, 2021 are as follows:

Company	Description
POSCO HOLDINGS INC.	POSCO HOLDINGS INC. has provided 3 blank checks to Korea Energy Agency as collateral for long-term foreign currency borrowings.
POSCO INTERNATIONAL Corporation	As of December 31, 2021, POSCO INTERNATIONAL Corporation has provided 30 blank promissory notes and 23 blank checks to Korea Energy Agency and others as collateral for the guarantee on performance for contracts and others.
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	As of December 31, 2021, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has provided 36 blank checks and 4 blank promissory notes as collateral for agreements and outstanding loans, and has provided joint guarantee of ₩9,241,211 million for guarantee that partners had issued from Korea Housing & Urban Guarantee Corporation and others.
POSCO ICT	As of December 31, 2021, POSCO ICT has provided 8 blank checks to financial institutions as collateral for the guarantee on performance for contracts and others.

39. Additional Information of Statement of Cash Flows

(a) Changes in operating assets and liabilities for the years ended December 31, 2019, 2020 and 2021 were as follows:

(in millions of Won)	2019	2020	2021
Trade accounts and notes receivable	₩ 286,121	818,857	(1,492,664)
Other receivables	(163,234)	210,630	(441,412)
Inventories	1,136,819	1,443,931	(6,346,717)
Other current assets	42,337	51,750	(210,614)
Other non-current assets	(30,010)	(92,068)	(246,066)
Trade accounts and notes payable	(732,741)	594,414	1,401,942
Other payables	2,762	(78,997)	170,209
Other current liabilities	(173,762)	101,027	241,998
Provisions	(75,514)	(81,988)	(154,471)
Payments of severance benefits	(152,275)	(225,293)	(253,207)
Plan assets	(217,953)	(94,121)	(186,548)
Other non-current liabilities	(36,595)	207,766	473,240
	<u>₩ (114,045)</u>	<u>2,855,908</u>	<u>(7,044,310)</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(b) Changes in liabilities arising from financial activities for the years ended December 31, 2020 and 2021 were as follows:

1) December 31, 2020

(in millions of Won)

	Liabilities				Derivatives that hedge borrowings
	Short-term borrowings	Long-term borrowings	Dividend payable	Lease liabilities	
Beginning	₩5,486,333	14,955,280	3,105	675,470	15,524
Changes from financing cash flows	35,525	766,330	(675,684)	(217,312)	4,096
Changes arising from obtaining or losing control of subsidiaries or other business ...	—	—	—	—	—
The effect of changes in foreign exchange rates	(327,463)	(432,082)	—	(29,728)	—
Changes in fair values	—	—	—	—	159,368
Other changes:					
Decrease in retained earnings	—	—	607,411	—	—
Decrease in non-controlling interest	—	—	67,871	—	—
Interest expense	—	13,684	—	10	—
Increase in lease assets	—	—	—	311,235	—
Ending	<u>₩5,194,395</u>	<u>15,303,212</u>	<u>2,703</u>	<u>739,675</u>	<u>178,988</u>

2) December 31, 2021

(in millions of Won)

	Liabilities				Derivatives that hedge borrowings
	Short-term borrowings	Long-term borrowings	Dividend payable	Lease liabilities	
Beginning	₩5,194,395	15,303,212	2,703	739,675	178,988
Changes from financing cash flows	(329,897)	639,414	(1,327,414)	(281,288)	(11,338)
Changes arising from obtaining or losing control of subsidiaries or other business	—	41,359	—	—	—
The effect of changes in foreign exchange rates	245,926	689,078	—	57,814	—
Changes in fair values	—	(54,057)	—	—	(59,668)
Other changes:					
Decrease in retained earnings	—	—	1,259,272	—	—
Decrease in non-controlling interest	—	—	69,485	—	—
Interest expense	—	11,786	—	22	—
Increase in lease assets	—	—	—	261,791	—
Ending	<u>₩5,110,424</u>	<u>16,630,792</u>	<u>4,046</u>	<u>778,014</u>	<u>107,982</u>

40. Operating Segments and Geographic Information

(a) The Company's operating segments are organized based on the nature of markets and customers. The Company has four reportable operating segments—steel, construction, trading and others. The steel segment includes production of steel products and revenue of such



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

products. The construction segment includes planning, designing and construction of industrial plants, civil engineering projects and commercial and residential buildings, both in Korea and overseas. The trading segment consists of exporting and importing a wide range of steel products and raw materials that are both obtained from and supplied to POSCO, as well as between other suppliers and purchasers in Korea and overseas. Other segments include power generation, network and system integration and logistics. The policies of classification and measurement on operating segments were the same for all periods presented.

- (b) Information about reportable segments as of and for the years ended December 31, 2019, 2020 and 2021 were as follows:

1) As of and for the year ended December 31, 2019

(in millions of Won)

	Steel	Trading	Construction	Others	Total
External revenues	₩32,078,453	22,157,131	6,944,629	3,186,635	64,366,848
Internal revenues	17,729,990	15,467,687	743,376	2,796,306	36,737,359
Including inter segment revenue	12,184,743	8,130,503	686,881	2,638,449	23,640,576
Total revenues	49,808,443	37,624,818	7,688,005	5,982,941	101,104,207
Interest income	211,715	41,739	118,102	28,036	399,592
Interest expenses	(529,743)	(183,129)	(77,005)	(81,778)	(871,655)
Depreciation and amortization	(2,892,901)	(276,817)	(29,266)	(226,693)	(3,425,677)
Impairment loss on property, plant and equipment and others	(497,583)	(131,914)	(1,490)	(3,758)	(634,745)
Share of loss of equity-accounted investees, net	(865,769)	(76,038)	(85,628)	—	(1,027,435)
Income tax expense	(725,448)	(119,044)	(86,106)	(105,171)	(1,035,769)
Segment profit	585,948	165,348	27,789	544,961	1,324,046
Segment assets	71,153,809	14,482,538	7,653,637	9,212,225	102,502,209
Investment in subsidiaries, associates and joint ventures	15,650,654	1,409,764	527,418	1,062,215	18,650,051
Acquisition of non-current assets	2,275,103	192,805	30,563	404,963	2,903,434
Segment liabilities	21,101,474	10,184,521	4,584,423	4,454,502	40,324,920



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POSCO HOLDINGS INC.

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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2020 and 2021

2) As of and for the year ended December 31, 2020

(in millions of Won)

	Steel	Trading	Construction	Others	Total
External revenues	₩28,892,877	19,345,222	6,576,170	2,978,527	57,792,796
Internal revenues	15,365,443	12,946,803	1,033,821	2,609,941	31,956,008
Including inter segment revenue	10,545,577	6,413,835	965,409	2,442,961	20,367,782
Total revenues	44,258,320	32,292,025	7,609,991	5,588,468	89,748,804
Interest income	233,833	44,528	103,974	22,607	404,942
Interest expenses	(467,767)	(127,800)	(60,768)	(69,152)	(725,487)
Depreciation and amortization	(3,040,316)	(313,134)	(71,144)	(236,763)	(3,661,357)
Impairment loss on property, plant and equipment and others	(37,623)	(8,226)	(32,184)	(224)	(78,257)
Share of loss of equity-accounted investees, net	(409,889)	(116,074)	(65,409)	(17,631)	(609,003)
Income tax expense	(77,682)	(92,589)	(57,178)	(72,929)	(300,378)
Segment profit	711,883	157,152	150,021	293,513	1,312,569
Segment assets	71,105,618	13,152,462	7,658,130	9,356,528	101,272,738
Investment in subsidiaries, associates and joint ventures	15,425,607	1,958,333	603,752	907,645	18,895,337
Acquisition of non-current assets	2,819,217	180,005	36,385	451,158	3,486,765
Segment liabilities	20,976,864	8,804,555	4,260,003	4,896,040	38,937,462

3) As of and for the year ended December 31, 2021

(in millions of Won)

	Steel	Trading	Construction	Others	Total
External revenues	₩41,093,405	25,065,608	6,398,366	3,774,966	76,332,345
Internal revenues	22,455,511	20,224,841	1,014,148	3,012,917	46,707,417
Including inter segment revenue	14,940,813	10,653,742	940,408	2,800,594	29,335,557
Total revenues	63,548,916	45,290,449	7,412,514	6,787,883	123,039,762
Interest income	179,841	30,265	72,830	35,305	318,241
Interest expenses	(313,769)	(100,419)	(39,134)	(61,152)	(514,474)
Depreciation and amortization	(3,000,179)	(343,489)	(69,777)	(271,898)	(3,685,343)
Impairment loss on property, plant and equipment and others	(249,645)	(66,157)	(10)	(36,774)	(352,586)
Share of loss of equity-accounted investees, net	(261,363)	(70,321)	(45,778)	(11,874)	(389,336)
Income tax expense	(2,045,079)	(101,622)	(116,799)	(66,927)	(2,330,427)
Segment profit	6,587,903	324,888	164,276	360,883	7,437,950
Segment assets	80,953,507	16,373,409	8,136,549	11,923,740	117,387,205
Investment in subsidiaries, associates and joint ventures	16,567,555	2,066,688	538,484	1,195,600	20,368,327
Acquisition of non-current assets	2,194,346	478,278	10,233	928,947	3,611,804
Segment liabilities	25,714,577	11,049,017	4,451,055	5,379,210	46,593,859

POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries **Notes to the Consolidated Financial Statements, Continued** **As of December 31, 2020 and 2021**

(c) Reconciliations of total segment revenues, profit or loss, assets and liabilities, and other significant items to their respective consolidated financial statement line items are as follows:

1) Revenues

(in millions of Won)

	2019	2020	2021
Total revenue for reportable segments	₩101,104,207	89,748,804	123,039,762
Elimination of inter-segment revenue	(36,737,359)	(31,956,008)	(46,707,417)
Basis difference(*2)	418,861	(326,118)	(323,144)
	<u>₩ 64,785,709</u>	<u>57,466,678</u>	<u>76,009,201</u>

2) Profit

(in millions of Won)

	2019	2020	2021
Total profit for reportable segments	₩1,324,046	1,312,569	7,437,950
Goodwill and corporate FV adjustments	(80,218)	(74,685)	(62,500)
Elimination of inter-segment profit (loss)	738,809	550,268	(179,560)
Income tax expense	1,070,641	236,934	2,220,183
Basis difference(*2)	73,256	(52,322)	(26,264)
Profit before income tax expense	<u>₩3,126,534</u>	<u>1,972,764</u>	<u>9,389,809</u>

3) Assets

(in millions of Won)

	2020	2021
Total assets for reportable segments(* 1)	₩101,272,738	117,387,205
Equity-accounted investees	(14,697,612)	(15,532,200)
Goodwill and corporate FV adjustments	2,518,590	2,411,729
Elimination of inter-segment assets	(10,006,743)	(12,795,120)
Basis difference(* 2)	596,703	827,276
	<u>₩ 79,683,676</u>	<u>92,298,890</u>

(*1) As segment assets and liabilities are determined based on separate financial statements, the carrying amount of assets of subsidiaries, which are in a different segment from that of their immediate parent company, in the separate financial statements the immediate parent company is eliminated upon consolidation. In addition, the amount of investment in associates and joint ventures are adjusted from the amount reflected in segment assets to that determined using equity method in consolidated financial statements.

