

POSCO

Condensed Separate Interim Financial Statements

(Unaudited)

March 31, 2021

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
POSCO:

Reviewed financial statements

We have reviewed the accompanying condensed separate interim financial statements of POSCO (the "Company"), which comprise the condensed separate interim statement of financial position as of March 31, 2021, the condensed separate interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

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

Auditor's review responsibility

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

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

Conclusion

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

Other matters

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

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

Seoul, Korea
May 14, 2021

This report is effective as of May 14, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed separate interim financial statements. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

POSCO

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

(in millions of Won)

	Notes	March 31, 2021	December 31, 2020
Assets			
Cash and cash equivalents	20	₩ 1,828,883	1,822,660
Trade accounts and notes receivable, net	4,14,20,25,32	4,106,907	3,693,535
Other receivables, net	5,20,32	472,246	279,555
Other short-term financial assets	6,20	9,133,419	9,607,632
Inventories	7,29	4,758,851	4,093,829
Assets held for sale	8	46,149	32,244
Other current assets	13	51,333	50,498
Total current assets		20,397,788	19,579,953
Long-term trade accounts and notes receivable, net	4,20	2,408	2,456
Other receivables, net	5,20	86,491	84,037
Other long-term financial assets	6,20	1,190,314	1,072,817
Investments in subsidiaries, associates and joint ventures	9	15,609,637	14,883,152
Investment property, net	10	149,435	149,617
Property, plant and equipment, net	11	20,078,792	20,216,932
Intangible assets, net	12	590,373	621,926
Defined benefit assets, net	18	60,966	76,501
Other non-current assets	13	99,110	107,578
Total non-current assets		37,867,526	37,215,016
Total assets		₩ 58,265,314	56,794,969

See accompanying notes to the condensed separate interim financial statements.

POSCO

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

(in millions of Won)

	Notes	March 31, 2021	December 31, 2020
Liabilities			
Trade accounts and notes payable	20,32	₩ 1,010,252	1,258,470
Short-term borrowings			
and current installments of long-term borrowings	4,14,20	2,997,288	2,408,392
Other payables	15,20,32	1,162,005	1,127,323
Other short-term financial liabilities	16,20	8,181	12,788
Current income tax liabilities		448,703	137,858
Provisions	17	40,579	63,604
Other current liabilities	19,25	86,560	80,676
Total current liabilities		5,753,568	5,089,111
Long-term borrowings,			
excluding current installments	14,20	5,454,702	5,346,944
Other payables	15,20	390,705	220,612
Other long-term financial liabilities	16,20	38,831	122,154
Deferred tax liabilities		884,406	848,317
Long-term provisions	17,33	62,293	52,602
Other non-current liabilities	19,25	517	525
Total non-current liabilities		6,831,454	6,591,154
Total liabilities		12,585,022	11,680,265
Equity			
Share capital	21	482,403	482,403
Capital surplus	21	1,339,289	1,339,289
Hybrid bonds	22	199,384	199,384
Reserves	23	(219,218)	(296,626)
Treasury shares	24	(2,508,294)	(2,391,523)
Retained earnings		46,386,728	45,781,777
Total equity		45,680,292	45,114,704
Total liabilities and equity		₩ 58,265,314	56,794,969

See accompanying notes to the condensed separate interim financial statements.

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Condensed Separate Interim Statements of Comprehensive Income For the three-month periods ended March 31, 2021 and 2020 (Unaudited)

(in millions of Won, except per share information)

	Notes	March 31, 2021	March 31, 2020
Revenue	25,32	₩ 7,800,447	6,969,856
Cost of sales	7,29,32	(6,466,896)	(6,230,404)
Gross profit		1,333,551	739,452
Selling and administrative expenses	29,32		
Reversal of impairment loss on trade accounts and note		31	264
Other administrative expenses	26	(209,903)	(198,769)
Selling expenses	26	(50,795)	(82,836)
Operating profit		1,072,884	458,111
Finance income and costs	20,27		
Finance income		569,274	674,317
Finance costs		(318,759)	(460,415)
Other non-operating income and expenses	32		
Impairment loss on other receivables		(348)	(496)
Other non-operating income	28	35,248	24,125
Other non-operating expenses	28,29	(52,197)	(78,686)
Profit before income tax		1,306,102	616,956
Income tax expense	30	(353,926)	(163,936)
Profit		952,176	453,020
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans	18	(291)	(3,020)
Net changes in fair value of equity investments at fair value through other comprehensive income	6,20,23	75,307	(191,488)
Total comprehensive income		₩ 1,027,192	258,512
Basic and diluted earnings per share (in Won)	31	12,522	5,634

See accompanying notes to the condensed separate interim financial statements.

