

POSCO

**Condensed Separate Interim Financial Statements
(Unaudited)
September 30, 2020**

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
POSCO:

Reviewed financial statements

We have reviewed the accompanying condensed separate interim financial statements of POSCO (the "Company"), which comprise the condensed separate interim statement of financial position as of September 30, 2020, the condensed separate interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, the condensed separate interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2020 and 2019, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

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

Auditors' review responsibility

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

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

Conclusion

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

Other matters

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

The separate statement of financial position of the Company as of December 31, 2019, and the related separate statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 12, 2020, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2019, presented for comparative purposes, is consistent, in all material respect, with the audited separate financial statements from which it has been derived.

LCPMG Samjong Accounting Corp.

Seoul, Korea
November 13, 2020

This report is effective as of November 13, 2020, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed separate interim financial statements. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

POSCO

Condensed Separate Interim Statements of Financial Position As of September 30, 2020 and December 31, 2019 (Unaudited)

(in millions of Won)

	Notes	September 30, 2020	December 31, 2019
Assets			
Cash and cash equivalents	20	₩ 2,986,906	978,139
Trade accounts and notes receivable, net	4,14,20,25,32	3,686,876	3,987,041
Other receivables, net	5,20,32	275,300	321,352
Other short-term financial assets	6,20	9,995,881	7,858,979
Inventories	7,29	3,852,919	4,988,530
Assets held for sale	8	32,776	53,924
Other current assets	13	42,683	28,101
Total current assets		20,873,341	18,216,066
Long-term trade accounts and notes receivable, net	4,20	6,000	6,014
Other receivables, net	5,20	92,904	56,468
Other long-term financial assets	6,20	1,124,502	1,257,896
Investments in subsidiaries, associates and joint ventures	9	15,212,632	15,069,857
Investment property, net	10	155,208	158,077
Property, plant and equipment, net	11	20,085,560	20,132,199
Intangible assets, net	12	667,804	708,915
Other non-current assets	13	107,788	105,274
Total non-current assets		37,452,398	37,494,700
Total assets		₩ 58,325,739	55,710,766

See accompanying notes to the condensed separate interim financial statements.

POSCO

Condensed Separate Interim Statements of Financial Position, Continued As of September 30, 2020 and December 31, 2019 (Unaudited)

(in millions of Won)

	Notes	September 30, 2020	December 31, 2019
Liabilities			
Trade accounts and notes payable	20,32	₩ 1,147,094	667,551
Short-term borrowings			
and current installments of long-term borrowings	4,14,20	3,178,594	1,146,476
Other payables	15,20,32	948,155	1,113,003
Other short-term financial liabilities	16,20	11,125	10,969
Current income tax liabilities		152,819	237,293
Provisions	17	39,898	21,007
Other current liabilities	19,25	168,499	135,147
Total current liabilities		5,646,184	3,331,446
Long-term borrowings,			
excluding current installments	14,20	5,893,351	5,191,537
Other payables	15,20	231,617	222,802
Other long-term financial liabilities	16,20	32,564	46,925
Defined benefit liabilities, net	18	80,575	54,146
Deferred tax liabilities		1,021,937	1,190,553
Long-term provisions	17,33	49,440	53,942
Other non-current liabilities	19,25	532	5,230
Total non-current liabilities		7,310,016	6,765,135
Total liabilities		12,956,200	10,096,581
Equity			
Share capital	21	482,403	482,403
Capital surplus	21,30	1,339,289	1,252,220
Hybrid bonds	22	199,384	199,384
Reserves	23	(335,281)	(183,930)
Treasury shares	24	(1,837,980)	(1,508,303)
Retained earnings		45,521,724	45,372,411
Total equity		45,369,539	45,614,185
Total liabilities and equity		₩ 58,325,739	55,710,766

See accompanying notes to the condensed separate interim financial statements.

POSCO

Condensed Separate Interim Statements of Comprehensive Income For the three-month and nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(in millions of Won, except per share informations)

	Notes	For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2020	2019	2020	2019
Revenue	25,32	₩ 6,577,887	7,735,895	19,432,566	23,028,220
Cost of sales	7,29,32	(6,064,351)	(6,812,557)	(18,037,570)	(20,024,140)
Gross profit		513,536	923,338	1,394,996	3,004,080
Selling and administrative expenses	29,32				
Reversal of (impairment loss) on trade accounts and notes receivable		31	2	(4,936)	4,638
Other administrative expenses	26	(196,051)	(203,058)	(587,582)	(619,488)
Selling expenses	26	(55,653)	(57,806)	(190,979)	(169,989)
Operating profit		261,863	662,476	611,499	2,219,241
Finance income and costs	20,27				
Finance income		90,469	260,782	875,321	835,976
Finance costs		(28,342)	(197,574)	(526,062)	(465,867)
Other non-operating income and expenses	32				
Reversal of (impairment loss) on other receivables		208	(340)	(119)	(612)
Other non-operating income	28	8,840	71,158	114,563	127,998
Other non-operating expenses	28,29	(52,782)	(103,543)	(228,726)	(356,236)
Profit before income tax		280,256	692,959	846,476	2,360,500
Income tax expense	30	(99,446)	(193,914)	(206,000)	(644,900)
Profit		180,810	499,045	640,476	1,715,600
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	18	(437)	(2,384)	(830)	(4,266)
Net changes in fair value of equity investments at fair value through other comprehensive income	6,20,23	6,396	(67,564)	(154,254)	(41,974)
Total comprehensive income		₩ 186,769	429,097	485,392	1,669,360
Basic and diluted earnings per share (in Won)	31	₩ 2,261	6,208	7,965	21,352

See accompanying notes to the condensed separate interim financial statements.

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Condensed Separate Interim Statements of Changes in Equity For the nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(in millions of Won)

	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Total
Balance as of January 1, 2019	₩ 482,403	1,154,775	199,384	(207,191)	(1,532,728)	45,175,459	45,272,102
Comprehensive income:							
Profit	-	-	-	-	-	1,715,600	1,715,600
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(4,266)	(4,266)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(33,581)	-	(8,393)	(41,974)
Transactions with owners of the Company, recognized directly in equity:							
Year-end dividends	-	-	-	-	-	(400,006)	(400,006)
Interim dividends	-	-	-	-	-	(320,462)	(320,462)
Interest of hybrid bonds	-	-	-	-	-	(6,881)	(6,881)
Disposal of treasury shares	-	12,576	-	-	24,425	-	37,001
Business combination	-	84,869	-	-	-	-	84,869
Balance as of September 30, 2019	₩ 482,403	1,252,220	199,384	(240,772)	(1,508,303)	46,151,051	46,335,983
Balance as of January 1, 2020	₩ 482,403	1,252,220	199,384	(183,930)	(1,508,303)	45,372,411	45,614,185
Comprehensive income:							
Profit	-	-	-	-	-	640,476	640,476
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(830)	(830)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(151,351)	-	(2,903)	(154,254)
Transactions with owners of the Company, recognized directly in equity:							
Year-end dividends	-	-	-	-	-	(320,462)	(320,462)
Interim dividends	-	-	-	-	-	(160,062)	(160,062)
Interest of hybrid bonds	-	-	-	-	-	(6,906)	(6,906)
Acquisition of treasury shares	-	-	-	-	(329,677)	-	(329,677)
Others (Note 30)	-	87,069	-	-	-	-	87,069
Balance as of September 30, 2020	₩ 482,403	1,339,289	199,384	(335,281)	(1,837,980)	45,521,724	45,369,539

See accompanying notes to the condensed separate interim financial statements.

POSCO

Condensed Separate Interim Statements of Cash Flows

For the nine-month periods ended September 30, 2020 and 2019
(Unaudited)

(in millions of Won)

	Notes	September 30, 2020	September 30, 2019
Cash flows from operating activities			
Profit	₩	640,476	1,715,600
Adjustments for :			
Expenses related to post-employment benefit		93,872	88,362
Depreciation		1,698,104	1,608,237
Amortization		74,002	57,776
Impairment loss (reversal of) on trade and other receivables		5,055	(4,026)
Finance income		(573,676)	(623,502)
Finance costs		315,516	312,416
Loss on valuation of inventories		7,236	-
Gain on disposal of property, plant and equipment		(7,211)	(18,748)
Loss on disposal of property, plant and equipment		125,031	63,409
Impairment losses on property, plant and equipment		22,997	209,910
Gain on disposal of intangible assets		(197)	(1,013)
Gain on disposal of investments in subsidiaries, associates and joint ventures		(24,354)	(4,689)
Impairment losses on investments in subsidiaries, associates and joint ventures		1,000	10,422
Gain on disposal of assets held for sale		(22,488)	(29,341)
Loss on disposal of assets held for sale		5,383	-
Impairment loss on assets held for sale		9,093	5,179
Gain on disposal of emission rights		(24,566)	(6,122)
Gain on valuation of emission rights		-	(25,440)
Increase to provisions		45,626	(10,013)
Income tax expense		206,000	644,900
Others		(2,618)	(91)
Changes in operating assets and liabilities	34	1,792,321	(363,768)
Interest received		156,619	117,263
Interest paid		(161,098)	(105,868)
Dividends received		163,905	231,798
Income taxes paid		(316,862)	(984,991)
Net cash provided by operating activities	₩	4,229,166	2,887,660

See accompanying notes to the condensed separate interim financial statements.