4) Liabilities

(in millions of Won)

	2020	2021
Total liabilities for reportable segments	₩38,937,462	46,593,859
Corporate FV adjustments	263,490	236,833
Elimination of inter-segment liabilities	(7,788,571)	(10,164,021)
Basis difference(*2)	667,772	918,253
	<u>₩32,080,153</u>	<u>37,584,924</u>



POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

5) Other significant items

a) December 31, 2019

<i>(in millions of Won)</i>	Total segment	Goodwill and corporate FV adjustments	Elimination of inter-segment transactions	Basis difference(*2)	Consolidated
Interest income	₩ 399,592	—	(47,208)	—	352,384
Interest expenses	(871,655)	806	115,138	—	(755,711)
Depreciation and amortization	(3,425,677)	(109,941)	74,503	—	(3,461,115)
Share of profit of equity-accounted investees, net	(1,027,435)	—	1,301,176	—	273,741
Income tax expense	(1,035,769)	28,917	(63,789)	(17,728)	(1,088,369)
Impairment loss on property, plant and equipment and others	(634,745)	—	(70,011)	—	(704,756)
	<u>₩(6,595,689)</u>	<u>(80,218)</u>	<u>1,309,809</u>	<u>(17,728)</u>	<u>(5,383,826)</u>

b) December 31, 2020

<i>(in millions of Won)</i>	Total segment	Goodwill and corporate FV adjustments	Elimination of inter-segment transactions	Basis difference(*2)	Consolidated
Interest income	₩ 404,942	—	(32,768)	—	372,174
Interest expenses	(725,487)	806	85,884	—	(638,797)
Depreciation and amortization	(3,661,357)	(102,385)	142,002	—	(3,621,740)
Share of profit of equity-accounted investees, net	(609,003)	—	742,300	—	133,297
Income tax expense	(300,378)	27,655	35,789	12,662	(224,272)
Impairment loss on property, plant and equipment and others	(78,257)	(761)	(150,828)	—	(229,846)
	<u>₩(4,969,540)</u>	<u>(74,685)</u>	<u>822,379</u>	<u>12,662</u>	<u>(4,209,184)</u>

c) December 31, 2021

<i>(in millions of Won)</i>	Total segment	Goodwill and corporate FV adjustments	Elimination of inter-segment transactions	Basis difference(*2)	Consolidated
Interest income	₩ 318,241	—	(25,998)	—	292,243
Interest expenses	(514,474)	605	74,043	—	(439,826)
Depreciation and amortization	(3,685,343)	(88,927)	194,824	—	(3,579,446)
Share of profit of equity-accounted investees, net	(389,336)	—	1,038,905	—	649,569
Income tax expense	(2,330,427)	25,719	84,525	6,356	(2,213,827)
Impairment loss on property, plant and equipment and others	(352,586)	—	(183,262)	—	(535,848)
	<u>₩(6,953,925)</u>	<u>(62,603)</u>	<u>1,183,037</u>	<u>6,356</u>	<u>(5,827,135)</u>



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POSCO HOLDINGS INC. (formerly, POSCO) and Subsidiaries

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2020 and 2021

(*2) Basis difference is related to the differences in recorded revenue and expenses for development and sale of certain residential real estates between the report reviewed by the management and the consolidated financial statements.

(d) Revenue by geographic area for the years ended December 31, 2019, 2020 and 2021 was as follows:

(in millions of Won)	2019	2020	2021
Domestic	₩40,890,972	36,806,651	49,732,699
Japan	2,202,075	1,788,839	2,200,855
China	7,165,271	7,238,063	7,146,695
Asia-other	8,976,593	7,897,041	11,425,513
North America	1,711,859	1,308,943	2,083,309
Others	3,420,078	2,753,259	3,743,274
	64,366,848	57,792,796	76,332,345
Basis difference	418,861	(326,118)	(323,144)
	₩64,785,709	57,466,678	76,009,201

The information on geography, segment revenue is presented based on the geographical location of customers.

(e) Non-current assets by geographic area as of December 31, 2020 and 2021 are as follows:

(in millions of Won)	2020	2021
Domestic	₩27,652,233	27,806,262
Japan	168,269	155,556
China	1,245,181	1,175,593
Asia-other	4,284,480	4,198,982
North America	275,245	313,356
Others	1,218,946	1,199,335
	₩34,844,354	34,849,084

Non-current assets by geographic area include investment property, property, plant and equipment, goodwill and other intangible assets.

(f) There are no customers whose revenue is 10% or more of the consolidated revenue.

41. Events after the Reporting Period

Pursuant to Board of Directors meeting resolution on December 10, 2021 and approval in the Extraordinary General Meeting of the Shareholders on January 28, 2022, POSCO decided to, by way of a vertical spin-off, transform to a holding company under the new name of POSCO HOLDINGS INC.. The purpose of the spin-off is to establish corporate governance to seek long-term balanced growth of the group businesses. The effective date of vertical spin-off was March 1, 2022.



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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

POSCO HOLDINGS INC.

(Registrant)

/s/ Choi, Jeong-Woo

Name: Choi, Jeong-Woo

Title: Chief Executive Officer and
Representative Director

Date: April 28, 2022



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Exhibit Index

- 1.1 — Articles of incorporation of POSCO HOLDINGS INC. (English translation)
- 2.1 — Form of Common Stock Certificate (including English translation) (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement No. 33-81554)* (P)
- 2.2 — Form of Deposit Agreement (including Form of American Depositary Receipts) (incorporated by reference to the Registrant's Registration Statement (File No. 333-189473) on Form F-6)*
- 2.3 — Description of common stock (see Item 10.B. Memorandum and Articles of Association)
- 2.4 — Description of American Depositary Shares
- 8.1 — List of consolidated subsidiaries
- 12.1 — Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 12.2 — Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 13.1 — Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS — Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
- 101.SCH — Inline XBRL Taxonomy Extension Schema Document
- 101.CAL — Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF — Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB — Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE — Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 — The cover page for the Company's Annual Report on Form 20-F for the year ended December 31, 2021, has been formatted in Inline XBRL

* Filed previously

(P) Paper filing



Exhibit 1.1

This English language translation of the Articles of Incorporation has been prepared solely for reference purposes. In the event of any conflict between the Korean language version and this English language version, the Korean language version shall prevail.

ARTICLES OF INCORPORATION

Adopted on	March 6, 1968		
Amended on	July 10, 1968	February 20, 1969	March 20, 1969
	June 16, 1969	February 7, 1970	February 6, 1971
	November 23, 1971	February 4, 1972	November 29, 1972
	February 12, 1973	February 5, 1974	February 8, 1975
	February 6, 1976	February 8, 1977	February 25, 1978
	February 24, 1979	February 28, 1981	February 23, 1982
	February 18, 1984	February 5, 1985	February 26, 1986
	March 7, 1987	February 27, 1988	March 15, 1989
	March 6, 1990	March 14, 1991	March 7, 1992
	October 13, 1992	March 8, 1993	April 15, 1994
	March 15, 1995	March 15, 1996	March 14, 1997
	March 17, 1998	August 20, 1998	March 16, 1999
	March 17, 2000	March 16, 2001	March 15, 2002
	March 14, 2003	March 12, 2004	February 24, 2006
	February 23, 2007	February 27, 2009	February 26, 2010
	February 25, 2011	March 16, 2012	March 11, 2016
	March 9, 2018	March 15, 2019	March 12, 2021
	January 28, 2022		

RECITALS

Companies achieve lasting growth and sustainability by pursuing harmony within the society where businesses operate.

As a member of the social community, companies who have benefited from resources provided by the society should look beyond profit, engage in addressing social issues and contribute to the prosperity of mankind and to making the world a better place.

We believe that this is the right way to move forward.

POSCO, under its management philosophy of 'Corporate Citizenship: Building a Better Future Together', will engage and communicate with all stakeholders including customers, employees and shareholders, and continually seek changes and innovation in pursuit of sustainability by ultimately creating greater value for the company.

CHAPTER I. GENERAL PROVISIONS

Article 1. Company Name

The name of the Company in Korean shall be "POSCO Holdings Chusik Hoesa" and in English, "POSCO Holdings Inc."



Article 2. Purpose

The purpose of the Company is to engage in the following business activities:

1. To engage in holding business of controlling the business of, and guiding, organizing and improving the management of, subsidiaries by acquiring and owning the shares or ownership interests in subsidiaries (including sub-subsidiaries and companies controlled by such sub-subsidiaries; collectively "subsidiaries");
2. To engage in the management and licensing of intellectual property rights including brands and trademarks;
3. To engage in the investment related to start-up assistance and new technology;
4. To engage in market research, management advisory and consulting services;
5. To engage in technology research and commissioned services;
6. To engage in matters entrusted by subsidiaries to assist the subsidiaries' businesses;
7. To engage in the supply of gas such as hydrogen and resources development business;
8. To engage in leasing of real estate and distribution businesses; and
9. To engage in all other conducts, activities or businesses which are related, directly or indirectly, to the attainment and continuation of the foregoing purposes.