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Condensed Separate Interim Statements of Changes in Equity For the three-month periods ended March 31, 2021 and 2020 (Unaudited)

(in millions of Won)

	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Total
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	-	-	-	-	-	453,020	453,020
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(3,020)	(3,020)
Net changes in fair value of equity investments							
at fair value through other comprehensive income, net of tax	-	-	-	(190,264)	-	(1,224)	(191,488)
Transactions with owners of the Company, recognized directly in equity:							
Year-end dividends	-	-	-	-	-	(320,462)	(320,462)
Interest of hybrid bonds	-	-	-	-	-	(2,294)	(2,294)
Balance as of March 31, 2020	₩ 482,403	1,252,220	199,384	(374,194)	(1,508,303)	45,498,431	45,549,941
Balance as of January 1, 2021	₩ 482,403	1,339,289	199,384	(296,626)	(2,391,523)	45,781,777	45,114,704
Comprehensive income:							
Profit	-	-	-	-	-	952,176	952,176
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(291)	(291)
Net changes in fair value of equity investments							
at fair value through other comprehensive income, net of tax	-	-	-	77,408	-	(2,101)	75,307
Transactions with owners of the Company, recognized directly in equity:							
Year-end dividends	-	-	-	-	-	(342,565)	(342,565)
Interest of hybrid bonds	-	-	-	-	-	(2,268)	(2,268)
Aquisition of treasury shares	-	-	-	-	(116,771)	-	(116,771)
Balance as of March 31, 2021	₩ 482,403	1,339,289	199,384	(219,218)	(2,508,294)	46,386,728	45,680,292

See accompanying notes to the condensed separate interim financial statements.

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Condensed Separate Interim Statements of Cash Flows

For the three-month periods ended March 31, 2021 and 2020

(Unaudited)

(in millions of Won)

	Notes	March 31, 2021	March 31, 2020
Cash flows from operating activities			
Profit	₩	952,176	453,020
Adjustments for :			
Expenses related to post-employment benefit		31,405	32,325
Depreciation		573,174	560,857
Amortization		27,201	25,617
Bad debt expenses		317	232
Finance income		(471,811)	(526,932)
Finance costs		244,304	383,514
Loss on valuation of inventories		1,276	11,181
Gain on disposal of property, plant and equipment		(2,770)	(3,822)
Loss on disposal of property, plant and equipment		23,756	51,299
Impairment losses on property, plant and equipment		3,113	-
Impairment losses on intangible assets		7,180	-
Impairment losses on investments in subsidiaries, associates and joint ventures		1,500	-
Gain on disposal of assets held for sale		(790)	(299)
Impairment loss on assets held for sale		-	6,330
Gain on disposal of emissions rights		-	(7,743)
Loss on disposal of emissions rights		2,095	-
Increase to provisions		4,128	32,471
Income tax expense		353,926	163,936
Others		277	(4,992)
Changes in operating assets and liabilities	34	(1,584,803)	714,874
Interest received		31,087	28,267
Interest paid		(51,859)	(37,793)
Dividends received		88,181	12,454
Income taxes paid		(8,287)	(99,969)
Net cash provided by operating activities	₩	224,776	1,794,827

See accompanying notes to the condensed separate interim financial statements.

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Condensed Separate Interim Statements of Cash Flows, Continued For the three-month periods ended March 31, 2021 and 2020 (Unaudited)

(in millions of Won)

	Notes	March 31, 2021	March 31, 2020
Cash flows from investing activities			
Decrease in deposits	₩	592,164	513,351
Proceeds from disposal of short-term financial instruments		7,935,148	6,802,278
Proceeds from disposal of long-term financial instruments		2	-
Proceeds from disposal of equity securities		12,372	1,812
Proceeds from disposal of debt security		121,813	190,005
Collection of short-term loans		1,774	104
Proceeds from disposal of investments in subsidiaries, associates and joint ventures		720	1,040
Proceeds from disposal of emissions rights		3,094	-
Proceeds from disposal of intangible assets		-	200
Proceeds from disposal of assets held for sale		-	590
Proceeds from disposal of derivatives		851	-
Increase in deposits		(573,250)	(543,755)
Acquisition of short-term financial investments		(7,525,719)	(8,309,849)
Acquisition of debt securities		(50,033)	(190,007)
Acquisition of other securities		(5,430)	(2,028)
Payment of long-term loans		(6,446)	(4,622)
Acquisition of investment in subsidiaries, associates and joint ventures		(728,714)	(168,938)
Acquisition of property, plant and equipment		(370,230)	(672,114)
Payment for disposal of property, plant and equipment		(16,804)	(30,392)
Acquisition of intangible assets		(18,805)	(50,011)
Net cash used in investing activities	₩	(627,493)	(2,462,336)
Cash flows from financing activities			
Proceeds from borrowings		1,139,670	2,075,317
Increase in long-term financial liabilities		755	179
Government grant received		12	-
Repayment of borrowings		(605,118)	(36,137)
Decrease in long-term financial liabilities		(792)	(38)
Repayment of lease liabilities		(11,549)	(15,819)
Payment of cash dividends		(17)	(8)
Acquisition of treasury shares		(116,771)	-
Payment of interest of hybrid bonds		(2,268)	(2,294)
Net cash provided by financing activities	₩	403,922	2,021,200
Effect of exchange rate fluctuation on cash held		5,018	9,684
Net increase in cash and cash equivalents		6,223	1,363,375
Cash and cash equivalents at beginning of the period		1,822,660	978,139
Cash and cash equivalents at end of the period	₩	1,828,883	2,341,514

See accompanying notes to the condensed separate interim financial statements.