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Condensed Separate Interim Statements of Cash Flows, Continued For the nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(in millions of Won)

	Notes	September 30, 2020	September 30, 2019
Cash flows from investing activities			
Decrease in deposits	₩	2,923,219	2,250,082
Proceeds from disposal of short-term financial instruments		26,654,572	25,153,652
Collection of short-term loans		1,798	-
Proceeds from disposal of equity securities		7,938	22,752
Proceeds from disposal of current portion of debt security		426,214	11
Proceeds from disposal of other securities		8,183	3,111
Proceeds from disposal of investments in subsidiaries, associates and joint ventures		21,820	13,783
Proceeds from disposal of intangible assets		1,016	5,587
Proceeds from disposal of emission rights		66,143	12,693
Proceeds from disposal of assets held for sale		224,546	463,657
Proceeds from business combination		-	2,171
Increase in deposits		(2,939,354)	(2,276,163)
Acquisition of short-term financial instruments		(28,773,711)	(24,591,354)
Increase in long-term loans		(19,127)	(1,773)
Acquisition of debt securities		(361,599)	(290,100)
Acquisition of other securities		(13,107)	(110)
Acquisition of investment in subsidiaries, associates and joint ventures		(204,601)	(81,667)
Acquisition of property, plant and equipment		(1,817,307)	(1,128,329)
Proceeds from disposal of property, plant and equipment		(64,431)	(17,927)
Acquisition of intangible asstes		(119,000)	(120,666)
Payment for acquisition of business, net of cash acquired		-	(1,156,953)
Net cash used in investing activities	₩	(3,976,788)	(1,737,543)
Cash flows from financing activities			
Proceeds from borrowings		3,045,576	1,379,550
Increase in long-term financial liabilities		251	3,237
Proceeds from disposals of derivatives		-	9,683
Receipt of government grants		897	-
Repayment of borrowings		(414,574)	(996,544)
Repayment of lease liabilities		(46,913)	(29,247)
Decrease in long-term financial liabilities		(330)	(1,471)
Payment of cash dividends		(480,541)	(720,505)
Acquisition of treasury shares		(329,677)	-
Payment of interest of hybrid bonds		(6,932)	(6,906)
Net cash provided by (used in) financing activities	₩	1,767,757	(362,203)
Effect of exchange rate fluctuation on cash held		(11,368)	1,744
Net increase in cash and cash equivalents		2,008,767	789,658
Cash and cash equivalents at beginning of the period		978,139	259,219
Cash and cash equivalents at end of the period	₩	2,986,906	1,048,877

See accompanying notes to the condensed separate interim financial statements.

POSCO

Notes to the Condensed Separate Interim Financial Statements As of September 30, 2020 (Unaudited)

1. Reporting Entity

POSCO (the "Company") is the largest steel producer in Korea which was incorporated on April 1, 1968, under the Commercial Code of the Republic of Korea to manufacture and sell steel rolled products and plates in the domestic and foreign markets.

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

As of September 30, 2020, the shares of the Company are listed on the Korea Exchange, while its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.

2. Statement of Compliance

Statement of compliance

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

These condensed separate interim financial statements have been prepared in accordance with K-IFRS No. 1034 "Interim Financial Reporting" as part of the period covered by the Company's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual separate financial statements as of and for the year ended December 31, 2019. These condensed separate interim financial statements do not include all of the disclosures required for full annual financial statements.

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

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

The preparation of the condensed interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

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

With the outbreak of COVID-19 pandemic, governments around the globe have implemented measures such as mandatory factory shutdown, shelter-in-place orders, border closure, and travel restrictions. The ultimate impact of COVID-19 pandemic on the Company's operations is not yet known and will depend on future developments. The duration and significance of COVID-19 is highly uncertain and unpredictable, and the protective measures by the governments around the globe or the Company may lead to substantial business interruption and decrease in business scale. The financial impact of this cannot be reasonably estimated, but management expects the Company to be partially affected to the most areas where it operates. The extent and duration of COVID-19's impact on the Company's business cannot yet be reasonably estimated.

(b) Measurement of fair value

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

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

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

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

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

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

3. Summary of Significant Accounting Policies

Except as described in K-IFRS No. 1034 "Interim Financial Reporting" and below, the accounting policies applied by the Company in these condensed separate interim financial statements are the same as those applied by the Company in its separate financial statements as of and for the year ended December 31, 2019. The Company also expects to apply the accounting policies set out below for their annual reporting period ending December 31, 2020.

(a) K-IFRS No. 1001 "Presentation of Financial Statements" and K-IFRS No. 1008 "Accounting Policies, Changes in Accounting Estimates and Errors"

The definition of materiality has been clarified, and K-IFRS No. 1001 "Presentation of Financial Statements" and K-IFRS No. 1008 "Accounting Policies, Changes in Accounting Estimates and Errors" have been amended according to the clarified definition. In determining the materiality, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Company does not expect the effect of the amendments to the financial statements to be significant.

(b) K-IFRS No. 1103 "Business Combinations"

The amendments clarifies the definition of business when it includes input and process together significantly contribute to ability to create output and requires a simplified assessment that result in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. The Company does not expect the effect of the amendments to the financial statements to be significant.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

4. Trade Accounts and Notes Receivable

Trade accounts and notes receivable as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Current			
Trade accounts and notes receivable	₩	3,701,798	3,999,991
Less: Allowance for doubtful accounts		(14,922)	(12,950)
	₩	<u>3,686,876</u>	<u>3,987,041</u>
Non-current			
Trade accounts and notes receivable	₩	9,513	9,530
Less: Present value discount		(2,501)	(2,501)
Less: Allowance for doubtful accounts		(1,012)	(1,015)
	₩	<u>6,000</u>	<u>6,014</u>

The company sold trade accounts and notes receivable with recourse to financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of September 30, 2020 and December 31, 2019, the carrying amount of such secured borrowings are ₩497,045 million and ₩167,021 million, respectively, which are included in the short-term borrowings.

5. Other Receivables

Other receivables as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Current			
Loans	₩	2,950	2,950
Other accounts receivable		226,814	279,093
Others		50,774	47,257
Less: Allowance for doubtful accounts		(5,238)	(7,948)
	₩	<u>275,300</u>	<u>321,352</u>
Non-current			
Loans	₩	52,653	34,224
Long-term other accounts receivable		45,358	27,570
Others		3,891	3,555
Less: Allowance for doubtful accounts		(8,998)	(8,881)
	₩	<u>92,904</u>	<u>56,468</u>

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

6. Other Financial Assets

(a) Other financial assets as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

		September 30, 2020	December 31, 2019
Current			
Short-term derivative assets	₩	78,017	15,603
Debt securities		154,355	290,559
Deposit instruments(*1)		1,310,658	1,294,525
Short-term financial instruments		8,452,851	6,258,292
	₩	<u>9,995,881</u>	<u>7,858,979</u>
Non-current			
Long-term derivative assets	₩	128,453	64,072
Equity securities		927,383	1,128,641
Debt securities		5,346	9,177
Other securities		63,286	55,972
Deposit instruments(*2)		34	34
	₩	<u>1,124,502</u>	<u>1,257,896</u>

(*1) As of September 30, 2020 and December 31, 2019, ₩5,659 million and ₩4,524 million, respectively, are restricted in use in relation to government assigned projects.

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

(b) Equity securities as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

	September 30, 2020					December 31, 2019	
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
Marketable equity securities							
Nippon Steel Corporation	15,698,500	1.65	₩ 473,962	172,744	(301,218)	172,744	276,133
KB Financial Group Inc.	3,863,520	0.93	178,839	145,075	(33,764)	145,075	184,097
Woori Financial Group Inc.	20,280,000	2.81	244,447	174,002	(70,445)	174,002	235,248
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	8,930	13,737	4,807	13,737	17,214
DONGKUK INDUSTRIES COMPANY	2,611,989	4.82	11,911	8,698	(3,213)	8,698	6,778
DONGKUK STEEL MILL CO., LTD	-	-	-	-	-	-	8,571
Others (7 companies)			55,759	30,747	(25,012)	30,747	34,157
			<u>973,848</u>	<u>545,003</u>	<u>(428,845)</u>	<u>545,003</u>	<u>762,198</u>
Non-marketable equity securities							
CSN Mineracao S.A.	3,658,394	2.02	221,535	292,453	70,918	292,453	292,453
POSCO PLANTEC CO., LTD(*1)	18,337,912	10.99	19,437	19,437	-	19,437	-
Korea Nickel CO.LTD	75,600	14.00	10,194	10,194	-	10,194	10,194
Poongsan Special Metal Corp.	315,790	5.00	7,657	7,657	-	7,657	7,657
HANKUM.CO.LTD	21,000	4.99	4,599	4,599	-	4,599	4,599
Core-Industry Co., Ltd.	490,000	19.84	4,214	4,214	-	4,214	4,214
AJUSTEEL CO.,LTD	17,000	4.36	4,165	4,165	-	4,165	4,165
Others (28 companies)	-	-	144,191	39,661	(104,530)	39,661	43,161
			<u>415,992</u>	<u>382,380</u>	<u>(33,612)</u>	<u>382,380</u>	<u>366,443</u>
			₩ <u>1,389,840</u>	<u>927,383</u>	<u>(462,457)</u>	<u>927,383</u>	<u>1,128,641</u>

(*1) Fair value is based on an analysis performed by an external professional evaluation agency.

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

7. Inventories

Inventories as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>	September 30, 2020	December 31, 2019
Finished goods	₩ 737,637	868,012
Semi-finished goods	1,156,261	1,474,153
By-products	7,831	10,763
Raw materials	765,630	1,139,517
Fuel and materials	548,042	646,396
Materials-in-transit	644,048	856,706
Others	706	660
	3,860,155	4,996,207
Less: Allowance for inventories valuation	(7,236)	(7,677)
	₩ 3,852,919	4,988,530

The amount of loss on valuation of inventories recognized in cost of sales during the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were ₩7,236 million and ₩7,677 million, respectively.

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

8. Assets Held for Sale

Assets held for sale as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

	September 30, 2020	December 31, 2019
Assets		
Investments in subsidiaries(*1,2)	₩ -	17,603
Property, plant and equipment(*3,4)	31,634	36,321
Intangible assets	1,142	-
	<u>₩ 32,776</u>	<u>53,924</u>

- (*1) The Company determined to dispose a part of its interest in of POSCO Thainox Public Company Limited, a subsidiary of the Company, and classified it as assets held for sale. During the nine-month period ended September 30, 2020, the Company recognized ₩4,063 million of impairment loss for the difference between book value and net fair value of the interest. And, in addition, recognized ₩1,068 million of loss on disposal for the difference between the carrying amount and the proceeds from sale.
- (*2) During the nine-month period ended September 30, 2020, the Company classified its investment in POSCO Family Strategy Fund, a subsidiary of the Company, as assets held for sale and completed liquidation and distribution of residual proceeds during the nine-month period ended September 30, 2020. The Company recognized ₩4,305 million of loss on disposal for the difference between the carrying amount and the proceeds of sale during the nine-month period ended September 30, 2020.
- (*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 nine-month period ended September 30, 2020, the Company recognized ₩5,030 million of impairment loss for the difference between the fair value less costs to sell and the carrying amount of the assets.
- (*4) During the year ended December 31, 2019, the Company completed the disposal of all assets, liabilities and rights other than LNG tanks under construction, which were to be disposed of, related to a LNG terminal business of the Company to POSCO ENERGY CO., LTD. The construction and disposal were completed during the nine-month period ended September 30, 2020 and the Company recognized ₩22,179 million of gain on disposal for the difference between the carrying amount and the sale price.