Article 3. Location of the Head Office and Branch Offices

The head office of the Company shall be located at Seoul, the Republic of Korea ("Korea"). Branch offices may be established elsewhere by resolution of the Board of Directors of the Company.

Article 4. Notices

Public notices by the Company shall be disclosed on the website of the Company(<http://www.posco-inc.com>). When such online disclosure is made impracticable due to online system error or any other electronic technical failure, public notices by the Company shall be disclosed in the Seoul Shinmun, the Maeil Shinmun and the Kwangju Ilbo, daily newspapers published in Seoul, Daegu Metropolitan City and Kwangju Metropolitan City, respectively.

CHAPTER II. SHARES

Article 5. Total Number of Authorized Shares

The total number of shares which the Company is authorized to issue ("Authorized Shares") is two hundred million (200,000,000) shares.

Article 6. Par Value per Share and Types of Shares

The types of shares to be issued by the Company shall be registered common shares and registered preferred shares, having a par value of KRW 5,000 per share.

Article 7. Number and Contents of Preferred Shares

(1) Preferred shares to be issued by the Company shall be non-voting, and the number thereof shall not exceed the limit prescribed in the mandatory provisions of the applicable laws or regulations.



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(2) The dividends on non-voting preferred shares shall be no less than nine percent (9%) per annum of the par value and the rate thereof shall be determined by the Board of Directors at the time of issuance.

(3) Notwithstanding Paragraph (2), a dividend on preferred shares shall not be required to be declared in case the amount available for dividend is less than the aggregate amount of the minimum dividend.

Article 8. Shares to be Issued at the Time of Incorporation

The Company shall issue forty thousand (40,000) shares at the time of incorporation.

Article 9. Electronic Registration of Rights to be Indicated on Share Certificates and Certificates of Preemptive Right

The Company shall electronically register rights to be indicated on its share certificates and certificates of preemptive right on the electronic registrar of the electronic registration agency, in lieu of issuing share certificates and certificates of pre-emptive right.

Article 10. Pre-emptive Rights

(1) Except as otherwise provided by Paragraphs (2) through (4) of this Article 10 and the mandatory provisions of the applicable laws or regulations, in case of the issuance of new shares, the shareholders of the Company shall have the right to subscribe for such newly issued shares in proportion to the number of shares held by each of them; provided, however, that the Company may, by resolution of the Board of Directors, allocate preferred shares to holders of preferred shares in proportion to the number of shares held by each of them.

(2) The Board of Directors may allocate new shares to persons other than the shareholders by a resolution of the Board of Directors in the following cases.

1. If the Company issues new shares by a public offering or has underwriters underwrite new shares by a public offering in accordance with the applicable legislation;
2. If the Company allocates new shares to the members of the Company's Employee Stock Ownership Association in accordance with the applicable legislation;
3. If the Company issues new shares for the issuance of depositary receipts in accordance with the applicable legislation;
4. If the Company issues new shares through offering to the public investors by the resolutions of the Board of Directors in accordance with the applicable legislation;
5. If the Company issues new shares to the existing creditors in order to convert the debt into capital;
6. If the Company issues new shares to the domestic and/or foreign entities in accordance with a joint venture agreement, strategic affiliation or technology license and transfer agreement executed by and between the Company and such entities for the management purposes; and
7. If the Company issues new shares to the domestic and/or foreign financial institutions in order to finance the Company in the emergent cases.

If the Company issues new shares to persons other than the shareholders of the Company pursuant to this Paragraph, the Company shall notify the shareholders or make public two (2) weeks in advance of the date of subscription of the new shares detailing the type, number, issue price, date of subscription and the manner of subscription of the newly issued shares in accordance with the Korean Commercial Code.



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(3) Any shares unsubscribed after the exercise of pre-emptive rights by shareholders who are entitled to them or any fractional shares remaining after the allocation of new shares may be disposed of by a resolution of the Board of Directors according to the applicable laws or regulations.

(4) Notwithstanding the provisions of Paragraphs (2) through (3) of this Article 10, new shares may be allocated to persons other than the existing shareholders by a special resolution passed at a General Meeting of Shareholders when it is deemed necessary for attaining the purposes of the Company such as introduction of new technology and financial restructuring.

(5) In case the Company issues new shares by a rights offering, bonus issue or stock dividend, such shares will be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year during which the shares are issued.

Article 11. Offering to Public Investors, etc.

(1) The Company may issue new shares constituting not more than ten-hundredths (10/100) of the total issued shares of the Company through offering to public investors by the resolution of the Board of Directors in accordance with applicable legislations.

(2) In event that the Company issues new shares in accordance with the resolution of the Board of Directors due to the reasons set forth in Items 5 through 7 of Paragraph (2) of Article 10, the total face amount of new shares shall not exceed one hundred billion (100,000,000,000) Won.

(3) The type, number and the issue price of the shares to be issued by the manner as set forth in Paragraphs (1) and (2) shall be determined by the resolution of the Board of Directors; provided that the issue price of the new shares must be no less than the price as set forth in applicable legislations.

Article 12. (Deleted)

Article 13. Transfer Agent

Electronic registration of shares, management of the shareholder registry and other related businesses shall be entrusted to the transfer agent appointed by resolution of the Board of Directors. Specific procedures therefor shall be in accordance with the applicable laws and regulations and operational regulations determined by the transfer agent.

Article 13-2. Register of Shareholders by Electronic Means

In accordance with the Korean Commercial Code, the Company may make entries in the Register of Shareholders by electronic means.

Article 14. Fees

The Company may, by resolution of the Board of Directors, charge, or have the register agent charge, a fee for services it renders in connection with any of the matters set forth in Article 13 above, or for any services related to shareholder inspection of the Company's financial statements or other documents, and for providing any copies thereof.

Article 15. Record Date and Suspension of Alterations of Entries in the Register of Shareholders

(1) The Company shall suspend entries of alterations, registration or cancellation of pledges over shares and indication of trust assets and cancellation thereof in the Register of Shareholders of a period commencing on January 1 and ending on January 15 of each year.



(2) The record date of the Register of Shareholders shall be December 31 of each year, and such shareholders listed on the Register of Shareholders as of the record date shall be entitled to exercise their rights thereof at the General Meetings of Shareholders.

(3) The Company may, by resolution of the Board of Directors or by resolution of a committee as authorized by the Board of Directors, suspend the entry of a change as to the matters contained in the Register of Shareholders for a specified period of time or set a record date when deemed necessary and for the purpose of convening an Extraordinary General Meeting of Shareholders; provided, however, that the period of suspension shall not exceed three (3) months and two (2) weeks prior notice of suspension or fixing of a record date has been given to the shareholders. The Board of Directors or such authorized committee may, when deemed necessary, both suspend the entry of a change in the Register of Shareholders and set a record date.

CHAPTER III. BONDS

Article 16. Issuance of Bonds

The Company may issue bonds by a resolution of the Board of Directors

Article 17. Issuance of Convertible Bonds

(1) The Company may issue convertible bonds in the aggregate face amount not exceeding two trillion (2,000,000,000,000) Won to persons other than the shareholders in the following cases:

1. If the Company issues convertible bonds by public offering.
2. If the Company enters into a joint venture agreement, strategic alliance or technical license and transfer agreement, when it is deemed necessary, and issues convertible bonds to any domestic or international corporation accordingly.
3. If the Company issues convertible bonds to a domestic or international financial institution to provide urgently needed funds.

(2) Convertible bonds mentioned in Paragraph (1) may, by resolution of the Board of Directors, be issued with their conversion rights limited to a certain portion of their face amount.

(3) Upon conversion from the aggregate face amount of convertible bonds, common shares may be issued up to one trillion three hundred billion (1,300,000,000,000) Won and preferred shares may be issued up to seven hundred billion (700,000,000,000) Won, and the conversion price, which shall not be less than the par value of the shares, shall be determined by resolution of the Board of Directors at the time of issuance of the convertible bonds.

(4) The conversion period shall be the period commencing from the date of issuance of the convertible bonds and ending on the date immediately preceding the date of redemption of the convertible bonds. The conversion period may be adjusted by a resolution of the Board of Directors; provided, that the conversion period shall in any event fall within the period mentioned above.

(5) The provisions of Article 10, Paragraph (5) shall apply *mutatis mutandis* to the payment of dividends on the shares issued upon conversion and the payment of interest on the convertible bonds.

Article 17-2. Issuance of Bonds with Warrants

(1) The Company may issue bonds with warrants to persons other than its shareholders to the extent that the aggregate par value of the bonds with warrants do not exceed two trillion (2,000,000,000,000) Won, in case of the events prescribed in Paragraph (1) of Article 17 above.



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(2) The amount with respect to which the pre-emptive rights may be exercised shall be determined by resolution of the Board of Directors; provided, that such amount shall not in any event exceed the aggregate face amount of bonds with warrants.

(3) Upon exercise of the warrants, from the aggregate face amount of bonds with warrants, common shares may be issued up to one trillion three hundred billion (1,300,000,000,000) Won and preferred shares may be issued up to seven hundred billion (700,000,000,000) Won, and the issue price, which shall not be less than the face value of the shares, shall be determined by resolution of the Board of Directors at the time of issuance of bonds with warrants.

(4) The period during which the pre-emptive rights may be exercised shall be the period commencing from the date of issuance of bonds with warrants and ending on the date immediately preceding the date of redemption of bonds with warrants. The period during which the pre-emptive rights may be exercised may be adjusted by resolution of the Board of Directors; provided, that such period shall in any event fall within the period mentioned above.