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Notes to the Condensed Separate Interim Financial Statements

As of March 31, 2021

(Unaudited)

1. Reporting Entity

POSCO (the “Company”) is the largest steel producer in Korea which was incorporated on April 1, 1968, to manufacture and sell steel rolled products and plates in the domestic and overseas markets.

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

As of March 31, 2021, the shares of the Company are listed on the Korea Exchange, while its depository receipts 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, 2020. These condensed separate interim financial statements do not include all of the disclosures required for full annual financial statements.

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

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

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

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

(b) Measurement of fair value

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

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

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

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 March 31, 2021 (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, 2020. The Company also expects to apply the accounting policies set out below for their annual reporting period ending December 31, 2021.

(a) K-IFRS No. 1116 "Lease" - COVID-19 Related Rent Concessions

The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications. The Company is required to disclose the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. The Company does not expect the effect of the amendments to the financial statements to be significant.

4. Trade Accounts and Notes Receivable

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

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Current			
Trade accounts and notes receivable	₩	4,121,221	3,707,860
Less: Allowance for doubtful accounts		(14,314)	(14,325)
	₩	<u>4,106,907</u>	<u>3,693,535</u>
Non-current			
Trade accounts and notes receivable	₩	3,703	3,780
Less: Present value discount		(344)	(344)
Less: Allowance for doubtful accounts		(951)	(980)
	₩	<u>2,408</u>	<u>2,456</u>

The Company sold trade accounts and notes receivable with recourse to financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of March 31, 2021 and December 31, 2020, the carrying amounts of such secured borrowings are ₩429,732 million and ₩520,310 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

5. Other Receivables

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

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Current			
Loans	₩	2,950	2,950
Other accounts receivable		417,078	231,051
Others		57,495	50,822
Less: Allowance for doubtful accounts		(5,277)	(5,268)
	₩	<u>472,246</u>	<u>279,555</u>
Non-current			
Loans	₩	58,726	52,760
Long-term other accounts receivable		32,439	35,638
Others		4,027	4,001
Less: Allowance for doubtful accounts		(8,701)	(8,362)
	₩	<u>86,491</u>	<u>84,037</u>

6. Other Financial Assets

(a) Other financial assets as of March 31, 2021 and December 31, 2020 are as follows:

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Current			
Short-term derivative assets	₩	24,201	-
Debt securities		83,300	153,370
Deposit instruments(*1)		1,318,966	1,337,881
Short-term financial instruments		7,706,952	8,116,381
	₩	<u>9,133,419</u>	<u>9,607,632</u>
Non-current			
Long-term derivative assets	₩	40,735	18,549
Equity securities		1,072,205	980,706
Debt securities		4,750	6,367
Other securities		72,592	67,161
Deposit instruments(*2)		32	34
	₩	<u>1,190,314</u>	<u>1,072,817</u>

(*1) As of March 31, 2021 and December 31, 2020, ₩5,967 million and ₩4,881 million, respectively, are restricted in use in relation to government assigned projects.

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

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

(in millions of Won)

	March 31, 2021					December 31, 2020	
	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	304,246	(169,716)	304,246	219,788
KB Financial group Inc.	3,863,520	0.93	178,839	217,130	38,291	217,130	167,677
Woori Financial Group Inc.	20,280,000	2.81	244,447	204,828	(39,619)	204,828	197,324
CSN Mineracao S.A. (*1, 2)	102,186,675	1.83	206,265	184,382	(21,883)	184,382	246,158
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	8,930	20,520	11,590	20,520	15,020
DONGKUK INDUSTRIES COMPANY	2,611,989	4.82	11,911	9,403	(2,508)	9,403	8,868
Others (7 companies)			55,759	41,764	(13,995)	41,764	35,939
			1,180,113	982,273	(197,840)	982,273	890,774
Non-marketable equity securities							
POSCO PLANTEC Co., Ltd.	18,337,912	10.99	19,437	19,437	-	19,437	19,437
Korea Nickel CO.LTD	75,600	14.00	10,194	10,194	-	10,194	10,194
Poongsan Special Metal Corp.	315,790	5.00	7,657	7,657	-	7,657	7,657
HANKUM.CO.LTD	21,000	4.99	4,599	4,599	-	4,599	4,599
Core-Industry Co., Ltd.	490,000	19.84	4,214	4,214	-	4,214	4,214
AJUSTEEL CO.,LTD	510,000	2.35	4,165	4,165	-	4,165	4,165
Others (29 companies)			144,196	39,666	(104,530)	39,666	39,666
			194,462	89,932	(104,530)	89,932	89,932
			₩ 1,374,575	1,072,205	(302,370)	1,072,205	980,706