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

9. Investments in Subsidiaries, Associates and Joint ventures

(a) Details of subsidiaries and their carrying amounts as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

(in millions of Won)

			September 30, 2020		December 31, 2019
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
POSCO INTERNATIONAL Corporation	Korea	Trading	62.91	₩ 3,383,745	3,383,745
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	Korea	Engineering and construction			
			52.80	1,014,314	1,014,314
POSCO ENERGY CO., LTD.	Korea	Power generation	89.02	658,176	658,176
POSCO COATED & COLOR STEEL Co., Ltd.	Korea	Coated steel manufacturing and sales	56.87	108,421	108,421
POSCO Venture Capital Co., Ltd.	Korea	Investment in venture companies	95.00	103,780	103,780
POSCO CHEMICAL CO., LTD	Korea	Refractory manufacturing and sales	61.26	207,631	207,631
POSCO O&M Co., Ltd(*1)	Korea	Business facility maintenance	47.17	73,374	73,374
POSCO ICT	Korea	Computer hardware and software distribution	65.38	70,990	70,990
POSCO M-TECH(*1)	Korea	Packing materials manufacturing and sales	48.85	107,278	107,278
POSCO Family Strategy Fund(*2)	Korea	Investment in venture companies	-	-	29,596
Busan E&E Co., Ltd.(*3)	Korea	Municipal solid waste fuel and power generation	70.00	30,148	30,148
Others (12 companies)				110,494	117,393
				5,868,351	5,904,846
[Foreign]					
PT. KRAKATAU POSCO	Indonesia	Steel manufacturing and sales	70.00	707,509	707,509
POSCO WA PTY LTD	Australia	Iron ore sales and mine development	100.00	644,109	640,720
POSCO Maharashtra Steel Private Limited	India	Steel manufacturing and sales	100.00	722,569	722,569
POSCO Canada Ltd.	Canada	Coal mine development	100.00	560,879	560,879
POSCO AUSTRALIA PTY LTD	Australia	Iron ore sales and mine development	100.00	330,623	330,623
POSCO (Zhangjiagang) Stainless Steel Co.,Ltd.	China	Stainless steel manufacturing and sales	58.60	283,845	283,845
POSCO Thainox Public Company Limited	Thailand	Stainless steel manufacturing and sales	74.56	211,592	212,339
POSCO-China Holding Corp.	China	Investment management	100.00	593,841	593,841
POSCO-India Private Limited	India	Steel manufacturing and sales	99.99	75,567	75,567
POSCO MEXICO S.A. DE C.V.	Mexico	Plate steel manufacturing and sales	83.28	180,072	180,072
POSCO America Corporation	USA	Steel trading	99.45	192,156	192,156
POSCO-VIETNAM Co., Ltd.	Vietnam	Steel manufacturing and sales	100.00	160,572	160,572
POSCO VST CO., LTD.	Vietnam	Stainless steel manufacturing and sales	95.65	144,573	144,573
POSCO(Guangdong) Automotive Steel Co., Ltd.	China	Plate steel manufacturing and sales	83.64	52,936	52,936
POSCO COATED STEEL (THAILAND) CO., LTD.	Thailand	Plate steel manufacturing and sales	100.00	121,592	121,592
POSCO Asia Co., Ltd.	Hong Kong	Steel and raw material trading	100.00	117,710	117,710
POSCO ASSAN TST STEEL INDUSTRY	Turkey	Steel manufacturing and sales	60.00	92,800	92,800
POSCO JAPAN Co., Ltd.	Japan	Steel trading	100.00	68,436	68,436
Qingdao Pohang Stainless Steel Co., Ltd.	China	Stainless steel manufacturing and sales	70.00	65,982	65,982
POSCO(Suzhou) Automotive Processing Center Co., Ltd.			90.00	62,494	62,494
POSCO AFRICA (PROPRIETARY) LIMITED	South Africa	Mine development	100.00	50,297	50,297
POSCO-Malaysia SDN. BHD.	Malaysia	Steel manufacturing and sales	81.79	45,479	45,479
POSCO Argentina S.A.U.	Argentina	Mineral exploration, manufacturing and sale	100.00	370,250	370,250
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY (Formerly, POSCO SS VINA JOINT STOCK COMPANY)(*4)	Vietnam	Steel manufacturing and sales			
			51.00	130,526	-
Others (28 companies)(*5)				510,080	485,668
				6,496,489	6,338,909
				₩ 12,364,840	12,243,755

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

(*2) During the nine-month period ended September 30, 2020, the Company classified its investment in POSCO Family Strategy Fund, a subsidiary of the Company, as assets held for sale and completed liquidation and distribution of residual proceeds during the nine-month period ended September 30, 2020.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

- (*3) As of September 30, 2020 and December 31, 2019, the investments in a subsidiary amounting to ₩30,148 million were provided as collateral in relation to the loan agreement of Busan E&E Co., Ltd.
- (*4) During the nine-month period ended September 30, 2020, POSCO SS VINA JOINT STOCK COMPANY changed its name to POSCO YAMATO VINA STEEL JOINT STOCK COMPANY. The Company sold 49% of POSCO YAMATO VINA STEEL JOINT STOCK COMPANY and invested ₩130,526 million in cash.
- (*5) During the nine-month period ended September 30, 2020, the Company sold the investment in POSCO China Dalian Plate Processing Center Co., Ltd., a subsidiary.

- (b) Details of associates and their carrying amounts as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

(in millions of Won)

			September 30, 2020		December 31, 2019
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	Korea	Investment in mines	34.43	₩ 169,316	169,316
SNNC	Korea	STS material manufacturing and sales	49.00	100,655	100,655
QSONE Co., Ltd.	Korea	Real estate rental business	50.00	85,550	85,550
Others (9 companies)(*1)				22,976	22,468
				378,497	377,989
[Foreign]					
Nickel Mining Company SAS	New Caledonia	Raw material manufacturing and sales	49.00	189,197	189,197
9404-5515 Quebec Inc. (Formerly, 7623704 Canada Inc.)(*2)	Canada	Investment in mines	10.40	124,341	124,341
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	China	Tinplate manufacturing and sales	24.00	11,003	11,003
Others (6 companies)				39,682	39,590
				364,223	364,131
				₩ 742,720	742,120

- (*1) During the nine-month period ended September 30, 2020, the investment in POSCO PLANTEC Co., Ltd., an associate, was reclassified from associates to equity securities as the paid-in capital increase of POSCO PLANTEC Co., Ltd. reduced the Company's ownership percentage to less than 20%, resulting in a loss of significant influence over the investee.
- (*2) As of September 30, 2020, 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 its structure of the Board of Directors and others. During the nine-month period ended September 30, 2020, 7623704 Canada Inc. changed its name to 9404-5515 Quebec Inc.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

(c) Details of joint ventures and their carrying amounts as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

	Country	Principal operations	September 30, 2020		December 31, 2019
			Ownership (%)	Book value	Book value
Roy Hill Holdings Pty Ltd(*1)	Australia	Mine development	10.00	₩ 1,225,464	1,225,464
CSP - Companhia Siderurgica do Pecem	Brazil	Steel manufacturing and sales	20.00	343,553	322,463
POSCO-NPS Niobium LLC	USA	Mine development	50.00	364,609	364,609
KOBRASCO	Brazil	Steel materials manufacturing and sales	50.00	98,962	98,962
Others (3 companies)				72,484	72,484
				₩ 2,105,072	2,083,982

(*1) As of September 30, 2020 and December 31, 2019, the investments in joint ventures amounting to ₩1,225,464 million were provided as collateral in relation to loans from project financing of Roy Hill Holdings Pty Ltd.

10. Investment Property, Net

Changes in the carrying amount of investment property for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were as follows:

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

(in millions of Won)		Beginning	Depreciation(*1)	Transfer(*2)	Ending
Land	₩	91,738	-	232	91,970
Buildings		57,228	(3,050)	388	54,566
Structures		9,111	(458)	19	8,672
	₩	158,077	(3,508)	639	155,208

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

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

(b) For the year ended December 31, 2019

(in millions of Won)		Beginning	Business Combination(*1)	Depreciation(*2)	Transfer(*3)	Ending
Land	₩	44,637	41,195	-	5,906	91,738
Buildings		54,277	25	(4,070)	6,996	57,228
Structures		9,301	-	(620)	430	9,111
	₩	108,215	41,220	(4,690)	13,332	158,077

(*1) These increases were due to business combination with POSCO Processing&Service.

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

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

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

11. Property, Plant and Equipment, Net

Changes in the carrying amount of property, plant and equipment for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were as follows:

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

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment(*1)	Others(*2)	Ending
Land	₩	1,398,081	-	(6)	-	-	1,409	1,399,484
Buildings		2,100,503	2,659	(2,128)	(155,198)	(268)	133,947	2,079,515
Structures		2,030,853	1,501	(2,857)	(129,646)	(860)	77,333	1,976,324
Machinery and equipment		12,602,435	24,915	(14,105)	(1,343,006)	(9,057)	1,381,669	12,642,851
Vehicles		9,951	974	(3)	(4,831)	-	3,682	9,773
Tools		27,288	1,191	(3)	(9,054)	-	3,363	22,785
Furniture and fixtures		38,329	2,114	(174)	(8,543)	-	10,066	41,792
Lease assets		262,368	14,928	-	(44,318)	-	109,211	342,189
Construction-in-progress		1,662,391	1,717,122	(3,951)	-	(12,812)	(1,791,903)	1,570,847
	₩	<u>20,132,199</u>	<u>1,765,404</u>	<u>(23,227)</u>	<u>(1,694,596)</u>	<u>(22,997)</u>	<u>(71,223)</u>	<u>20,085,560</u>

(*1) The Company estimated recoverable amount for individual assets that ceased operations due to the disposal plan and others at fair value less costs to sell based on sale price or scrap value and recognized impairment loss since recoverable amounts are less than their carrying amounts as of September 30, 2020. During the nine-month period ended September 30, 2020, the Company recognized impairment loss on certain assets due to damage from fire.