(5) The provisions of Article 10, Paragraph (5) shall apply, *mutatis mutandis*, to the payment of dividends on the new shares issued upon exercise of the pre-emptive rights.

Article 18. Electronic Registration of Rights to be Indicated on Bond and Securities from Pre-emptive Right

The Company shall electronically register rights to be indicated on bond and securities from pre-emptive right on the electronic registrar of the electronic registration agency, in lieu of issuing bond securities and securities from pre-emptive right.

Article 18-2. Provisions Applicable *mutatis mutandis* to the Issuance of Bonds

Articles 13 and 14 of these Articles of Incorporation shall apply *mutatis mutandis* to the issuance of bonds.

CHAPTER IV. GENERAL MEETING OF SHAREHOLDERS

Article 19. Convening of General Meeting of Shareholders

(1) An Ordinary General Meeting of Shareholders shall be held within three (3) months after the end of each fiscal year, and an Extraordinary General Meetings of Shareholders may be convened at any time in compliance with a resolution of the Board of Directors and applicable laws or regulations.

(2) Shareholders may act only with respect to matters set forth in a written notice at a General Meeting of Shareholders.

(3) General Meeting of Shareholders shall be held at location of the Company's head office but also may be held at a nearby place if necessary.

(4) A General Meeting of Shareholders shall be convened by the CEO of the Company or by the President or Vice President of the Company acting under the CEO's authorization.

Article 20. Notices

(1) Written notice of each General Meeting of Shareholders of the Company shall state the date, time, venue and the agenda for which the meeting has been called. The written notice shall be delivered to all shareholders by postal mail or by e-mail transmission at least two weeks prior to the date set for such General Meeting of Shareholders.



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(2) Written notice of a General Meeting of Shareholders to be given to shareholders holding one-hundredth (1/100) or less of the total number of issued shares entitled to vote may be substituted by notices made at least twice in each of the Seoul Shinmun published in Seoul, the Maeil Shinmun published in Daegu Metropolitan City and the Kwangju Ilbo published in Kwangju Metropolitan City two weeks prior to the date set for such Meeting, or by notices to be posted on an electronic disclosure database system maintained by the Financial Supervisory Service or the Korea Exchange two weeks prior to the date set for such General Meeting of Shareholders.

Article 21. Presiding Officer

The CEO and the Representative Director shall preside at the General Meetings of Shareholders. In the absence of the CEO, the President and the Vice President among Inside Directors shall act as presiding officer in accordance with their order of authority.

Article 22. Authority of the Presiding Officer

The presiding officer at a General Meeting of Shareholders may order any person to cease making any statements or to leave the meeting or that statements made by such person be stricken from the record if the presiding officer determines that such person is deliberately preventing deliberations or is disturbing the order of the proceedings at the meeting. A person so ordered shall comply with the presiding officer's instructions.

Article 23. Vote by Proxy

(1) Any shareholder entitled to vote at a General Meeting of Shareholders shall have the right to vote by proxy.

(2) A proxy shall submit a document evidencing the power of representation to the Company before the opening of the General Meeting of Shareholders.

Article 24. Quorum and Requisite for Resolutions

(1) Except as otherwise provided in these Articles of Incorporation or by applicable laws or regulations, all resolutions passed at a General Meeting of Shareholders shall be adopted by the affirmative vote of a majority of the voting shares of the shareholders present, which shall represent at least one-fourth (1/4) of the voting shares of the Company then issued and outstanding.

(2) In the following cases, the resolutions of a General Meeting of Shareholders shall be adopted by the affirmative vote of at least two-thirds (2/3) of the voting shares of the shareholders present and by the affirmative vote of at least one-third (1/3) of the voting shares of the total issued and outstanding shares:

1. Amendment of the Articles of Incorporation;
2. Transfer of all or any important part of the business;
3. Execution, amendment or rescission of a contract for leasing the whole of the business, for entrustment of management, or for sharing with another person all profits and losses in relation to the business or of a similar contract;
4. Acquisition of all or part of business of any other company, which may have a great influence upon the business of the Company;
5. Merger or consolidation of the Company (excluding a small scale merger or consolidation);
6. Matters required to be approved by the General Meeting of Shareholders, which have material effects on the company's assets, as determined by the Board of Directors; and
7. Any other matter for which such vote is required by Korean laws and regulations.



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Article 25. Exercise of Voting Right in Writing

(1) Any shareholder is entitled to exercise its voting rights at a General Meeting of Shareholders in writing without being present at such General Meeting of Shareholders.

(2) In connection with Paragraph (1) above, the Company shall attach the document necessary for the shareholder's exercise of its voting rights in writing and any reference documents to the written notice for convening a General Meeting of Shareholders.

(3) A shareholder, who intends to exercise its voting rights in writing, shall fill in the document referred to in Paragraph (2) above and submit such document to the Company one (1) day prior to the date of the relevant General Meeting of Shareholders.

Article 26. Minutes of General Meeting of Shareholders

The substance of the course of the proceedings of a General Meeting of Shareholders and the results thereof shall be recorded in the minutes which shall bear the names and seals or signatures thereon of the presiding officer and of the Directors present at the meeting, and shall be preserved in the archives of the Company.

CHAPTER V. BOARD OF DIRECTORS**Article 27. Number of the Directors**

The total number of Directors of the Company shall be at least three (3) but no more than thirteen (13) Directors, among which the Outside Directors shall be eight (8) persons or less and Inside Directors shall be five (5) persons or less. The Outside Directors shall constitute the majority of the total number of the Directors.

Article 28. Election of the Directors and Representative Directors

(1) The Directors shall be elected at the General Meeting of Shareholders.

(2) By resolution of the Board of Directors, a number of Representative Directors may be appointed from among Inside Directors. On recommendation of the CEO, the Board of Directors may grant an Inside Director the position of President, Executive Vice President, Senior Managing Director and Managing Director.

(3) If Directors are appointed by a cumulative voting, the Inside Directors and the Independent Outside Directors are separately considered, and then, the cumulative voting shall apply to each group.

Article 29. Appointment of the CEO and the Representative Director

(1) By resolution of the Board of Directors, the CEO and the Representative Director shall be elected from among the Inside Directors after his qualification is approved by the CEO Candidate Recommendation Committee.

(2) In the event a candidate for the position of Inside Director is nominated as the CEO and the Representative Director candidate and approved by the CEO Candidate Recommendation Committee, the Board of Directors shall recommend the name of one (1) CEO and the Representative Director candidate at the General Meetings of Shareholders. Where the CEO and the Representative Director candidate is appointed as an Inside Director at General Meetings of Shareholders, the Board of Directors shall appoint the CEO and the Representative Director candidate as the CEO and the Representative Director.



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(3) Details concerning the composition and operation of the CEO Candidate Recommendation Committee shall be determined by the Board of Directors.

Article 29-2. Recommendation of Inside Director Candidate other than the CEO and the Representative Director

A candidate for Inside Director other than the CEO and the Representative Director shall be recommended by the Board of Directors after his qualification is approved by the Director Candidate Recommendation Committee as prescribed in Paragraph (1) of Article 45.

Article 29-3. Qualification for Inside Director Candidate

(1) An Inside Director shall be a person capable of managing the Company, who has working experience as an officer or employee of the Company or sufficient experience in the related business area.

(2) A person (i) who retired prior to the completion of the full term of office due to gross negligence or unsound management, (ii) who was sentenced to imprisonment or a heavier penalty and for whom five years have not passed since the termination thereof or exemption therefrom or (iii) who is serving a suspended sentence or who was sentenced to a stay of execution and for whom two years have not passed since the expiration of the period of stay of execution cannot be an Inside Director of the Company.

Article 30. Recommendation of Candidate for Outside Directors

(1) A candidate for Outside Director shall be recommended by the Director Candidate Recommendation Committee as prescribed in Paragraph (1) of Article 45. Such candidates shall be among those qualified persons as prescribed in Article 31.

(2) A shareholder holding voting shares of the Company may recommend a candidate for Outside Director to the Director Candidate Recommendation Committee by the exercise of the shareholder proposal right under the applicable legislation.

(3) The Director Candidate Recommendation Committee shall determine the details regarding recommendation for, and evaluation on qualification of, candidates for Outside Director.

Article 31. Qualification for Candidate for Outside Directors

An Outside Director must have sufficient and professional knowledge or experience in the areas of industry, finance, education, law, accounting and public administration and also must be qualified under the relevant laws.

Article 32. Duties of Representative Director

(1) Each Representative Director shall represent the Company, execute matters determined by the Board of Directors, control all affairs of the Company and provide all Directors with the updated information regarding the recent status of management and the Company.

(2) The Representative Directors and Directors shall carry on the administration of the affairs of the Company in accordance with the duties assigned to them by the CEO.

Article 33. Duties of Directors

(1) The Directors, as the prudent manager, shall faithfully perform their duties for the Company such as attending the meeting of the Board of Directors, etc. in accordance with the laws and the Articles of Incorporation.



(2) If a Director finds any matter that may inflict any material loss to the Company, he shall immediately report it to the Audit Committee.

Article 34. Term of Directors

The term of office of the Directors shall be within three (3) years; provided, however, that the term of office for Directors shall be extended until the close of an Ordinary General Meeting of Shareholders which is to be held with respect to the fiscal year which is the last to end during their terms in office.

Article 35. By-Election

(1) In the event of any of the absence or inability to perform the duties as a Director, an Extraordinary General Meeting of Shareholders shall be convened to fill the vacancy. However, in the case the number of remaining Directors satisfies the legal requirement and such vacancy does not cause any difficulties in the operation of the business, the appointment through by-election may be suspended, or postponed until the holding of the next Ordinary General Meeting of Shareholders.

(2) In the event that the number of Outside Directors is less than a majority of total number of Directors due to death or resignation of Outside Directors or for any other reason, Outside Directors shall be elected to fill the vacancy at the General Meeting of Shareholders to be held first after such cause so as for the number of Outside Directors to constitute a majority of total number of Directors.