(*1) During the year ended March 31, 2021, CSN Mineracao S.A. was listed on the Brazilian stock market, and a stock split of 1:30 was carried out at the same time as the listing. On the other hand, the company sold 7,565,145 shares in the current quarter after stock split.

(*2) As of December 31, 2020, fair value is based on an analysis performed by an external professional evaluation agency.

7. Inventories

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

(in millions of Won)

	March 31, 2021	December 31, 2020
Finished goods	₩ 783,858	709,323
Semi-finished goods	1,305,090	1,167,330
By-products	4,282	3,460
Raw materials	1,113,289	885,222
Fuel and materials	493,834	518,151
Materials-in-transit	1,059,082	814,397
Others	692	681
	4,760,127	4,098,564
Less: Allowance for inventories valuation	(1,276)	(4,735)
	₩ 4,758,851	4,093,829

The amount of loss on valuation of inventories recognized in cost of sales during the three-month period ended March 31, 2021 and the year ended December 31, 2020 were ₩1,276 million and ₩4,735 million, respectively.

8. Assets Held for Sale

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

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

(in millions of Won)

		March 31, 2021	December 31, 2020
Assets			
Property, plant and equipment(*1,3)	₩	36,308	32,244
Intangible Assets(*2)		9,841	-
	₩	<u>46,149</u>	<u>32,244</u>

(*1) During the three-month period ended March 31, 2021, the Company classified the land in the Yanghak Neighborhood Park development reserve area as held for sale.

(*2) During the three-month period ended March 31, 2021, the Company decided to trade and exchange paid-in emissions and classified those assets as held for sale.

(*3) During the year ended December 31, 2019, the Company decided to dispose individual assets for which use was discontinued, such as CEM Plants, and classified the assets as held for sale. During the year ended December 31, 2020, the Company recognized ₩5,030 million of impairment loss for the difference between the fair value less costs to sell and the carrying amount of the assets.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

9. Investments in Subsidiaries, Associates and Joint ventures

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

(in millions of Won)

(in millions of Won)

			March 31, 2021		December 31, 2020
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
POSCO INTERNATIONAL Corporation	Korea	Trading	62.91	₩ 3,223,759	3,223,759
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	Korea	Engineering and construction	52.80	1,014,314	1,014,314
POSCO ENERGY CO., LTD.	Korea	Power generation	89.02	658,176	658,176
POSCO COATED & COLOR STEEL Co., Ltd.	Korea	Coated steel manufacturing and sales	56.87	108,421	108,421
POSCO Venture Capital Co., Ltd.	Korea	Investment in venture companies	95.00	103,780	103,780
POSCO CHEMICAL CO., LTD(*1)	Korea	Refractory manufacturing and sales	59.72	895,707	207,631
POSCO O&M Co., Ltd(*2)	Korea	Business facility maintenance	47.17	73,374	73,374
POSCO ICT	Korea	Computer hardware and software distribution	65.38	70,990	70,990
POSCO M-TECH(*2)	Korea	Packing materials manufacturing and sales	48.85	107,278	107,278
Busan E&E Co., Ltd.(*3)	Korea	Municipal solid waste fuel and power generation	70.00	30,148	30,148
Others (12 companies)				110,996	110,995
				6,396,943	5,708,866
[Foreign]					
PT. KRAKATAU POSCO	Indonesia	Steel manufacturing and sales	70.00	633,421	633,421
POSCO WA PTY LTD	Australia	Iron ore sales and mine development	100.00	646,491	645,830
POSCO Maharashtra Steel Private Limited	India	Steel manufacturing and sales	100.00	722,569	722,569
POSCO Canada Ltd.	Canada	Coal mine development	100.00	560,879	560,879
POSCO AUSTRALIA PTY LTD	Australia	Iron ore sales and mine development	100.00	330,623	330,623
POSCO (Zhangjiagang) Stainless Steel Co.,Ltd.	China	Stainless steel manufacturing and sales	58.60	283,845	283,845
POSCO Thainox Public Company Limited	Thailand	Stainless steel manufacturing and sales	74.56	178,785	178,785
POSCO-China Holding Corp.	China	Investment management	100.00	593,841	593,841
POSCO-India Private Limited	India	Steel manufacturing and sales	99.99	75,567	75,567
POSCO MEXICO S.A. DE C.V.	Mexico	Plate steel manufacturing and sales	83.28	180,072	180,072
POSCO America Corporation	USA	Steel trading	99.45	192,156	192,156
POSCO-VIETNAM Co., Ltd.	Vietnam	Steel manufacturing and sales	100.00	160,572	160,572
POSCO VST CO., LTD.	Vietnam	Stainless steel manufacturing and sales	95.65	144,573	144,573
POSCO(Guangdong) Automotive Steel Co., Ltd.	China	Plate steel manufacturing and sales	83.64	52,936	52,936
POSCO COATED STEEL (THAILAND) CO., LTD.	Thailand	Plate steel manufacturing and sales	100.00	121,592	121,592
POSCO Asia Co., Ltd.	Hong Kong	Steel and raw material trading	100.00	117,710	117,710
POSCO ASSAN TST STEEL INDUSTRY	Turkey	Steel manufacturing and sales	60.00	71,707	71,707
POSCO JAPAN Co., Ltd.	Japan	Steel trading	100.00	68,436	68,436
Qingdao Pohang Stainless Steel Co., Ltd.	China	Stainless steel manufacturing and sales	70.00	65,982	65,982
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	China	Steel manufacturing and sales	90.00	62,494	62,494
POSCO AFRICA (PROPRIETARY) LIMITED	South Africa	Mine development	100.00	50,297	50,297
POSCO-Malaysia SDN. BHD.	Malaysia	Steel manufacturing and sales	81.79	45,479	45,479
POSCO Argentina S.A.U.	Argentina	Mineral exploration, manufacturing and sale	100.00	373,366	373,366
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Vietnam	Steel manufacturing and sales	51.00	130,526	130,526
Others (29 companies)(*4)				529,079	510,079
				6,392,998	6,373,337
				₩ 12,789,941	12,082,203