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

(b) For the year ended December 31, 2019

<i>(in millions of Won)</i>		Beginning	Acquisitions	business combination(*5)	Disposals	Depreciation	Impairment(*1)	Others(*2,4)	Ending
Land	₩	1,458,632	-	-	(1,805)	-	-	(58,746)	1,398,081
Buildings		2,199,429	7,157	67,751	(7,706)	(202,171)	(25,869)	61,912	2,100,503
Structures		2,244,099	10,777	39,783	(3,125)	(173,181)	(9,585)	(77,915)	2,030,853
Machinery and equipment		12,911,467	92,136	696,204	(21,616)	(1,717,864)	(176,295)	818,403	12,602,435
Vehicles		7,340	747	40	-	(6,244)	-	8,068	9,951
Tools		23,864	5,348	138	(24)	(11,499)	-	9,461	27,288
Furniture and fixtures		36,287	4,781	94	(9)	(9,805)	(137)	7,118	38,329
Lease assets(*3)		142,801	27,376	-	-	(34,669)	-	126,860	262,368
Construction-in-progress		1,130,415	1,838,490	696	-	-	(10,150)	(1,297,060)	1,662,391
	₩	<u>20,154,334</u>	<u>1,986,812</u>	<u>804,706</u>	<u>(34,285)</u>	<u>(2,155,433)</u>	<u>(222,036)</u>	<u>(401,899)</u>	<u>20,132,199</u>

(*1) The Company estimated recoverable amount for individual assets related to CEM and Fe-Si factories, etc. that ceased operations due to the disposal plan and others using fair value less costs to sell based on the appraisal value or scrap value and recognized an impairment loss since recoverable amounts are less than their carrying amounts for the year ended December 31, 2019.

(*2) During the year ended December 31, 2019, the Company decided to sell the rights related to the operation of LNG Terminal to POSCO ENERGY CO., LTD. and reclassified to assets held for sale and liabilities directly associated with the assets held for sale. As of December 31, 2019, the Company recognized ₩28,626 million of gain on disposal for the difference between the carrying amount and the sale price.

(*3) Right-of-use assets of ₩128,610 million recognized on the date of initial application (January 1, 2019) of the K-IFRS No. 1116 "Leases" are included in other changes.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

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

(*5) This has increased due to the business combination between the company and POSCO ENERGY's by-product power generation business.

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

1) Right-of-use assets

① Changes in the carrying amount of right-of-use assets presented as property, plant and equipment for the nine-month period ended September 30, 2020 were as follows.

(in millions of Won)		Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩	-	8,853	(75)	-	8,778
Buildings		71,921	6,075	(4,897)	-	73,099
Structures		64,434	-	(3,910)	-	60,524
Machinery and equipment		60,198	-	(4,125)	-	56,073
Vehicles		6,755	-	(375)	-	6,380
Ships		24,082	111,537	(20,739)	-	114,880
Furniture and fixtures		34,978	-	(10,197)	(2,326)	22,455
	₩	262,368	126,465	(44,318)	(2,326)	342,189

② Changes in the carrying amount of right-of-use assets presented as property, plant and equipment for the year ended December 31, 2019 were as follows.

(in millions of Won)		The date of initial application (January 1, 2019)	Acquisitions	Depreciation	Others	Ending
Buildings	₩	78,384	-	(6,463)	-	71,921
Structures		53,761	13,502	(2,829)	-	64,434
Machinery and equipment		65,698	-	(5,500)	-	60,198
Vehicles		7,256	-	(501)	-	6,755
Ships		26,499	-	(2,417)	-	24,082
Furniture and fixtures		39,813	13,874	(16,959)	(1,750)	34,978
	₩	271,411	27,376	(34,669)	(1,750)	262,368

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

2) Amount recognized in profit or loss

The amounts recognized in profit or loss related to leases for the three-month and the nine-month periods ended September 30, 2020 and 2019 were as follows:

(in millions of Won)

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Interest on lease liabilities	₩ 2,675	2,124	7,731	6,584
Expenses related to short-term leases	821	1,039	2,711	2,976
Expenses related to leases of low-value assets	1,459	1,304	4,848	4,031
	₩ 4,955	4,467	15,290	13,591

12. Intangible Assets, Net

Changes in the carrying amount of intangible assets for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were as follows:

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

(in millions of Won)

	Beginning	Acquisitions	Disposals	Amortization	Transfer(*2)	Ending
Intellectual property rights	₩ 24,545	-	(1,360)	(4,563)	5,726	24,348
Membership(*1)	82,657	-	(862)	-	-	81,795
Development expense	86,023	233	-	(31,540)	12,728	67,444
Port facilities usage rights	278,072	-	-	(33,822)	-	244,250
Construction-in-progress	137,273	73,289	-	-	(16,204)	194,358
Other intangible assets	100,345	19,725	(61,302)	(4,077)	918	55,609
	₩ 708,915	93,247	(63,524)	(74,002)	3,168	667,804

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

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

(b) For the year ended December 31, 2019

(in millions of Won)

	Beginning	Acquisitions	Disposals	Amortization	Transfer(*2)	Ending
Intellectual property rights	₩ 24,377	-	(1,270)	(5,678)	7,116	24,545
Membership(*1)	73,183	9,204	(6)	-	276	82,657
Development expense	91,758	2,205	-	(41,793)	33,853	86,023
Port facilities usage rights	305,710	-	(4,674)	(22,964)	-	278,072
Construction-in-progress	58,561	114,638	-	-	(35,926)	137,273
Other intangible assets	91,633	615	(4,568)	(6,755)	19,420	100,345
	₩ 645,222	126,662	(10,518)	(77,190)	24,739	708,915

(*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, and others.

13. Other Assets

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

Other assets as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Current			
Advance payments	₩	4,071	6,252
Prepaid expenses		38,612	21,849
	₩	42,683	28,101
Non-current			
Long-term prepaid expenses	₩	4,522	5,088
Others(*1)		103,266	100,186
	₩	107,788	105,274

(*1) As of September 30, 2020 and December 31, 2019, the Company recognized tax assets amounting to ₩100,852 million and ₩97,185 million, respectively, based on the Company's best estimate of the income tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

14. Borrowings

(a) Borrowings as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Short-term borrowings			
Short-term borrowings	₩	1,066,676	167,021
Current portion of debentures		2,112,900	980,460
Less: Current portion of discount on debentures issued		(982)	(1,005)
	₩	3,178,594	1,146,476
Long-term borrowings			
Long-term borrowings	₩	1,198	1,181
Debentures		5,924,859	5,216,681
Less: Discount on debentures issued		(32,706)	(26,325)
	₩	5,893,351	5,191,537

(b) Short-term borrowings as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>	Lenders	Issuance date	Maturity date	Annual interest rate	September 30, 2020	December 31, 2019
Transfers of account receivables that do not qualify for derecognition	-	-	-	-	₩ 497,045	167,021
Borrowings in foreign trade	MUFG and others	2020.07.15~ 2020.09.29	2020.10.13~ 2020.12.28	0.62~1.12	569,631	-
					₩ 1,066,676	167,021

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

(c) Current portion of long-term borrowings as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		Issuance date	Maturity date	Annual interest rate	September 30, 2020	December 31, 2019
	Lenders					
Debtentures	Domestic debtentures 306-2 and others	2013.10.04~ 2018.07.05	2020.10.04~ 2021.07.05	1.88~3.50	₩ 469,818	169,930
Foreign debtentures	Global debtentures 2 and other	2010.10.28~ 2011.04.14	2020.10.28~ 2021.04.14	4.25~5.25	1,642,100	809,525
					₩ 2,111,918	979,455

(d) Long-term borrowings excluding current portion, as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		Issuance date	Maturity date	Annual interest rate (%)	September 30, 2020	December 31, 2019
	Lenders					
Foreign borrowings	KOREA ENERGY AGENCY	2007.12.27~ 2008.12.29	2022.12.29	3 year Government bond	₩ 1,198	1,181
Debtentures	Domestic debtentures 304-2 and others	2011.11.28~ 2019.10.16	2021.11.28~ 2029.10.16	1.56~4.12	2,205,686	2,504,194
Foreign debtentures	Japan Yen private bond and others	2011.12.22~ 2020.01.17	2021.12.22~ 2025.01.17	0.50~4.00	3,686,467	2,686,162
					₩ 5,893,351	5,191,537

15. Other Payables

Other payables as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)	September 30, 2020	December 31, 2019
Current		
Accounts payable	₩ 423,764	630,162
Accrued expenses	409,083	432,835
Dividend payable	2,254	2,296
Lease liabilities	101,946	40,463
Withholdings	11,108	7,247
	₩ 948,155	1,113,003
Non-current		
Long-term accrued expenses	₩ 48	842
Lease liabilities	228,532	216,508
Long-term withholdings	3,037	5,452
	₩ 231,617	222,802

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

16. Other Financial Liabilities

Other financial liabilities as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

		September 30,	December 31,
Current			
Derivative liabilities	₩	1,903	-
Financial guarantee liabilities		9,222	10,969
	₩	11,125	10,969
Non-current			
Derivative liabilities	₩	-	8,285
Financial guarantee liabilities		32,564	38,640
	₩	32,564	46,925

17. Provisions

(a) Provisions as of September 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

		September 30, 2020		December 31, 2019	
		Current	Non-current	Current	Non-current
Provision for bonus payments(*1,2)	₩	12,292	28,865	14,020	35,816
Provision for restoration(*3)		5,004	13,934	6,783	15,942
Provision for legal contingencies and claims(*4)		-	2,052	204	2,184
Provision for product warranties(*5)		22,602	4,589	-	-
	₩	39,898	49,440	21,007	53,942

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

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

(*3) Due to contamination of land near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery as provisions for restoration as of September 30, 2020. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials available currently to restore the land to its original condition. In addition, the Company has applied discount rates of 1.29%~1.40% to assess present value of these costs.

(*4) The Company has recognized provisions for certain litigations and other contingencies as of September 30, 2020.