Article 36. Remuneration of Directors

(1) The limit of the salaries and performance incentives of the Directors shall be determined by resolution of the General Meeting of Shareholders. The Board of Directors shall determine the detailed operation standards thereof.

(2) Any severance allowance paid to the Inside Directors shall be in accordance with Severance Allowance Regulations for Directors as approved by shareholders at the General Meeting of Shareholders.

(3) The Company may pay to Outside Directors for expenses incurred during performance of services as required of Outside Directors.

Article 37. Indemnification of Directors

The Company shall indemnify, to the extent permitted by the Korean Commercial Code, the Directors from and against all expenses, losses or liabilities incurred in connection with defending any action, claim or proceeding to protect the interest of the Company, except for in case of the Directors' willful misconduct or negligence with respect to their duties.

Article 38. Authority of the Board of Directors

(1) The Board of Directors shall have the power to take actions in respect of all such acts and things put on the agenda by any of the Directors relating to important matters regarding the administration of the Company or as are required by laws or regulations or by these Articles of Incorporation.

(2) The Board of Directors may delegate its powers to the Special Committees as prescribed in Paragraph (1) of Article 45 in accordance with the Korean laws and regulations and these Articles of Incorporation.



Article 39. Constitution and Convocation of Meeting of the Board of Directors

(1) The Board of Directors shall consist of all the Directors.

(2) The Chairman of the Board may convene all Meetings of the Board of Directors. Any other Director who wishes to convene a Meeting of the Board of Directors shall make his request to the Chairman of the Board and the Chairman shall convene the Meeting. If the Chairman of the Board fails to convene the Meeting without justifiable reasons, other Directors may convene such Meeting.

(3) Written or oral notice of each Meeting of the Board of Directors shall be given at least one day prior to the scheduled meeting date to each of the Directors. No notice shall, however, be required for a regular Meeting of the Board of Directors or if all of the Directors consent thereto.

(4) The Board of Directors may allow the Directors to attend, and vote at, the meeting of the Board of Directors by tele-conferencing, instead of attending and voting in person at such meeting. In such case, a Director participating in the Board Meeting by such arrangement shall be considered to be present at the Meeting of the Board of Directors.

Article 40. Chairman of the Board of Directors

(1) The Chairman of the Board shall be appointed by the resolution of the Board of Directors among Outside Directors.

(2) The term of office of the Chairman of the Board shall be one (1) year, and the Chairman of the Board shall not be reappointed to the office.

(3) In the event that the Chairman of the Board cannot preside at a Meeting of the Board of Directors, Outside Director in order of seniority (if the seniority is the same, the oldest has the priority) shall take his place as Chairman of the Board.

Article 41. Adoption of Resolutions of the Board of Directors

(1) The Majority of Directors shall constitute a quorum for a Meeting of the Board of Directors. All actions and resolutions taken at a Meeting of the Board of Directors shall be adopted by the affirmative vote of a majority of the Directors present. Notwithstanding the foregoing, the adoption of a resolution by the Board of Directors with respect to the election of the CEO and the Representative Director candidate may be separately decided by the Board of Directors whose quorum shall not exceed the affirmative vote of two-thirds (2/3) of all of the Directors.

(2) A Director having a special interest with respect to the resolution shall not exercise his voting right.

Article 42. Formalities of the Board of Directors

Directors shall set the agenda for each Meeting and make proposals for resolution thereat. If any Director plans to make proposals at the Meeting of the Board of Directors, he shall submit a written summary thereof to the Chairman of the Board and the CEO and Representative Director in advance.

Article 43. Matters of Urgency

The CEO and Representative Director may act upon matters of urgency without resolution of the Board of Directors by obtaining prior consent of more than two-thirds (2/3) of other Directors. A Meeting of the Board of Directors for the next term shall be convened to deliberate on and ratify the actions so taken.



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Article 44. Minutes of the Meeting of the Board of Directors

With respect to the proceedings of the Meetings of the Board of Directors, the minutes should be made. The agenda, the substances of course, and the results of the proceedings of the Meetings of the Board of Directors, the name of objecting director and the reasons of objection shall be recorded in the minutes which shall bear the names and seals or the signatures thereon of the Directors present at the Meeting.

Article 45. Special Committees

(1) The Company shall have special committees under the control of the Board of Directors as follows:

1. ESG Committee;
2. Director Candidate Recommendation Committee;
3. Evaluation and Compensation Committee;
4. Finance Committee;
5. Audit Committee.

(2) Except as otherwise provided by any relevant laws, authority, constitution and operation of the special committee shall be determined by a resolution of the Board of Directors.

(3) Matters regarding composition and duties of the Audit Committee shall be determined in accordance with Chapter VI.

Article 46. Unregistered Officers

(1) The Company shall have Unregistered Officers to execute the matters resolved by the Board of Directors and the matters important to the management of the Company.

(2) The Unregistered Officers shall be appointed by the CEO and the Representative Director and; provided, however, that the appointment of the Unregistered Officers to the important positions that the Board of Directors decides shall require the approval of the Board of Directors.

(3) The Unregistered Officers are President, Senior Executive Vice Presidents, Senior Managing Directors and Managing Directors, and the salaries and performance incentives payable to such Unregistered Officers shall be determined by the Board of Directors or by the CEO and the Representative Director, to the extent the CEO and the Representative Director has been delegated such authority by the Board of Directors. Any severance allowance shall be distributed in accordance with the standards for the President, Senior Executive Vice Presidents, Senior Managing Directors and Managing Directors pursuant to the Directors Severance Allowance Regulations as approved by the General Meeting of Shareholders.

(4) The allocation of work among the Unregistered Officers shall be decided by the CEO and the Representative Director.

(5) The term of office of the Unregistered Officers shall not be more than two (2) years; provided, however, that the proviso of Article 34 may apply *mutatis mutandis* to the Unregistered Officers.

Article 47. Consultant and Part-time Officer

The Company may have consultants and part-time officers who will be treated as Officers of the Company if it is required for the business.



CHAPTER VI. Audit Committee

Article 48. Constitution and Appointment of Members of Audit Committee

(1) The Audit Committee of the Company shall consist of three (3) or more Directors. All of the members shall be elected from among the Outside Directors.

(2) A member of the Audit Committee shall be appointed or dismissed at the General Meeting of Shareholders. When appointing a member of the Audit Committee, a shareholder holding more than three percent (3%) of the Company's issued and outstanding shares shall not be entitled to exercise his voting rights for that excess portion.

(3) In the event that the number of the Audit Committee does not satisfy the requirement referred to in Paragraph (1) due to the death or resignation of members or any other reasons, the members shall be elected to fill the vacancy at the General Meeting of Shareholders to be held first after such cause so as for the number of members to satisfy the requirement referred to in Paragraph (1).

(4) The chairman of the Audit Committee shall be elected by a resolution of the Audit Committee.

Article 49. Duties of Audit Committee

(1) The Audit Committee shall examine the accounting and financial records of the Company.

(2) The Audit Committee may request to convene an Extraordinary General Meeting of Shareholders by submitting a written request specifying the agenda of the meeting and the reason for the meeting.

(3) If deemed necessary, the Audit Committee may request to convene a Board Meeting by submitting a written request specifying the agenda of a meeting and the reason for a meeting to the Chairman of the Board.

(4) The Audit Committee may directly convene a Board Meeting if a meeting has not been convened immediately on the request of the Audit Committee in accordance with Paragraph (3) of this Article.

(5) If it is required for management purpose, the Audit Committee may demand a subsidiary to make a report on the business. In such case, if the subsidiary fails to make an immediate report, or it is required to confirm the contents of such report, the Audit Committee may investigate the business and assets of the subsidiary.

(6) The Audit Committee shall prepare an audit report on the Company's financial statements and shall report thereof to the General Meeting of Shareholders.

(7) The Audit Committee shall record the course of the proceedings of their meetings and the results thereof in the minutes and shall record the procedure of the inspection and the results thereof in the inspection book, on which the name and seal of the members shall be affixed or which shall be signed by such members.

(8) The Audit Committee may receive advice from outside professionals when necessary, for which the Company shall cover any expenses therefrom.

Article 50. Quorum and Adoption of Resolutions

Article 41 shall apply, *mutatis mutandis*, to the quorum and adoption of resolution of the Audit Committee.



Article 51. Appointment of External Auditor

The Company shall appoint an external auditor selected by the Audit Committee pursuant to the Act on External Audit of Stock Companies. The details of the aforesaid appointment shall be reported to the shareholders at the Ordinary General Meeting of Shareholders for the fiscal year during which such appointment was or shall be made known to the shareholders in accordance with relevant laws and regulations.

CHAPTER VII. ACCOUNTING

Article 52. Fiscal Year

The fiscal year of the Company shall commence on each January 1 and shall end on December 31 of the same year.

Article 53. Submission, Approval and Publication of Financial Statements

(1) After the end of each fiscal year, the Representative Directors shall prepare and submit, with the Board of Directors' approval therefor, to the Audit Committee at least six (6) weeks before the date set for an Ordinary General Meeting of Shareholders, the following documents with its supplementary schedules:

1. A balance sheet;
2. A profit and loss statement;
3. Documents designated by the Presidential Decree and decided by the Board of Directors;
4. A consolidated financial statement; and
5. A business report for the pertinent fiscal year:

(2) Upon receiving the documents specified under Paragraph (1) above, the Audit Committee shall prepare and submit an auditor's report to the Representative Director one (1) week before the date of each Ordinary General Meeting of Shareholders.

(3) The Representative Directors shall make available for inspection for five (5) years at the head office and copies thereof for three (3) years at branch offices, the documents prescribed under Items 1 through 4 of Paragraph (1) of this Article and the auditor's report of the Company beginning from one (1) week before the date of each Ordinary General Meeting of Shareholders.

(4) The Representative Director shall submit and seek approval of the documents prescribed under Items 1 through 4 of Paragraph (1) of this Article at an Ordinary General Meeting of Shareholders. The Representative Directors shall report a business report to an Ordinary General Meeting of Shareholders.