(*1) During the three-month period ended March 31, 2021, the company acquired ₩ 688,077 million in additional subsidiary investment shares by participating in POSCO CHEMICAL CO., LTD's paid-in capital increase.

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

(*3) As of March 31, 2021 and December 31, 2020, the investments in a subsidiary amounting to ₩30,148 million were provided as collateral in relation to the loan agreement of Busan E&E Co., Ltd.

(*4) During the three-month period ended March 31, 2021, the Company established Poland Legnica Sourcing Center Sp. z o.o and acquired a new subsidiary investment of ₩ 19,000 million.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

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

(in millions of Won)

(in millions of Won)

			March 31, 2021		December 31, 2020
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
EQP POSCO Global NO1 Natural Resources					
Private Equity Fund	Korea	Mine investment	34.43	₩ 169,316	169,316
SNNC	Korea	STS material manufacturing and sales	49.00	100,655	100,655
QSONE Co.,Ltd.	Korea	Real estate rental business	50.00	85,550	85,550
Others (8 companies)				22,557	22,977
				378,078	378,498
[Foreign]					
Nickel Mining Company SAS	New Caledonia	Raw material manufacturing and sales	49.00	189,197	189,197
9404-5515 Quebec Inc. (*1)	Canada	Mine investment	10.40	124,341	124,341
Zhongyue POSCO (Qinhuangdao)					
Tinplate Industrial Co., Ltd	China	Tinplate manufacturing and sales	24.00	11,003	11,003
Others (6 companies)				39,662	39,671
				364,203	364,212
				₩ 742,281	742,710

(*1) As of March 31, 2021, it was classified as an associate even though the Company's ownership percentage is less than 20% since the Company has significant influence over the investee when considering its structure of the Board of Directors and others.

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

(in millions of Won)

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

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

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

10. Investment Property, Net

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

(a) For the three-month period ended March 31, 2021

<i>(in millions of Won)</i>		Beginning	Depreciation(*1)	Transfer(*2)	Ending
Land	₩	89,848	-	-	89,848
Buildings		51,417	(994)	963	51,386
Structures		8,352	(151)	-	8,201
	₩	<u>149,617</u>	<u>(1,145)</u>	<u>963</u>	<u>149,435</u>

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

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

(b) For the year ended December 31, 2020

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

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

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

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

11. Property, Plant and Equipment, Net

Changes in the carrying amount of property, plant and equipment for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

(a) For the three-month period ended March 31, 2021

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Depreciation	Impairment(*1)	Others(*2)	Ending
Land	₩	1,401,605	-	(15)	-	-	(5,487)	1,396,103
Buildings		2,080,843	210	(273)	(52,132)	(595)	11,031	2,039,084
Structures		2,073,097	76	(91)	(45,292)	(4)	10,178	2,037,964
Machinery and equipment		12,651,431	6,613	(3,123)	(455,545)	(2,514)	135,283	12,332,145
Vehicles		14,486	1,039	-	(1,789)	-	1	13,737
Tools		24,333	121	-	(2,886)	-	15	21,583
Furniture and fixtures		44,426	1,350	(140)	(3,206)	-	1,778	44,208
Lease assets		331,588	129,832	-	(11,179)	-	(1,067)	449,174
Construction-in-progress		1,595,123	313,436	-	-	-	(163,765)	1,744,794
	₩	20,216,932	452,677	(3,642)	(572,029)	(3,113)	(12,033)	20,078,792

(*1) During the three-month period ended March 31, 2021, the Company recognized impairment losses on individual assets that were shut down due to the fire or other loss.