(*5) As of September 30, 2020, the Company recognized the expected claim cost to be charged as a provision.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

(b) Changes in provisions for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were as follows:

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

<i>(in millions of Won)</i>		Beginning	Increase	Reversal	Utilization	Ending
Provision for bonus payments	₩	49,836	12,009	-	(20,688)	41,157
Provision for restoration		22,725	322	(340)	(3,769)	18,938
Provision for legal contingencies and claims		2,388	424	(709)	(51)	2,052
Provision for product warranties		-	45,928	-	(18,737)	27,191
	₩	<u>74,949</u>	<u>58,683</u>	<u>(1,049)</u>	<u>(43,245)</u>	<u>89,338</u>

2) For the year ended December 31, 2019

<i>(in millions of Won)</i>		Beginning	Increase	Reversal	Utilization	Transfer	Ending
Provision for bonus payments	₩	36,749	23,523	-	(18,038)	7,602	49,836
Provision for restoration		29,703	549	(277)	(7,250)	-	22,725
Provision for legal contingencies and claims		46,432	538	(11,207)	(33,375)	-	2,388
	₩	<u>112,884</u>	<u>24,610</u>	<u>(11,484)</u>	<u>(58,663)</u>	<u>7,602</u>	<u>74,949</u>

18. Employee Benefits

(a) Defined contribution plans

The expense related to post-employment benefit plans under defined contribution plans for the three-month and the nine-month periods ended September 30, 2020 and 2019 were as follows:

<i>(in millions of Won)</i>		For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2020	2019	2020	2019
Expenses related to post-employment benefit plans under defined contribution plans	₩	8,789	8,900	27,696	26,521

(b) Defined benefit plans

1) The amounts recognized in relation to net defined benefit liabilities in the statements of financial position as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Present value of funded obligations	₩	1,444,837	1,435,942
Fair value of plan assets		(1,364,262)	(1,381,796)
Net defined benefit liabilities	₩	<u>80,575</u>	<u>54,146</u>

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

- 2) Changes in present value of defined benefit obligations for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Defined benefit obligation at the beginning of period	₩	1,435,942	1,265,675
Current service costs		93,508	119,957
Interest costs		20,784	31,567
Remeasurement(*1)		-	104,442
Business combination		-	317
Reclassification to liabilities			
directly associated with the assets held for sale		-	(1,448)
Benefits paid		(105,397)	(84,568)
Defined benefit obligation at the end of period	₩	<u>1,444,837</u>	<u>1,435,942</u>

- (*1) The Company does not remeasure the defined benefit plans for the purpose of interim reporting.

- 3) Changes in the fair value of plan assets for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Fair value of plan assets at the beginning of period	₩	1,381,796	1,264,812
Interest on plan assets		20,420	32,347
Remeasurement of plan assets		(1,143)	(6,668)
Contributions to plan assets		73,730	161,500
Business combination		-	670
Reclassification to liabilities			
directly associated with the assets held for sale		-	(1,448)
Benefits paid		(110,541)	(69,417)
Fair value of plan assets at the end of period	₩	<u>1,364,262</u>	<u>1,381,796</u>

- 4) The amounts recognized in the statements of comprehensive income for the three-month and the nine-month periods ended September 30, 2020 and 2019 were as follows:

		For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2020	2019	2020	2019
Current service costs	₩	29,949	28,808	93,508	88,947
Net interest costs		121	(195)	364	(585)
	₩	<u>30,070</u>	<u>28,613</u>	<u>93,872</u>	<u>88,362</u>

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

19. Other Liabilities

Other liabilities as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Current			
Advances received	₩	42,011	5,112
Withholdings		108,317	106,474
Unearned revenue		18,171	23,561
	₩	<u>168,499</u>	<u>135,147</u>
Non-current			
Unearned revenue	₩	532	5,230

20. Financial Instruments

(a) Classification and fair value of financial instruments

- 1) The carrying amount and the fair values of financial assets and financial liabilities by fair value hierarchy as of September 30, 2020 and December 31, 2019 are as follows:

① September 30, 2020

<i>(in millions of Won)</i>		Book value	Fair value			Total
		Level 1	Level 2	Level 3		
Financial assets						
Fair value through profit or loss						
Derivative assets	₩	206,470	-	206,470	-	206,470
Short-term financial instruments		8,452,851	-	8,452,851	-	8,452,851
Debt securities		8,050	-	-	8,050	8,050
Other securities		63,286	-	-	63,286	63,286
Other receivables		2,000	-	-	2,000	2,000
Fair value through other comprehensive income						
Equity securities		927,383	545,003	-	382,380	927,383
Debt securities		1,651	-	-	1,651	1,651
Financial assets measured at amortized cost(*1)						
Cash and cash equivalents		2,986,906	-	-	-	-
Trade accounts and notes receivable		3,685,351	-	-	-	-
Debt securities		150,000	-	-	-	-
Other receivables		265,751	-	-	-	-
Deposit instruments		1,310,692	-	-	-	-
	₩	<u>18,060,391</u>	<u>545,003</u>	<u>8,659,321</u>	<u>457,367</u>	<u>9,661,691</u>
Financial liabilities						
Fair value through profit or loss						
Derivatives liabilities	₩	1,903	-	1,903	-	1,903
Financial liabilities measured at amortized cost(*1)						
Trade accounts and notes payable		1,147,094	-	-	-	-
Borrowings		9,071,945	-	9,365,488	-	9,365,488
Financial guarantee liabilities		41,786	-	-	-	-
Others		1,074,870	-	-	-	-
	₩	<u>11,337,598</u>	<u>-</u>	<u>9,367,391</u>	<u>-</u>	<u>9,367,391</u>

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

② December 31, 2019

		Fair value			
(in millions of Won)	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivative assets	₩ 79,675	-	79,675	-	79,675
Short-term financial instruments	6,258,292	-	6,258,292	-	6,258,292
Debt securities	8,050	-	-	8,050	8,050
Other securities	55,972	-	-	55,972	55,972
Other receivables	2,000	-	-	2,000	2,000
Fair value through other comprehensive income					
Equity securities	1,128,641	762,198	-	366,443	1,128,641
Debt securities	1,686	-	-	1,686	1,686
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	978,139	-	-	-	-
Trade accounts and notes receivable	3,983,573	-	-	-	-
Debt securities	290,000	-	-	-	-
Other receivables	202,819	-	-	-	-
Deposit instruments	1,294,559	-	-	-	-
	₩ 14,283,406	762,198	6,337,967	434,151	7,534,316
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 8,285	-	8,285	-	8,285
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	667,551	-	-	-	-
Borrowings	6,338,012	-	6,525,464	-	6,525,464
Financial guarantee liabilities	49,609	-	-	-	-
Others	1,325,336	-	-	-	-
	₩ 8,388,793	-	6,533,749	-	6,533,749

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

- 2) Financial liabilities were recognized in connection with financial guarantee contracts as of September 30, 2020. The details of the amount of guarantees provided are as follows:

(in millions of Won)

(in millions of Won)		Guarantee limit		Guarantee amount		
Guarantee beneficiary	Financial institution		Foreign currency	Won equivalent	Foreign currency	Won equivalent
Subsidiaries						
POSCO Maharashtra Steel Private Limited	SCB	USD	33,784,000	39,646	33,784,000	39,646
POSCO ASSAN TST STEEL INDUSTRY	ING	USD	50,000,000	58,675	50,000,000	58,675
	SMBC	USD	62,527,500	73,376	56,274,750	66,038
	ING	USD	60,000,000	70,410	54,000,000	63,369
	BNP	USD	24,000,000	28,164	21,600,000	25,348
POSCO Asia Co., Ltd.	Credit Agricole	USD	50,000,000	58,675	50,000,000	58,675
	Mizuho	USD	50,000,000	58,675	50,000,000	58,675
POSCO MEXICO S.A. DE C.V	CITI BANAMEX	USD	30,000,000	35,205	30,000,000	35,205
	BOA	USD	30,000,000	35,205	30,000,000	35,205
	SMBC	USD	20,000,000	23,470	20,000,000	23,470
	MIZUHO	USD	20,000,000	23,470	20,000,000	23,470
	ANZ	USD	20,000,000	23,470	20,000,000	23,470
POSCO-VIETNAM Co., Ltd.	SMBC	USD	50,000,000	58,675	50,000,000	58,675
	Credit Agricole	USD	40,000,000	46,940	40,000,000	46,940
	BTMU	USD	26,000,000	30,511	26,000,000	30,511
	Citi	USD	20,000,000	23,470	20,000,000	23,470
	MIZUHO	USD	20,000,000	23,470	20,000,000	23,470
PT. KRAKATAU POSCO	Export-Import Bank of Korea	USD	567,000,000	665,375	363,264,797	426,291
	SMBC	USD	140,000,000	164,290	89,832,217	105,418
	BTMU	USD	119,000,000	139,647	75,125,217	88,159
	MIZUHO	USD	105,000,000	123,218	66,286,957	77,788
	SCB	USD	107,800,000	126,503	69,504,217	81,563
	Credit Suisse AG	USD	91,000,000	106,789	57,448,696	67,416
	HSBC	USD	91,000,000	106,789	57,448,696	67,416
	ANZ	USD	73,500,000	86,252	47,850,478	56,153
	BOA	USD	35,000,000	41,073	22,095,652	25,929
	The Tokyo Star Bank, Ltd	USD	21,000,000	24,644	13,257,391	15,558
POSCO COATED STEEL (THAILAND) CO., LTD.	Citi	THB	801,000,000	29,717	801,000,000	29,717
	ANZ	THB	1,175,000,000	43,593	1,175,000,000	43,593
	MUFG	THB	1,175,000,000	43,593	1,175,000,000	43,593
	SC	THB	1,175,000,000	43,593	1,175,000,000	43,593
	SMBC	THB	1,175,000,000	43,593	1,175,000,000	43,593
Associates						
LLP POSUK Titanium	SMBC	USD	13,500,000	15,842	13,500,000	15,842
Nickel Mining Company SAS	SMBC	EUR	46,000,000	62,993	46,000,000	62,993
Joint ventures						
CSP - Companhia Siderurgica do Pecem	Export-Import Bank of Korea	USD	182,000,000	213,577	162,772,945	191,014
	Santander	USD	47,600,000	55,859	41,873,544	49,139
	BNP	USD	47,600,000	55,859	41,873,544	49,139
	MIZUHO	USD	47,600,000	55,859	41,873,544	49,139
	Credit Agricole	USD	20,000,000	23,470	17,593,933	20,646
	SOCIETE GENERALE	USD	20,000,000	23,470	17,593,933	20,646
	KfW	USD	20,000,000	23,470	17,593,933	20,646
	BBVA Seoul	USD	17,600,000	20,654	15,482,645	18,169
	ING	USD	17,600,000	20,654	15,482,645	18,169
	BNDES	BRL	464,060,000	96,190	464,060,000	96,190
		USD	2,390,111,500	2,804,801	1,839,413,734	2,158,552
		EUR	46,000,000	62,993	46,000,000	62,993
		THB	5,501,000,000	204,089	5,501,000,000	204,089
		BRL	464,060,000	96,190	464,060,000	96,190