(5) The Representative Director shall make public the balance sheet, without delay, after an Ordinary General Meeting of Shareholders has approved the documents described in Paragraph (4).

Article 54. (Deleted)

Article 55. Disposition of Retained Earnings

Retained earnings for any fiscal year shall be disposed in the following order, but it may be appropriated for purposes other than those listed below if approved by a General Meeting of Shareholders:

1. Legal reserves (required to be more than one-tenth of cash dividends paid for the pertinent fiscal year);



2. Other statutory reserves;
3. Dividends to shareholders;
4. Merits bonuses for retiring Directors;
5. Discretionary reserves;
6. Average dividend reserves and other dispositions; and
7. Retained earnings carried forward to next fiscal year.

Article 56. Dividends

(1) Dividends may be paid in cash, shares, or any other form of property

(2) In the case of stock dividends, the Company may issue different types of shares to the shareholders by resolution of the General Meeting of Shareholders.

(3) The Company may pay quarterly dividends in cash by a resolution of the Board of Directors each fiscal year. In such case, the record date for the distribution of quarterly dividends shall be the last day of March, June and September. The dividends should be paid within 20 days from the resolution above.

(4) Dividends referred to in Paragraphs (1) and (3) shall be paid to the shareholders and registered pledgees whose names appear in the shareholders' register of the Company as of the last day of each fiscal year or the record date for the distribution of quarterly dividends.

Article 57. Cancellation of Treasury Stocks

The Company, by a resolution of the Board of Directors, may repurchase and cancel its outstanding shares following the methods set forth in the applicable laws or regulations.

ADDENDA (JANUARY 28, 2022)

The amended Articles of Incorporation shall be implemented from the date on which the spin-off under the Spin-Off Plan dated December 10, 2021 takes effect.

ADDENDA (MARCH 12, 2021)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 53rd fiscal year.

ADDENDA (MARCH 15, 2019)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 51st fiscal year; provided, however, that the amendments to Articles 6, 9, 9-2, 13 and 18 shall take effect starting from the effective date of the Enforcement Decree of the Act on Electronic Registration of Stocks, Bonds, Etc.

ADDENDA (MARCH 9, 2018)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 50th fiscal year.



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ADDENDA (MARCH 11, 2016)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 48th fiscal year.

ADDENDA (MARCH 16, 2012)

Article 27 of the Articles of Incorporation shall be effective from the date the Ordinary General Meeting of Shareholders for the 44th fiscal year approves such Article while the other amended Articles shall be effective from April 15, 2012.

ADDENDA (FEBRUARY 25, 2011)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 43rd fiscal year.

ADDENDA (FEBRUARY 26, 2010)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 42nd fiscal year.

ADDENDA (FEBRUARY 27, 2009)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 41st fiscal year.

ADDENDA (FEBRUARY 23, 2007)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 39th fiscal year.

ADDENDA (FEBRUARY 24, 2006)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 38th fiscal year.

ADDENDA (MARCH 12, 2004)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 36th fiscal year.

ADDENDA (MARCH 14, 2003)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 35th fiscal year.

ADDENDA (MARCH 15, 2002)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 34th fiscal year.



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ADDENDA (MARCH 16, 2001)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 33rd fiscal year.

ADDENDA (MARCH 17, 2000)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 32nd fiscal year.

ADDENDA (MARCH 16, 1999)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 31st fiscal year.

ADDENDA (AUGUST 20, 1998)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 31st fiscal year.

ADDENDA (MARCH 17, 1998)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 30th fiscal year.

ADDENDA (MARCH 14, 1997)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 29th fiscal year.

ADDENDA (MARCH 15, 1996)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 28th fiscal year.

ADDENDA (MARCH 15, 1995)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 27th fiscal year.

ADDENDA (APRIL 15, 1994)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 27th fiscal year.

ADDENDA (MARCH 8, 1993)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 25th fiscal year.



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ADDENDA (OCTOBER 13, 1992)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 25th fiscal year.

ADDENDA (MARCH 7, 1992)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 24th fiscal year.

ADDENDA (MARCH 14, 1991)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 23rd fiscal year.

ADDENDA (MARCH 6, 1990)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 22nd fiscal year.

ADDENDA (MARCH 15, 1989)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 21st fiscal year.

ADDENDA (FEBRUARY 27, 1988)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 20th fiscal year.

ADDENDA (MARCH 7, 1987)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 19th fiscal year.

ADDENDA (FEBRUARY 26, 1986)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 18th fiscal year.

ADDENDA (FEBRUARY 5, 1985)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 17th fiscal year.

ADDENDA (FEBRUARY 18, 1984)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 16th fiscal year.



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ADDENDA (FEBRUARY 23, 1982)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 14th fiscal year.

ADDENDA (FEBRUARY 28, 1981)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 13th fiscal year.

ADDENDA (FEBRUARY 24, 1979)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 11th fiscal year.

ADDENDA (February 25, 1978)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 10th fiscal year.

ADDENDA (FEBRUARY 8, 1977)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 9th fiscal year.

ADDENDA (FEBRUARY 6, 1976)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 8th fiscal year.

ADDENDA (FEBRUARY 8, 1975)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 7th fiscal year.

ADDENDA (FEBRUARY 5, 1974)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 6th fiscal year.

ADDENDA (FEBRUARY 12, 1973)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 5th fiscal year.

ADDENDA (NOVEMBER 29, 1972)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 5th fiscal year.



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ADDENDA (FEBRUARY 4, 1972)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 4th fiscal year.

ADDENDA (NOVEMBER 23, 1971)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 4th fiscal year.

ADDENDA (FEBRUARY 6, 1971)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 3rd fiscal year.

ADDENDA (FEBRUARY 7, 1970)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 2nd fiscal year.

ADDENDA (JUNE 16, 1969)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 2nd fiscal year.

ADDENDA (MARCH 20, 1969)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 2nd fiscal year.

ADDENDA (FEBRUARY 20, 1969)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Ordinary General Meeting of Shareholders for the 1st fiscal year.

ADDENDA (JULY 10, 1968)

The amended Articles of Incorporation shall be effective from the date on which they are approved by the resolution at the Extraordinary General Meeting of Shareholders for the 1st fiscal year.

ADDENDA (MARCH 6, 1968)

The Articles of Incorporation shall be effective from March 6, 1968.



Exhibit 2.4

Description of American Depositary Shares

Unless otherwise indicated, all references in this exhibit to the terms “we,” “us,” and “our” refer to POSCO HOLDINGS INC., all references in this exhibit to “American depositary shares” and “ADSs” are to our American depositary shares, all references to “American depositary receipts” and “ADRs” are to the American depositary receipts issued under our ADSs, and all references to “Share” and “Shares” are to share/shares of our common stock.

This summary description assumes you own the ADSs directly by means of an ADS registered in your name and, as such, we refer to you as the “holder.” When we refer to “you,” we assume the reader owns ADSs.

The following is a summary of the amended and restated deposit agreement, dated as of July 19, 2013, among POSCO (currently named POSCO HOLDINGS INC.), Citibank, N.A. as depositary for the ADSs (“Depositary”) and all holders and beneficial owners from time to time of the ADSs issued thereunder. The amended and restated deposit agreement is governed by the laws of the State of New York. Because it is a summary, this description does not contain all the information that may be important to you as an owner of our ADSs. For more complete information, you should read the entire amended and restated deposit agreement and the ADR. The amended and restated deposit agreement has been filed as an exhibit to the registration statement on Form F-6 on June 20, 2013. Copies of the amended and restated deposit agreement are available for inspection at the Principal Office of the Depositary, located at 388 Greenwich Street, New York, New York 10013, United States.

American Depositary Shares

Each ADS will represent the right to receive, and to exercise the beneficial ownership interest in, one-fourth of one Share on deposit with the Depositary and/or the Custodian, subject, in each case, to the terms and conditions of the amended and restated deposit agreement and, if applicable, the ADRs evidencing the ADSs. All Shares deposited or deemed deposited under the deposit agreement and any other securities, cash and other property held under the deposit agreement shall be referred to as “Deposited Securities.” We will deposit Deposited Securities with Korea Securities Depository in Seoul, Korea (the “Custodian”), as the custodian of the Deposited Securities. An ADR may represent any number of ADSs. You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, you are a holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Deposit and Withdrawal of Deposited Securities

The Shares represented by the ADSs are delivered to the Depositary's Custodian in book-entry form. Accordingly, no share certificates will be issued but the Depositary will hold the Shares through the book-entry settlement system of the Custodian. The delivery of the Shares pursuant to the deposit agreement will take place through the facilities of the Custodian in accordance with its applicable settlement procedures. The Depositary will execute and deliver ADSs if you or your broker deposit Shares or evidence of rights to receive Shares with the Custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the Depositary will register the appropriate number of ADSs in the names you designate and will deliver the ADSs at its Principal Office to the persons you designate. The Depositary and the Custodian will refuse to accept Shares for deposit whenever we restrict transfers of Shares to comply with ownership



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restrictions under applicable law or our articles of incorporation, whenever the deposit would result in any violation of our articles of incorporation or applicable law, or whenever the deposit would cause the total number of Shares deposited to exceed a level we determine from time to time. See “Item 3.D. Risk Factors — If you surrender your ADRs to withdraw shares of our common stock, you may not be allowed to deposit the shares again to obtain ADRs.” and “Item 10. Additional Information — Item 10D. Exchange Controls — Restrictions Applicable to Shares.” of our most recent annual report on Form 20-F.