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

(b) For the year ended December 31, 2020

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

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

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

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

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

1) Right-of-use assets

- ① Changes in the carrying amount of right-of-use assets presented as property, plant and equipment for the three-month period ended March 31, 2021 were as follows.

<i>(in millions of Won)</i>					
	Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩ 8,703	-	(76)	-	8,627
Buildings	71,431	3,471	(1,810)	-	73,092
Structures	59,221	-	(1,303)	-	57,918
Machinery and equipment	54,698	-	(1,375)	-	53,323
Vehicles	6,255	-	(125)	-	6,130
Ships	106,555	126,361	(4,255)	-	228,661
Furniture and fixtures	24,725	-	(2,235)	(1,067)	21,423
	₩ 331,588	129,832	(11,179)	(1,067)	449,174

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

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

2) Amount recognized in profit or loss

The amounts recognized in profit or loss related to leases for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>			March 31, 2021	March 31, 2020
Interest on lease liabilities	₩	3,015	2,658	
Expenses related to short-term leases		723	1,006	
Expenses related to leases of low-value assets		1,523	1,816	
	₩	5,261	5,480	

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

12. Intangible Assets, Net

Changes in the carrying amount of intangible assets for the three-month period ended March 31, 2021 and the year ended December 31, 2020 were as follows:

(a) For the three-month period ended March 31, 2021

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Amortization	Impairment(*2)	Transfer(*3)	Ending
Intellectual property rights	₩	22,758	-	(279)	(1,434)	-	1,034	22,079
Membership(*1)		81,795	-	-	-	-	-	81,795
Development expense		224,854	-	-	(19,366)	-	8,508	213,996
Port facilities usage rights		233,447	-	-	(5,245)	-	-	228,202
Construction-in-progress		34,924	3,406	-	-	-	(8,275)	30,055
Other intangible assets		24,148	384	(5,189)	(1,156)	(7,180)	3,239	14,246
	₩	<u>621,926</u>	<u>3,790</u>	<u>(5,468)</u>	<u>(27,201)</u>	<u>(7,180)</u>	<u>4,506</u>	<u>590,373</u>

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

(*2) During the three-month period ended March 31, 2021, the Company decided to sell a portion of emission rights held and recognized impairment loss for the portion lost due to the replacement of assets held for sale and changes in the selling unit price.

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

(b) For the year ended December 31, 2020

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

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

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

13. Other Assets

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

(in millions of Won)

		March 31, 2021	December 31, 2020
Current			
Advance payments	₩	4,223	4,263
Prepaid expenses		39,827	26,011
Emission rights purchased from the market		7,283	20,224
	₩	<u>51,333</u>	<u>50,498</u>
Non-current			
Long-term prepaid expenses	₩	4,181	4,312
Others(*1)		94,929	103,266
	₩	<u>99,110</u>	<u>107,578</u>

(*1) As of March 31, 2021 and December 31, 2020, the Company recognized tax assets amounting to ₩73,694 million and ₩100,852 million, respectively, based on the Company's best estimate of the tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

14. Borrowings

(a) Borrowings as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)

		March 31, 2021	December 31, 2020
Short-term borrowings			
Short-term borrowings	₩	1,590,058	1,029,363
Current portion of debentures		1,407,550	1,379,739
Less: Current portion of discount on debentures issued		(320)	(710)
	₩	<u>2,997,288</u>	<u>2,408,392</u>
Long-term borrowings			
Long-term borrowings	₩	1,157	1,110
Debentures		5,479,885	5,373,840
Less: Discount on debentures issued		(26,340)	(28,006)
	₩	<u>5,454,702</u>	<u>5,346,944</u>

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

(in millions of Won)

	Lenders	Issuance date	Maturity date	Annual interest rate (%)	March 31, 2021	December 31, 2020
Transfers of account receivables that do not qualify for derecognition	-	-	-	-	₩ 429,732	520,310
Borrowings in Foreign Trade	MUFG and others	2021.01.12~ 2021.03.31	2021.04.12~ 2021.06.29	0.40~1.02	1,160,326	509,053
					<u>₩ 1,590,058</u>	<u>1,029,363</u>

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(c) Current portion of long-term borrowings and others as of March 31, 2021 and December 31, 2020 are as follows:

(in millions of Won)		Issuance date	Maturity date	Annual interest rate (%)	March 31, 2021	December 31, 2020
	Lenders					
Debtentures	Domestic debtentures 304-2 and others	2011.11.28~ 2018.07.05	2021.05.03~ 2021.11.28	1.88~4.12	₩ 459,895	459,811
Foreign debtentures	Global debtentures 3 and others	2011.04.14~ 2011.12.22	2021.04.14~ 2021.12.22	2.70~5.25	947,335	919,218
					₩ 1,407,230	1,379,029

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

(in millions of Won)		Issuance date	Maturity date	Annual interest rate (%)	March 31, 2021	December 31, 2020
	Lenders					
Foreign borrowings	KOREA ENERGY AGENCY	2007.12.27~ 2008.12.29	2022.12.29	3 year Government bond	₩ 1,157	1,110
Debtentures	Domestic debtentures 306-3 and others	2013.10.04~ 2019.10.16	2022.07.17~ 2029.10.16	1.56~3.64	2,046,456	2,046,166
Foreign debtentures	Global debtentures 4 and others	2018.08.01~ 2020.01.17	2022.11.12~ 2025.01.17	0.50~4.00	3,407,089	3,299,668
					₩ 5,454,702	5,346,944

15. Other Payables

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

(in millions of Won)		March 31, 2021	December 31, 2020
Current			
Accounts payable	₩	367,804	606,902
Accrued expenses		388,270	412,976
Dividend payable		344,401	1,854
Lease liabilities		51,109	94,904
Withholdings		10,421	10,687
	₩	1,162,005	1,127,323
Non-current			
Long-term accrued expenses	₩	57	54
Lease liabilities		387,318	217,458
Long-term withholdings		3,330	3,100
	₩	390,705	220,612

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

16. Other Financial Liabilities

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

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Current			
Derivative liabilities	₩	-	3,087
Financial guarantee liabilities		8,181	9,701
	₩	<u>8,181</u>	<u>12,788</u>
Non-current			
Derivative liabilities	₩	14,262	92,273
Financial guarantee liabilities		24,569	29,881
	₩	<u>38,831</u>	<u>122,154</u>

17. Provisions

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

<i>(in millions of Won)</i>		March 31, 2021		December 31, 2020	
		Current	Non-current	Current	Non-current
Provision for bonus payments(*1,2)	₩	8,079	34,147	14,518	34,461
Provision for restoration(*3)		4,583	11,642	5,136	12,425
Provision for legal contingencies and claims(*4)		625	2,052	4,937	2,052
Emission liabilities(*5)		7,283	10,601	20,224	-
Provision for product warranties(*6)		20,009	3,851	18,789	3,664
	₩	<u>40,579</u>	<u>62,293</u>	<u>63,604</u>	<u>52,602</u>

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

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

(*3) Due to contamination of land near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery as provisions for restoration as of March 31, 2021. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials presently available to recover the land. In addition, the Company has applied discount rates of 1.26%~1.59% to assess present value of these costs.

(*4) The Company has recognized provisions for certain litigations and other contingencies as of March 31, 2021.

(*5) The Company has recognized emission liabilities for greenhouse gas emissions exceeding the quantity of free quota emission rights expected to be submitted as of March 31, 2021.

(*6) As of March 31, 2021, the Company recognized the expected claim cost to be charged as a provision.

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

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

1) For the three-month period ended March 31, 2021

(in millions of Won)

	Beginning	Increase	Reversal	Utilization	Ending
Provision for bonus payments	₩ 48,979	4,573	-	(11,326)	42,226
Provision for restoration	17,561	95	-	(1,431)	16,225
Provision for legal contingencies and claims	6,989	625	-	(4,937)	2,677
Emission liabilities	20,224	10,601	(12,941)	-	17,884
Provision for product warranties	22,453	5,747	-	(4,340)	23,860
₩	<u>116,206</u>	<u>21,641</u>	<u>(12,941)</u>	<u>(22,034)</u>	<u>102,872</u>

2) For the year ended December 31, 2020

(in millions of Won)

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

18. Employee Benefits

(a) Defined contribution plans

The expense related to post-employment benefit plans under defined contribution plans for the three-month periods ended March 31, 2021 and 2020 were as follows:

(in millions of Won)

	March 31, 2021	March 31, 2020
Expense related to post-employment benefit plans under defined contribution plans	₩ 8,556	10,197

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(b) Defined benefit plans

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

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Present value of funded obligations	₩	1,369,018	1,378,597
Fair value of plan assets		(1,429,984)	(1,455,098)
Net defined benefit assets	₩	(60,966)	(76,501)

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

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Defined benefit obligation at the beginning of period	₩	1,378,597	1,435,942
Current service costs		32,051	125,706
Interest costs		7,140	27,712
Remeasurement(*1)		-	(74,678)
Amount transferred from associate		-	1,104
Benefits paid		(48,770)	(137,189)
Defined benefit obligation at the end of period	₩	1,369,018	1,378,597