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

3) Finance income and costs by category of financial instrument for the nine-month periods ended September 30, 2020 and 2019 were as follows:

① For the nine-month period ended September 30, 2020

(in millions of Won)

	Finance income and costs							Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	
Financial assets at fair value through profit or loss	₩ 121,351	-	-	8,148	136,514	-	266,013	-
Financial assets at fair value through other comprehensive income	-	29,363	-	-	-	-	29,363	(154,254)
Financial assets measured at amortized cost	35,972	-	47,008	1	-	-	82,981	-
Financial liabilities at fair value through profit or loss	-	-	-	722	15,287	-	16,009	-
Financial liabilities measured at amortized cost	(171,974)	-	(76,908)	-	-	11,271	(237,611)	-
	₩ (14,651)	29,363	(29,900)	8,871	151,801	11,271	156,755	(154,254)

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

② For the nine-month period ended September 30, 2019

(in millions of Won)

	Finance income and costs							Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	
Financial assets at fair value through profit or loss	₩ 98,218	-	-	525	160,715	-	259,458	-
Financial assets at fair value through other comprehensive income	-	53,690	-	-	-	-	53,690	(41,974)
Financial assets measured at amortized cost	27,060	-	153,367	-	-	-	180,427	-
Financial liabilities at fair value through profit or loss	-	-	-	805	34,743	-	35,548	-
Financial liabilities measured at amortized cost	(114,716)	-	(260,504)	-	-	6,415	(368,805)	-
	₩ 10,562	53,690	(107,137)	1,330	195,458	6,415	160,318	(41,974)

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩209,791 million for the nine-month period ended September 30, 2019.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

- 4) Finance income and costs by category of financial instrument for the three-month periods ended September 30, 2020 and 2019 were as follows:

① For the three-month period ended September 30, 2020

(in millions of Won)

	Finance income and costs							Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	
Financial assets at fair value through profit or loss	₩ 44,192	-	-	7,663	(86,637)	-	(34,782)	-
Financial assets at fair value through other comprehensive income	-	4,880	-	-	-	-	4,880	6,396
Financial assets measured at amortized cost	11,765	-	(47,907)	1	-	-	(36,141)	-
Financial liabilities at fair value through profit or loss	-	-	-	275	1,310	-	1,585	-
Financial liabilities measured at amortized cost	(58,166)	-	140,540	-	-	(569)	81,805	-
	₩ (2,209)	4,880	92,633	7,939	(85,327)	(569)	17,347	6,396

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

② For the three-month period ended September 30, 2019

(in millions of Won)

	Finance income and costs							Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	
Financial assets at fair value through profit or loss	₩ 33,545	-	-	64	92,169	-	125,778	-
Financial assets at fair value through other comprehensive income	-	12,602	-	-	-	-	12,602	(67,564)
Financial assets measured at amortized cost	10,112	-	69,118	-	-	-	79,230	-
Financial liabilities at fair value through profit or loss	-	-	-	786	-	-	786	-
Financial liabilities measured at amortized cost	(41,127)	-	(137,661)	-	-	1,749	(177,039)	-
	₩ 2,530	12,602	(68,543)	850	92,169	1,749	41,357	(67,564)

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩21,850 million for the three-month period ended September 30, 2019.

(b) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Company's financial risk management objectives and policies are consistent with those disclosed in the separate financial statements as of and for the year ended December 31, 2019.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

21. Share Capital and Capital Surplus

(a) Share capital as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in Won, except share information)</i>	September 30, 2020	December 31, 2019
Authorized shares	200,000,000	200,000,000
Par value	₩ 5,000	5,000
Issued shares(*1)	87,186,835	87,186,835
Share capital(*2)	₩ 482,403,125,000	482,403,125,000

(*1) As of September 30, 2020, total number of ADRs of 26,190,824 outstanding in overseas stock market is equivalent to 6,547,706 shares of common stock.

(*2) As of September 30, 2020, 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) Capital surplus as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>	September 30, 2020	December 31, 2019
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	796,623	796,623
Loss on disposal of hybrid bonds	(1,787)	(1,787)
Gain (loss) from merger	80,628	(6,441)
	<u>₩ 1,339,289</u>	<u>1,252,220</u>

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

22. Hybrid Bonds

Hybrid bonds classified as equity as of September 30, 2020 and December 31, 2019 are as follows:

<i>(in millions of Won)</i>	Date of issue	Date of maturity	Rate of Interest (%)		September 30, 2020	December 31, 2019
Hybrid bond 1-2(*1)	2013-06-13	2043-06-13	4.60	₩	200,000	200,000
Issuance cost					(616)	(616)
				₩	<u>199,384</u>	<u>199,384</u>

(*1) Details of hybrid bonds issued by the Company as of September 30, 2020 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 10th anniversary of issuance and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common stockholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of September 30, 2020 amounts to ₩454 million.

23. Reserves

Reserves as of September 30, 2020 and December 31, 2019 were as follows:

<i>(in millions of Won)</i>		September 30, 2020	December 31, 2019
Changes in fair value of equity investments at fair value through other comprehensive income	₩	(335,281)	(183,930)

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

24. Treasury Shares

During the nine-month period ended September 30, 2020, the Company entered into a trust contract of acquiring treasury shares following approval of the Board of Directors. The amount committed to purchase treasury shares by this trust contract is ₩1,000 billion, and the contract period is from April 13, 2020 to April 12, 2021. The number of treasury shares acquired according to the contract is 1,739,881 during the nine-month periods ended September 30, 2020.

As of September 30, 2020, the Company holds 8,811,075 treasury shares for share price stabilization and other purposes in accordance with the Board of Director's resolution.

25. Revenue

- (a) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
<i>(in millions of Won)</i>				
Types of revenue				
Sales of steel product	₩ 6,367,587	7,479,188	18,789,752	22,250,287
Transportation services	168,014	196,848	516,065	586,683
Others	42,286	59,859	126,749	191,250
	₩ 6,577,887	7,735,895	19,432,566	23,028,220
Timing of revenue recognition				
Revenue recognized at a point in time	₩ 6,393,320	7,522,544	18,870,603	22,389,289
Revenue recognized over time	184,567	213,351	561,963	638,931
	₩ 6,577,887	7,735,895	19,432,566	23,028,220

- (b) Details of contract assets and liabilities from contracts with customers as of September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
<i>(in millions of Won)</i>		
Receivables		
Accounts receivable	₩ 3,685,351	3,983,573
Contract assets		
Accounts receivable	7,525	9,482
Contract liabilities		
Advance received	42,011	5,112
Unearned income	18,471	28,484

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

26. Selling and Administrative Expenses

(a) Other administrative expenses

Other administrative expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

(in millions of Won)

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Wages and salaries	₩ 58,543	60,295	174,233	173,602
Expenses related to post-employment benefits	4,960	6,290	19,142	21,483
Other employee benefits	12,780	12,691	36,067	39,184
Travel	1,806	3,397	6,413	10,211
Depreciation	6,974	5,780	20,636	18,708
Amortization	8,382	9,163	26,838	27,451
Rental	11,809	12,155	36,013	30,607
Repairs	2,340	3,234	6,171	9,051
Advertising	13,804	17,637	43,188	50,540
Research & development	16,304	15,037	47,696	57,313
Service fees	43,755	40,239	121,196	122,966
Supplies	162	234	522	3,325
Vehicles maintenance	1,032	1,532	3,480	4,649
Industry association fee	997	1,202	4,217	3,833
Training	5,524	6,430	13,706	18,193
Conference	908	1,202	2,875	4,193
Others	5,971	6,540	25,189	24,179
₩	196,051	203,058	587,582	619,488

(b) Selling expenses

Selling expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

(in millions of Won)

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Freight and custody	₩ 34,557	33,956	97,659	97,641
Operating expenses for distribution center	1,458	1,969	4,616	6,712
Sales commissions	17,711	18,973	82,499	56,404
Sales advertising	55	230	360	851
Sales promotion	286	896	982	3,157
Sample	94	187	427	732
Sales insurance premium	1,492	1,595	4,436	4,492
₩	55,653	57,806	190,979	169,989

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

27. Finance Income and Costs

Details of finance income and costs for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
<i>(in millions of Won)</i>				
Finance income				
Interest income(*1)	₩ 55,957	43,657	157,323	125,278
Dividend income	49,660	34,452	221,867	263,481
Gain on foreign currency transactions	62,252	93,597	295,081	212,474
Gain on foreign currency translations	(2,711)	(7,322)	24,628	28,617
Gain on valuation of derivatives	(83,424)	90,961	153,704	193,749
Others	8,735	5,437	22,718	12,377
	₩ 90,469	260,782	875,321	835,976
Finance costs				
Interest expenses	₩ 58,166	41,127	171,974	114,716
Loss on foreign currency transactions	71,772	61,415	207,969	151,220
Loss on foreign currency translations	(104,864)	93,403	141,640	197,008
Loss on valuation of derivatives	1,903	-	1,903	-
Others	1,365	1,629	2,576	2,923
	₩ 28,342	197,574	526,062	465,867

(*1) Interest income calculated using the effective interest method for the nine-month periods ended September 30, 2020 and 2019 were ₩35,972 million and ₩27,060 million, respectively.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

28. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Other non-operating income				
Gain on disposals of property, plant and equipment	₩ 1,157	4,063	7,211	18,748
Gain on disposals of investment in subsidiaries, associates and joint ventures	2,447	3,496	24,354	4,689
Gain on disposals of assets held for sale	(4,454)	28,626	22,488	29,341
Reversal of other provisions	-	11,207	284	11,484
Gain on insurance proceeds	2,882	4	9,768	262
Gain on valuation of emission rights	-	-	-	25,440
Gain on disposals of emission rights	-	6,122	24,566	6,122
Others	6,808	17,640	25,892	31,912
	<u>₩ 8,840</u>	<u>71,158</u>	<u>114,563</u>	<u>127,998</u>
Other non-operating expenses				
Loss on disposals of property, plant and equipment	₩ 30,797	24,872	125,031	63,409
Impairment loss on property, plant and equipment	309	48,414	22,997	209,910
Impairment loss on investment in subsidiaries, associates and joint ventures	1,000	-	1,000	10,422
Donations	5,600	12,000	17,309	20,400
Impairment loss on assets held for sale	148	3,385	9,093	5,179
Loss on disposals of assets held for sale	5,383	-	5,383	-
Others	9,545	14,872	47,913	46,916
	<u>₩ 52,782</u>	<u>103,543</u>	<u>228,726</u>	<u>356,236</u>

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

29. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses, impairment loss on other receivables and other non-operating expenses in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows (excluding finance costs and income tax expenses):

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
(in millions of Won)				
Changes in inventories(*1)	₩ 63,477	(14,341)	450,758	(12,660)
Raw materials and consumables used	4,216,703	4,779,807	11,940,849	13,798,396
Employee benefits expenses	455,160	466,011	1,352,294	1,334,671
Outsourced processing cost	560,791	602,538	1,788,247	1,829,634
Depreciation(*2)	571,557	536,323	1,698,104	1,608,237
Amortization	23,151	19,350	74,002	57,776
Electricity and water	59,686	118,066	176,237	406,686
Service fees	63,710	61,267	183,338	186,129
Rental	20,986	17,858	63,894	44,427
Advertising	13,804	17,637	43,188	50,540
Freight and custody expenses	178,593	216,143	559,097	656,434
Sales commissions	17,711	18,973	82,499	56,404
Loss on disposals of property, plant and equipment	30,797	24,871	125,031	63,409
Impairment loss on property, plant and equipment	310	48,414	22,997	209,910
Impairment loss on investments in subsidiaries, associates and joint ventures	1,000	-	1,000	10,422
Other expenses	91,161	264,384	488,377	865,435
	₩ 6,368,597	7,177,301	19,049,912	21,165,850

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

(*2) Includes depreciation of investment property.

30. Income Taxes

The effective tax rates of the Company for the nine-month periods ended September 30, 2020 and 2019 were 24.34% and 27.32%, respectively.

During the year ended December 31, 2019, the Company acquired Off-gas Power Station Business Sector of POSCO ENERGY CO., LTD., which is a subsidiary of the Company. During the nine-month period ended September 30, 2020, the Company changed its estimation about the availability of deductible temporary differences due from the acquisition, and recognized additional ₩87,068 million of deferred tax assets. The tax effect was reflected on gain from merger directly in equity in the statement of financial position.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

31. Earnings per Share

Basic earnings per share for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

(in Won, except share information)

		For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2020	2019	2020	2019
Profit for the period	₩	180,809,542,496	499,044,928,266	640,475,843,825	1,715,599,641,115
Interests of hybrid bonds, net of tax		(1,681,205,479)	(1,681,205,479)	(5,007,068,492)	(4,988,794,519)
Weighted-average number of common shares outstanding(*1)		79,230,216	80,115,641	79,784,098	80,113,124
Basic earnings per share	₩	2,261	6,208	7,965	21,352

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

(in share)

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Total number of common shares issued	87,186,835	87,186,835	87,186,835	87,186,835
Weighted-average number of treasury shares	(7,956,619)	(7,071,194)	(7,402,737)	(7,073,711)
Weighted-average number of common shares outstanding	79,230,216	80,115,641	79,784,098	80,113,124

Since there were no potential shares of common stock which had dilutive effects as of September 30, 2020 and 2019, diluted earnings per share is equal to basic earnings per share.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

32. Related Party Transactions

(a) Significant transactions with related companies for the nine-month periods ended September 30, 2020 and 2019 were as follows:

1) For the nine-month period ended September 30, 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.	₩ 5,168	11,107	15	543,484	60	17,773
POSCO COATED & COLOR STEEL Co., Ltd.	309,338	1,819	-	-	21,466	249
POSCO ICT(*4)	2,088	4,992	-	248,039	30,951	131,887
eNtoB Corporation	11	60	160,906	24,852	55	17,884
POSCO CHEMICAL CO., LTD.	200,730	29,911	342,948	16,219	226,595	4,551
POSCO ENERGY CO., LTD.	2,196	2,117	12,374	3	-	16,709
POSCO INTERNATIONAL Corporation	4,246,418	55,558	233,450	-	11,371	3,293
POSCO Thainox Public Company Limited	226,231	137	3,454	-	-	-
POSCO America Corporation	120,956	-	-	-	-	505
POSCO Canada Ltd.	-	978	129,666	-	-	-
POSCO Asia Co., Ltd.	1,161,489	1,002	114,796	3,229	1,174	2,765
Qingdao Pohang Stainless Steel Co., Ltd.	105,037	66	-	-	-	196
POSCO JAPAN Co., Ltd.	776,819	-	29,582	4,947	-	2,428
POSCO-VIETNAM Co., Ltd.	182,844	239	-	-	-	59
POSCO MEXICO S.A. DE C.V.	107,763	158	-	-	-	304
POSCO Maharashtra Steel Private Limited	210,679	1,543	-	-	-	282
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	82,663	-	-	-	-	-
POSCO VST CO., LTD.	163,085	204	-	-	-	123
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	1,039	395,961	-	-	-
Others	913,036	20,393	55,641	33,263	197,496	91,565
	<u>8,816,551</u>	<u>131,323</u>	<u>1,478,793</u>	<u>874,036</u>	<u>489,168</u>	<u>290,573</u>
Associates and joint ventures(*3)						
POSCO PLANTEC Co., Ltd.(*5)	65	41	916	84,839	4,086	12,431
SNNC	4,333	4,103	372,068	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	29,429	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	39,112	940,725	-	-	-
Others	25,649	61,949	46,788	-	-	23,714
	<u>59,476</u>	<u>105,205</u>	<u>1,360,497</u>	<u>84,839</u>	<u>4,086</u>	<u>36,145</u>
₩	<u>8,876,027</u>	<u>236,528</u>	<u>2,839,290</u>	<u>958,875</u>	<u>493,254</u>	<u>326,718</u>

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

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

(*3) As of September 30, 2020, the Company provided guarantees to related companies (Note 20).

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

(*5) During the nine-month period ended September 30, 2020, POSCO PLANTEC Co., Ltd. was excluded from associates due to the Company's loss of significant influence over the investee.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

2) For the nine-month period ended September 30, 2019

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 5,151	11,110	-	226,604	25	12,064
POSCO COATED & COLOR STEEL Co., Ltd.	354,046	1,942	95	-	13,595	586
POSCO ICT	2,213	4,990	-	226,456	26,235	131,522
eNtoB Corporation	11	66	231,896	28,678	72	18,443
POSCO CHEMICAL CO., LTD.	289,090	30,298	389,598	12,396	236,114	3,084
POSCO ENERGY CO., LTD.	147,124	1,252	1,090	-	-	1,672
POSCO INTERNATIONAL Corporation	4,426,067	46,572	459,705	-	38,067	4,516
POSCO Thainox Public Company Limited	188,527	13,795	6,706	-	-	3
POSCO America Corporation	232,724	-	-	-	-	1,682
POSCO Canada Ltd.	340	751	245,123	-	-	-
POSCO Asia Co., Ltd.	1,300,580	975	323,203	72	1,484	5,093
Qingdao Pohang Stainless Steel Co., Ltd.	99,757	-	-	-	-	-
POSCO JAPAN Co., Ltd.	1,134,448	36	29,843	3,685	-	2,898
POSCO-VIETNAM Co., Ltd.	222,692	263	-	-	-	37
POSCO MEXICO S.A. DE C.V.	238,357	89	-	-	-	246
POSCO Maharashtra Steel Private Limited	513,467	266	-	-	-	256
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	81,829	1	2,189	-	-	-
POSCO VST CO., LTD.	217,034	-	-	-	-	62
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	285	514,751	-	-	-
Others	685,845	17,396	106,193	19,147	182,202	119,078
	10,139,302	130,087	2,310,392	517,038	497,794	301,242
Associates and joint ventures						
POSCO PLANTEC Co., Ltd.	412	70	2,009	183,351	12,994	16,430
SNNC	4,121	3,910	420,720	-	-	10
POSCO-SAMSUNG-Slovakia Processing Center	50,894	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	841,866	-	-	-
Others	11,830	107,865	43,088	-	-	-
	67,257	111,845	1,307,683	183,351	12,994	16,440
₩	10,206,559	241,932	3,618,075	700,389	510,788	317,682

(b) Significant transactions with related companies for the three-month periods ended September 30, 2020 and 2019 were as follows:

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

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,620	11	-	101,179	-	4,938
POSCO COATED & COLOR STEEL Co., Ltd.	103,572	124	-	-	6,290	41
POSCO ICT	659	1	-	63,729	10,010	44,219
eNtoB Corporation	4	-	47,528	6,004	27	5,391
POSCO CHEMICAL CO., LTD.	56,264	5,141	113,227	3,389	72,171	189
POSCO ENERGY CO., LTD.	643	901	2,379	-	-	5,599
POSCO INTERNATIONAL Corporation	1,450,981	1,227	122,652	-	-	1,210
POSCO Thainox Public Company Limited	119,514	-	-	-	-	-
POSCO America Corporation	24,690	-	-	-	-	502
POSCO Canada Ltd.	-	162	38,861	-	-	-
POSCO Asia Co., Ltd.	441,511	37	33,125	957	12	1,346
Qingdao Pohang Stainless Steel Co., Ltd.	34,269	-	-	-	-	20
POSCO JAPAN Co., Ltd.	227,977	-	13,162	1,988	-	1,340
POSCO-VIETNAM Co., Ltd.	81,739	16	-	-	-	39
POSCO MEXICO S.A. DE C.V.	39,189	59	-	-	-	-
POSCO Maharashtra Steel Private Limited	56,925	696	-	-	-	97
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	25,018	-	-	-	-	-
POSCO VST CO., LTD.	30,869	148	-	-	-	103
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	235	104,312	-	-	-
Others	339,973	2,209	14,535	7,683	68,939	33,500
	3,035,417	10,967	489,781	184,929	157,449	98,534
Associates and joint ventures						
SNNC	1,432	625	153,008	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	12,275	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	39,112	315,180	-	-	-
Others	11,317	7,016	17,834	-	-	10,366
	25,024	46,753	486,022	-	-	10,366
₩	3,060,441	57,720	975,803	184,929	157,449	108,900