You may surrender your ADSs at the Principal Office of the Depositary to withdraw the underlying Deposited Securities represented thereby. Upon payment of the fees and any governmental charges and taxes provided in the deposit agreement, and subject to applicable laws and regulations of Korea and our articles of incorporation, the Depositary will deliver, at the Custodian’s designated office, the amount of Deposited Securities at the time represented by such ADSs. The Depositary may also deliver the amount of Deposited Securities represented by the ADSs at its Principal Office. At your request, risk and expense, we will direct the Custodian to forward any cash or other property (other than securities) held by the Custodian in respect of the Deposited Securities represented by the ADSs to the Depositary for delivery at the Principal Office. If you surrender an ADS representing a number other than a whole number of Shares, the Depositary will deliver the appropriate whole number of Shares and will, at the discretion of the Depositary, either (1) return to the person surrendering such ADSs the number of ADSs representing any remaining fractional Share, or (2) sell or cause to be sold the fractional Share represented by the ADSs so surrendered and remit the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the person surrendering the ADSs.

Neither the Depositary nor the Custodian will deliver the Shares in any manner or otherwise permit the Shares to be withdrawn from the facility created by the deposit agreement, except upon the receipt and cancellation of ADSs. However, in certain circumstances, subject to the provisions of the deposit agreement, the Depositary may issue ADSs prior to the receipt of Shares and deliver Shares prior to the receipt of ADSs for withdrawal of Deposited Securities. This is called a pre-release transaction. The pre-release transaction will be (1) subject to a written agreement whereby the person or entity (the “Applicant”) to whom ADSs or Shares are to be delivered (w) represents that at the time of the pre-release transaction the Applicant or its customer owns the Shares or ADSs that are to be delivered by the Applicant under such pre-release transaction, (x) agrees to indicate the Depositary as owner of such Shares or ADSs in its records and to hold such Shares or ADSs in trust for the Depositary until such Shares or ADSs are delivered to the Depositary or the Custodian, (y) unconditionally guarantees to deliver to the Depositary or the Custodian, as applicable, such Shares or ADSs, and (z) agrees to any additional restrictions or requirements that the Depositary deems appropriate; (2) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary deems appropriate; (3) terminable by the Depositary on not more than five business days’ notice; and (4) subject to further indemnities and credit regulations as the Depositary deems appropriate. In addition, the Depositary will normally limit the number of ADSs and Shares involved in such pre-release, although the Depositary may change or disregard the limit from time to time if it thinks it is appropriate to do so.

Dividends, Other Distributions and Rights

The Depositary has agreed to pay to you the cash dividends or other distributions it or the Custodian receives on Deposited Securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ADSs held as of a specified record date.

Whenever we intend to make a cash distribution for the Deposited Securities, upon receipt of confirmation of the deposit of the requisite funds from the Custodian, the Depositary will convert any cash dividend or other cash distribution paid in Won on the Shares into U.S. dollars, if it can do so on a



practicable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any approval from the Korean Government is required and cannot be promptly obtained, the deposit agreement allows the Depositary to distribute the Won to holders who have requested the distribution in writing and hold the remainder of the non-convertible Won for the account of those holders who have not been paid. It will not invest the Won it holds and will not be liable for any interest.

Before making a distribution, the Depositary will deduct any withholding taxes that must be paid. See "Item 10. Additional Information — Item 10E. Taxation — Korean Taxation."

Whenever we intend to distribute property other than cash, Shares or rights to purchase additional Shares, the Depositary will distribute such property to you in any manner that it deems reasonable and practicable, subject to applicable law. If such distribution cannot be made proportionally, or if for any other reason the Depositary deems the distribution not to be practicable, the Depositary may, after consultation with us, dispose of all or a portion of the property in such amounts and in such manner, including by public or private sale, as the Depositary deems reasonable and practicable. The Depositary will distribute to you the net proceeds of any such sale, or the balance of any such property, after deduction of the fees of the Depositary.

Whenever we intend to make a distribution that consists of a dividend in, or a free distribution of, Shares, upon receipt of confirmation of the deposit of the applicable number of Shares, the Depositary will either (1) distribute to you, in proportion to your holdings, additional ADSs representing any Shares we distribute as a dividend or free distribution, or (2) if additional ADSs are not so distributed, take all action necessary so that each ADS issued and outstanding after the ADS record date, to the extent permissible by law, also represent rights and interests in the additional integral number of Shares distributed upon the Deposited Securities represented thereby. The Depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the Depositary does not distribute additional ADSs, then each outstanding ADS will also represent the new Shares so distributed.

Whenever we intend to distribute rights to subscribe for additional Shares, the Depositary may make these rights available to you. The Depositary must first determine whether it is lawful and feasible to do so. If the ADR depositary determines that it is not lawful or practicable to make these rights available to you, then at our request, the Depositary will use its best efforts to sell the rights and distribute the proceeds in the same way as it would do with cash. The Depositary may allow the rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If a registration statement under the Securities Act is required with respect to the securities to which any rights relate in order for us to offer the rights to you and to sell the securities represented by the rights, the Depositary will not offer such rights to you if you have an address in the United States (as defined in Regulation S under the Securities Act) unless and until such a registration statement is in effect, or unless the offering and sale of such securities and such rights to you are exempt from the registration requirements of the Securities Act. The Depositary will not be responsible for any failure to determine that it may be lawful or practicable to make the rights available to you.

Whenever we intend to make a distribution at the election of the holders in cash or in additional Shares, we will give prior notice thereof to the Depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the Depositary in determining whether such distribution is lawful and reasonably practicable. The Depositary will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the amended and restated deposit agreement. In such case, the Depositary will establish procedures to enable you to elect to receive either cash or additional ADSs. The Depositary is not obligated to make available to you a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that you will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares.



Record Dates

The Depositary will fix a record date in each of the following situations:

- the Depositary receives notice of the fixing of a record date by us for the determination of holders of Deposited Securities entitled to receive any distribution (whether in cash, Shares, rights or other distribution);
- the Depositary causes a change in the number of Shares that are represented by each ADS; or
- the Depositary receives notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Securities.

The record date will, to the extent practicable, either be the same date as the record date fixed by us, or if different from the record date fixed by us, be fixed after consultation with us. The record date will determine (1) the holders who are entitled to receive distribution; (2) the holders who are entitled to give instruction for the exercise of voting rights at, and to attend (without voting or speaking), any such meeting, or to give or withhold such consent or to receive such notice or solicitation or to otherwise take action; or (3) the date on which each ADS will represent a changed number of Shares.

Voting of the Underlying Deposited Securities

Upon receipt of notice of any meeting or solicitation of consents or proxies of holders of Shares or other Deposited Securities, and upon our timely written request, the Depositary will distribute to you a notice that will contain the following:

- the information contained in our notice to the Depositary, or, if requested by us, a summary of the information provided by us;
- a statement that the holders as of the close of business on a specified record date will be entitled to instruct the Depositary as to how to exercise their voting rights for the number of Shares or other Deposited Securities represented by their ADSs, subject to the provisions of applicable Korean law and our articles of incorporation, which provisions, if any, will be summarized in the notice to the extent that they are material; and
- a statement as to the manner in which the holders may give their instructions.

Upon your written request received on or before the date set by the Depositary for this purpose, the Depositary will endeavor, in so far as practicable, to vote or cause to be voted the amount of Shares or other Deposited Securities representing your ADSs in accordance with the instructions set forth in your written request. The Depositary may not itself exercise any voting discretion over any Deposited Securities. You may only exercise the voting rights in respect of four ADSs or multiples of four ADSs.

Changes Affecting Deposited Securities

In the case of a change in the par value, or a split-up, consolidation or any other reclassification of Deposited Securities or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting us, any securities received by the Depositary or the Custodian in exchange for, in conversion of or in respect of Deposited Securities will be treated as new Deposited Securities under the deposit agreement. In that case, ADSs will, subject to the terms of the deposit agreement and applicable laws and regulations, including any registration requirements under the Securities Act, represent the right to receive the new Deposited Securities, unless additional ADSs are issued, as in the case of a stock dividend, or unless the Depositary calls for the surrender of outstanding ADSs to be exchanged for new ADSs.



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Disclosure of Beneficial Ownership; Ownership Restrictions

We may from time to time request you to provide information as to the capacity in which you hold or held ADSs, the identity of any other persons then or previously interested in such ADSs and the nature of the interest, and various other matters. You will agree in the deposit agreement to provide any such information reasonably requested by us or the Depositary whether or not you are still an holder or beneficial owner at the time of the request.

We may restrict transfers of the Shares where the transfer might result in ownership of Shares exceeding the limits under our articles of incorporation and applicable law. See “Item 10. Additional Information — Item 10D. Exchange Controls — Restrictions Applicable to Shares.” We may also restrict transfers of the ADSs where the transfer may cause the total number of Shares represented by the ADSs beneficially owned by a single holder or beneficial owner of ADSs, taken together with all other shares of common stock beneficially owned by the holder or beneficial owner, including Shares beneficially owned by affiliated owners, to any limit under our articles of incorporation and applicable law with respect to which we may, from time to time, notify the Depositary. We may instruct the Depositary to take action with respect to the beneficial ownership of any holder or beneficial owner of ADSs or common stock represented by the ADSs held by such holder or beneficial owner in excess of the limitations, if and to the extent the disposition is permitted by applicable law. See “Item 10. Additional Information — Item 10D. Exchange Controls — Restrictions Applicable to ADSs.”

Reports and Notices

We will furnish to the Depositary English language versions of any reports, notices and other communications that we generally transmit to holders of our Shares or other Deposited Securities, including our annual reports, with annual audited consolidated financial statements prepared in conformity with Korean International Financial Reporting Standards (“Korean IFRS”) and, if prepared pursuant to the Exchange Act, a reconciliation of net earnings for the year and stockholders’ equity to U.S. GAAP, and unaudited non-consolidated semiannual financial statements prepared in conformity with Korean IFRS. The Depositary will arrange for the prompt mailing of copies of these documents, or, if we request, a summary of any such notice provided by us to you or, at our request, make notices, reports (other than the annual reports and semiannual financial statements) and other communications available to you on a basis similar to that for the holders of our Shares or other Deposited Securities or on such other basis as we may advise the Depositary or as may be required by any applicable law, regulation or stock exchange requirement.