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

2) For the three-month period ended September 30, 2019

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,543	21	-	87,255	4	6,831
POSCO COATED & COLOR STEEL Co., Ltd.	120,638	235	95	-	5,911	95
POSCO ICT	704	1	-	77,639	9,180	42,684
eNtoB Corporation	4	6	72,320	11,742	13	5,012
POSCO CHEMICAL CO., LTD	91,297	5,169	134,299	4,818	79,731	1,074
POSCO ENERGY CO., LTD.	40,522	628	1,090	-	-	1,610
POSCO INTERNATIONAL Corporation	1,584,691	-	129,661	-	12,030	1,947
POSCO Thainox Public Company Limited	68,495	120	2,973	-	-	-
POSCO America Corporation	48,207	-	-	-	-	1,643
POSCO Canada Ltd.	-	147	93,231	-	-	-
POSCO Asia Co., Ltd.	438,809	390	74,772	72	497	2,297
Qingdao Pohang Stainless Steel Co., Ltd.	40,347	-	-	-	-	-
POSCO JAPAN Co., Ltd.	378,091	36	8,290	664	-	1,411
POSCO-VIETNAM Co., Ltd.	81,157	82	-	-	-	-
POSCO MEXICO S.A. DE C.V.	84,591	58	-	-	-	241
POSCO Maharashtra Steel Private Limited	179,859	79	-	-	-	-
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	38,516	1	708	-	-	-
POSCO VST CO., LTD.	80,009	-	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	105	192,541	-	-	-
Others	260,530	2,836	25,138	8,575	48,620	58,287
	<u>3,538,010</u>	<u>9,914</u>	<u>735,118</u>	<u>190,765</u>	<u>155,986</u>	<u>123,132</u>
Associates and joint ventures						
POSCO PLANTEC Co., Ltd.	229	5	610	72,737	3,668	7,068
SNNC	1,374	530	176,094	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	19,130	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	359,018	-	-	-
Others	4,845	21,828	15,961	-	-	-
	<u>25,578</u>	<u>22,363</u>	<u>551,683</u>	<u>72,737</u>	<u>3,668</u>	<u>7,068</u>
₩	<u>3,563,588</u>	<u>32,277</u>	<u>1,286,801</u>	<u>263,502</u>	<u>159,654</u>	<u>130,200</u>

(c) The related account balances from significant transactions with related companies as of September 30, 2020 and December 31, 2019 are as follows:

1) September 30, 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.	₩ 4,507	5	4,512	-	37,871	261	38,132
POSCO COATED & COLOR STEEL Co., Ltd.	60,497	-	60,497	-	5	3,630	3,635
POSCO ICT	184	-	184	2,206	42,204	24,993	69,403
eNtoB Corporation	-	-	-	2,977	28,664	-	31,641
POSCO CHEMICAL CO., LTD	35,943	3,485	39,428	11,926	44,963	16,921	73,810
POSCO ENERGY CO., LTD.	188	248	436	-	3,082	12,979	16,061
POSCO INTERNATIONAL Corporation	569,861	-	569,861	4,098	323	-	4,421
POSCO Thainox Public Company Limited	83,853	-	83,853	-	-	-	-
POSCO America Corporation	1,173	-	1,173	-	-	-	-
POSCO Asia Co., Ltd.	300,471	1,433	301,904	5,275	-	-	5,275
Qingdao Pohang Stainless Steel Co., Ltd.	16,230	-	16,230	-	-	-	-
POSCO MEXICO S.A. DE C.V.	41,612	701	42,313	-	-	-	-
POSCO Maharashtra Steel Private Limited	183,492	471	183,963	-	-	-	-
Others	608,868	34,530	643,398	31,409	37,624	84,148	153,181
	<u>1,906,879</u>	<u>40,873</u>	<u>1,947,752</u>	<u>57,891</u>	<u>194,736</u>	<u>142,932</u>	<u>396,559</u>
Associates and joint ventures							
SNNC	294	229	523	36,262	-	-	36,262
Roy Hill Holdings Pty Ltd	-	39,112	39,112	194,818	32	-	194,850
Others	755	38,003	38,758	2,660	-	-	2,660
	<u>1,049</u>	<u>77,344</u>	<u>78,393</u>	<u>233,740</u>	<u>32</u>	<u>-</u>	<u>233,772</u>
₩	<u>1,907,928</u>	<u>118,217</u>	<u>2,026,145</u>	<u>291,631</u>	<u>194,768</u>	<u>142,932</u>	<u>629,331</u>

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

2) December 31, 2019

(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.	₩ 5,702	65	5,767	-	78,512	385	78,897
POSCO COATED & COLOR STEEL Co., Ltd.	57,792	-	57,792	-	11	3,828	3,839
POSCO ICT	225	1	226	1,147	129,424	42,844	173,415
eNtoB Corporation	-	-	-	3,459	27,431	-	30,890
POSCO CHEMICAL CO., LTD	35,102	3,578	38,680	17,839	52,710	19,369	89,918
POSCO ENERGY CO., LTD.	1,876	4	1,880	-	3,229	14,912	18,141
POSCO INTERNATIONAL Corporation	633,073	-	633,073	345	2,218	3,839	6,402
POSCO Thainox Public Company Limited	52,826	2	52,828	916	-	-	916
POSCO America Corporation	8,448	-	8,448	-	-	-	-
POSCO Asia Co., Ltd.	508,962	748	509,710	12,784	171	-	12,955
Qingdao Pohang Stainless Steel Co., Ltd.	29,842	-	29,842	-	-	-	-
POSCO MEXICO S.A. DE C.V.	90,351	702	91,053	-	-	-	-
POSCO Maharashtra Steel Private Limited	235,917	444	236,361	-	-	-	-
Others	470,734	33,851	504,585	14,397	40,233	87,652	142,282
	2,130,850	39,395	2,170,245	50,887	333,939	172,829	557,655
Associates and joint ventures							
POSCO PLANTEC Co., Ltd.	84	10	94	471	49,511	-	49,982
SNNC	297	65	362	19,769	-	-	19,769
Roy Hill Holdings Pty Ltd	-	-	-	93,383	-	-	93,383
Others	942	706	1,648	3,447	586	-	4,033
	1,323	781	2,104	117,070	50,097	-	167,167
₩	2,132,173	40,176	2,172,349	167,957	384,036	172,829	724,822

(d) For the nine-month periods ended September 30, 2020 and 2019, details of compensation to key management officers were as follows:

(in millions of Won)

		September 30, 2020	September 30, 2019
Short-term benefits	₩	31,687	36,012
Long-term benefits		3,192	4,538
Retirement benefits		5,425	7,998
	₩	40,304	48,548

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

33. Commitments and Contingencies

(a) Commitments

- 1) The Company entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than three years and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of September 30, 2020, 70 million tons of iron ore and 10 million tons of coal remained to be purchased under such long-term contracts.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

- 2) The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.
 - 3) The Company entered into consecutive voyage charter (CVC) contracts for the transportation of raw materials. As of September 30, 2020, there are 39 vessels under CVC contract and the average remaining contract period is about 9 years.
 - 4) The Company entered into commitments with KOREA ENERGY AGENCY for long-term foreign currency borrowings 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 project. The Company is not liable for the repayment in full or part of borrowings if the project fail. The Company has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreement. As of September 30, 2020, the ending balance of the borrowing amounts to USD 1.02 million.
 - 5) The Company has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to the construction of new power plant by POSCO ENERGY CO., LTD.
 - 6) The Company provides a supplementary fund of up to ~~₩~~9.8 billion to the Company's subsidiary, Busan E&E Co., Ltd., at the request of creditors such as the Korea Development Bank.
- (b) As of September 30, 2020, the Company has provided three blank checks to KOREA ENERGY AGENCY as collateral for long-term foreign currency borrowings.
- (c) Litigation in progress

The Company is involved in 32 lawsuits aggregating to ~~₩~~45.0 billion as defendant as of September 30, 2020, which arise from the ordinary course of business such as claim for confirmation of employee status. The Company has recognized provisions amounting to ~~₩~~2.1 billion for one of 32 lawsuits based on its reliable estimate of outflow of resources. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company does not believe it has a present obligation as of September 30, 2020.

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of September 30, 2020 (Unaudited)

34. Cash Flows from Operating Activities

Changes in operating assets and liabilities for the nine-month periods ended September 30, 2020 and 2019 were as follows:

<i>(in millions of Won)</i>	September 30, 2020	September 30, 2019
Trade accounts and notes receivable, net	₩ 278,234	(20,168)
Other accounts receivable	111,238	(187,091)
Inventories	1,138,481	(21,600)
Prepaid expenses	(16,945)	(18,765)
Other current assets	(2,821)	(477)
Long-term guarantee deposits	(318)	(299)
Derivative assets	9,719	-
Other non-current assets	1,329	1,182
Trade accounts and notes payable	485,595	(129,738)
Other accounts payable	(72,903)	806
Accrued expenses	(48,006)	(25,224)
Advances received	1,680	(1,250)
Withholdings	1,844	80,571
Unearned revenue	(5,414)	2,280
Other current liabilities	(22,760)	(21,827)
Derivative liabilities	8,905	-
Payments of severance benefits	(105,397)	(61,890)
Plan assets	36,811	42,819
Other non-current liabilities	(6,951)	(3,097)
	<u>₩ 1,792,321</u>	<u>(363,768)</u>

35. Events after the reporting period

Pursuant to the resolution of the Board of Directors on November 6, 2020, the Company decided to pay interim cash dividends of ₩1,500 per common share (total dividend: ₩117.7 billion).