Notices to you under the deposit agreement will be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission, confirmed by letter, addressed to you at your address as it appears on the transfer books of the Depositary or at such other address as you have notified the Depositary.

In addition, the Depositary will make available for your inspection at its Principal Office any reports, notices and other communications received by it, the Custodian or a nominee of either as a holder of Deposited Securities and which we generally transmit to the holders of Deposited Securities.

Amendment and Termination of the Deposit Agreement

We may agree with the Depositary to amend the deposit agreement and the ADRs without your consent for any reason. If the amendment adds or increases fees or charges, except for taxes and other governmental charges or certain expenses of the Depositary, or prejudices any substantial existing right of the holders, it will only become effective 30 days after the Depositary notifies you of the amendment. If you continue to hold your ADSs at the time an amendment becomes effective, you will be considered to have agreed to the amendment and to be bound by the deposit agreement as



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amended. Except as otherwise required by any mandatory provisions of applicable law, no amendment may impair your right to surrender your ADSs and to receive the underlying Deposited Securities.

The Depositary will terminate the deposit agreement if we ask it to do so. The Depositary may also terminate the deposit agreement if the Depositary has notified us that it would like to resign and we have not appointed a new depositary within 90 days. In both cases, the Depositary must notify you at least 30 days before the termination date.

If any ADSs remain outstanding after the date of termination, the Depositary will stop performing any further acts under the deposit agreement, except:

- to collect dividends and other distributions pertaining to the Deposited Securities and any other property represented by the outstanding ADSs;
- to sell rights as provided in the deposit agreement; and
- to deliver Deposited Securities, together with any dividends or other distributions received with respect to the Deposited Securities and the net proceeds of the sale of any rights or other property represented by those ADSs in exchange for surrendered ADSs after payment of fees and other charges of the Depositary.

On and after the date of termination, you will be entitled to receive the amount of Deposited Securities represented by the ADS upon (1) surrender of the ADS at the Principal Office of the Depositary, (2) payment of the fees of the Depositary for the surrender of the ADS and (3) payment of any applicable taxes or governmental charges.

At any time after the date of termination, the Depositary may sell any remaining Deposited Securities and hold uninvested the net proceeds in an unsegregated account, together with any other cash or property then held, without liability for interest, for the pro rata benefit of the holders of ADSs that have not been surrendered by then. After making the sale, the Depositary will be discharged from all obligations under the deposit agreement, except for some indemnification obligations and the obligation to account for the net proceeds of the sale and other cash or property (after deducting, in each case, the fee of the Depositary for surrendered ADSs, any expenses for the account of the holder of the ADSs in accordance with the terms and conditions of the deposit agreement, and any applicable taxes or governmental charges). Upon the termination of the deposit agreement, we will also be discharged from all obligations under deposit agreement except for some obligations to the Depositary.

Fees and Charges of the Depositary

Holders are required to pay the following service fees to the Depositary:

Service	Rate	By Whom Paid
(1) Issuance of ADSs upon deposit of Shares (excluding issuances as a result of distributions described in paragraph (4) below).	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) issued.	Person depositing Shares or person receiving ADSs.
(2) Delivery of Deposited Securities against surrender of ADSs.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) surrendered.	Person surrendering ADSs for the purpose of withdrawal of Deposited Securities or person to whom Deposited Securities are delivered.



Service	Rate	By Whom Paid
(3) Distribution of cash dividends or other cash distributions (<i>i.e.</i> , sale of rights and other entitlements).	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.	Person to whom distribution is made.
(4) Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.	Person to whom distribution is made.
(5) Distribution of securities other than ADSs or rights to purchase additional ADSs (<i>i.e.</i> , spin-off shares).	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.	Person to whom distribution is made.
(6) Depositary Services.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depositary.	Person holding ADSs on the applicable record date(s) established by the Depositary.

Holders are responsible for the following charges:

- taxes (including applicable interest and penalties) and other governmental charges;
- registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities on the share register and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;
- cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing or withdrawing Shares or holders and beneficial owners of ADSs;
- the expenses and charges incurred by the Depositary in the conversion of foreign currency;
- fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, Deposited Securities, ADSs and ADRs; and
- the fees and expenses incurred by the Depositary, the Custodian, or any nominee in connection with the servicing or delivery of Deposited Securities.

Liability of Holders for Taxes or Other Charges

You are liable for payment to the Depositary of any tax or other governmental charges or expenses payable by the Custodian, the Depositary or its nominee as the registered holder of any Deposited Securities represented by your ADSs. The Depositary may refuse to effect any transfer or split-up or combination of your ADSs or any withdrawal of Deposited Securities represented by your ADSs until the payment is made. The ADR depositary may withhold any dividends or other distributions or sell any part or all of the Deposited Securities represented by the ADSs and apply the dividends or distributions or the proceeds of the sale to the payment of any tax or other governmental charges or expenses. You and the beneficial owner will remain liable for any deficiency. You and the



beneficial owner agree to indemnify us, the Depositary, the Custodian, and any of our/their agents, officers, employees and affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit (including any refund of taxes or reduced rate of withholding at source) obtained for you and/or the beneficial owner.

Regardless of any provision in the deposit agreement, before making any distribution or other payment on any Deposited Securities, we will make deductions (if any) that we are required to make under Korean law in respect of any income tax, capital gains tax or other taxes, and we may also deduct the amount of any tax or governmental charges payable by us in respect of a distribution or other payment or any document signed in connection with such a distribution or payment. In making deductions, we will have no obligation to you to apply a rate under any treaty or other arrangement between Korea and the country in which you are resident unless you have timely provided to us evidence of your residency that is satisfactory to the relevant tax authorities of Korea.

Limitations on Execution, Transfer and Surrender of ADSs

The ADSs are transferable on the books of the Depositary. However, the Depositary may close the transfer books at any time it deems expedient in the performance of its duties or at our request. The Depositary may suspend or refuse the execution and delivery or transfer of ADSs during any period when the transfer books of the Depositary are closed, or at any time we or the Depositary consider the action necessary or advisable.

Before the execution and delivery, registration of transfer, split-up, combination or surrender of any ADS, the delivery of any distribution thereon, or withdrawal of Deposited Securities, we, the Depositary, the Custodian or any registrar of ADSs may require the person presenting the ADS or depositing the Shares to pay a sum sufficient to reimburse us or them for any tax or other governmental charges, any stock transfer or registration fee with respect thereto (including any such tax, charge or fee with respect to Shares being deposited or withdrawn).

The Depositary will refuse to register any transfer of ADSs if the transfer would cause the total number of Shares represented by the ADSs beneficially owned by you, when aggregated with all other Shares beneficially owned by you and certain of your affiliates, to exceed any limit under our articles of incorporation or applicable law of which we may, from time to time, notify the Depositary. The Depositary may also refuse to deliver or register the transfer of any ADSs or make any distribution of Deposited Securities until it has received such proof of citizenship, residence, exchange control approval, payment of applicable taxes or other governmental charges, legal or beneficial ownership or other information as it may reasonably deem necessary or proper or as we may require.

Regardless of any provision in the deposit agreement or the ADRs, the surrender of outstanding ADSs and withdrawal of Deposited Securities may not be suspended except when required in connection with: (1) temporary delays caused by closing the transfer books of the Depositary or us or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (2) the payment of fees, taxes and similar charges, or (3) compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or the withdrawal of Deposited Securities.

Holders may inspect the transfer books of the Depositary at any reasonable time. However, the inspection may not be for the purpose of communicating with other holders in the interest of a business or object other than our business, including any matter related to the deposit agreement or the ADSs.



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General

Neither we nor the Depositary will be liable to you if prevented from or delayed in performing our or their obligations under the deposit agreement by the law of any country, by any governmental authority or stock exchange, by any provision of our articles of incorporation or by any circumstances beyond our or their control. Our obligations and the obligations of the Depositary to the holders and beneficial owners of ADSs are expressly limited to performing our and their respective duties specified in the deposit agreement without negligence or bad faith.

So long as any ADSs are listed on one or more stock exchanges in the United States, the Depositary will act as registrar or, with our approval, appoint a registrar or one or more co-registrars, for registration of the ADSs in accordance with any requirements of these stock exchanges.



Exhibit 8.1

LIST OF CONSOLIDATED SUBSIDIARIES

For a list of POSCO HOLDINGS INC.'s consolidated subsidiaries as of December 31, 2021 and their jurisdiction of incorporation, please see Note 1(b) of Notes to the Consolidated Financial Statements contained in POSCO HOLDINGS INC.'s annual report on Form 20-F for fiscal year 2021.



Exhibit 12.1

CERTIFICATION

I, Choi, Jeong-Woo, certify that:

1. I have reviewed this annual report on Form 20-F of POSCO HOLDINGS INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 28, 2022

/s/ Choi, Jeong-Woo

Choi, Jeong-Woo
Chief Executive Officer and
Representative Director



Exhibit 12.2

CERTIFICATION

I, Chon, Jung-Son, certify that:

1. I have reviewed this annual report on Form 20-F of POSCO HOLDINGS INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 28, 2022

/s/ Chon, Jung-Son

Chon, Jung-Son
Representative Director and President
Head of Corporate Strategy Team



Exhibit 13.1

CERTIFICATION

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsection (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of POSCO HOLDINGS INC., a corporation organized under the laws of the Republic of Korea (the "Company"), does hereby certify, to such officer's knowledge, that:

The annual report on Form 20-F for the year ended December 31, 2021 (the "Form 20-F") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operation of the Company.

/s/ Choi, Jeong-Woo

Choi, Jeong-Woo
Chief Executive Officer and
Representative Director

Date: April 28, 2022

/s/ Chon, Jung-Son

Chon, Jung-Son
Representative Director and President
Head of Corporate Strategy Team

Date: April 28, 2022

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to POSCO HOLDINGS INC. and will be retained by POSCO HOLDINGS INC. and furnished to the Securities and Exchange Commission or its staff upon request.