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

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

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Fair value of plan assets at the beginning of period	₩	1,455,098	1,381,796
Interest on plan assets		7,786	27,227
Remeasurement of plan assets		(401)	(450)
Contributions to plan assets		-	178,000
Amount transferred from associate		-	1,104
Benefits paid		(32,499)	(132,579)
Fair value of plan assets at the end of period	₩	1,429,984	1,455,098

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

4) The amounts recognized in the statements of comprehensive income for the three-month periods ended March 31, 2021 and 2020 were as follows:

(in millions of Won)

	March 31, 2021	March 31, 2020
Current service costs	₩ 32,051	32,204
Net interest costs	(646)	121
	<u>₩ 31,405</u>	<u>32,325</u>

19. Other Liabilities

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

(in millions of Won)

Current

	March 31, 2021	December 31, 2020
Advances received	₩ 39,277	41,901
Withholdings	27,725	24,253
Unearned revenue	19,558	14,522
	<u>₩ 86,560</u>	<u>80,676</u>

Non-current

Unearned revenue	₩ 517	525
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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

20. Financial Instruments

(a) Classification and fair value of financial instruments

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

① March 31, 2021

(in millions of Won)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivative assets	₩ 64,936	-	64,936	-	64,936
Short-term financial instruments	7,706,952	-	7,706,952	-	7,706,952
Debt securities	8,050	-	-	8,050	8,050
Other securities	72,592	-	-	72,592	72,592
Other receivables	2,000	-	-	2,000	2,000
Fair value through other comprehensive income					
Equity securities	1,072,205	982,273	-	89,932	1,072,205
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	1,828,883	-	-	-	-
Trade accounts and notes receivable	4,096,266	-	-	-	-
Debt securities	80,000	-	-	-	-
Other receivables	434,134	-	-	-	-
Deposit instruments	1,318,998	-	-	-	-
	₩ 16,685,016	982,273	7,771,888	172,574	8,926,735
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 14,262	-	14,262	-	14,262
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	1,010,252	-	-	-	-
Borrowings	8,451,991	-	8,711,704	-	8,711,704
Financial guarantee liabilities	32,750	-	-	-	-
Others	1,541,403	-	-	-	-
	₩ 11,050,658	-	8,725,966	-	8,725,966

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

② December 31, 2020

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

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

- 2) Financial liabilities were recognized in connection with financial guarantee contracts as of March 31, 2021. The details of the amount of guarantees provided are as follows:

(in millions of Won)

(in millions of Won)		Guarantee limit		Guarantee amount		
Guarantee beneficiary	Financial institution	Foreign currency	Won equivalent	Foreign currency	Won equivalent	
Subsidiaries						
POSCO Maharashtra Steel Private Limited	SC	USD	19,784,000	22,425	19,784,000	22,425
	SMBC	USD	35,000,000	39,673	35,000,000	39,673
	DBS	USD	35,000,000	39,673	35,000,000	39,673
	BNP	USD	30,000,000	34,005	30,000,000	34,005
	Citi	USD	20,000,000	22,670	20,000,000	22,670
POSCO ASSAN TST	BNP	USD	24,527,500	27,802	22,074,750	25,022
STEEL INDUSTRY	SOCIETE GENERALE	USD	42,000,000	47,607	37,800,000	42,846
	CITI	USD	40,000,000	45,340	36,000,000	40,806
	ING	USD	40,000,000	45,340	36,000,000	40,806
POSCO Asia Co., Ltd.	Credit Agricole	USD	50,000,000	56,675	50,000,000	56,675
	MIZUHO	USD	50,000,000	56,675	50,000,000	56,675
POSCO MEXICO S.A. DE C.V	Citi BANAMEX	USD	30,000,000	34,005	30,000,000	34,005
	BOA	USD	30,000,000	34,005	30,000,000	34,005
	SMBC	USD	20,000,000	22,670	20,000,000	22,670
	MIZUHO	USD	20,000,000	22,670	20,000,000	22,670
	ANZ	USD	20,000,000	22,670	20,000,000	22,670
POSCO-VIETNAM Co., Ltd.	SMBC	USD	50,000,000	56,675	50,000,000	56,675
	Credit Agricole	USD	40,000,000	45,340	40,000,000	45,340
	MUFG	USD	26,000,000	29,471	26,000,000	29,471
	Citi	USD	20,000,000	22,670	20,000,000	22,670
	MIZUHO	USD	20,000,000	22,670	20,000,000	22,670
PT. KRAKATAU POSCO	Export-Import Bank of Korea	USD	567,000,000	642,695	330,240,725	374,328
	SMBC	USD	140,000,000	158,690	81,665,652	92,568
	BTMU	USD	119,000,000	134,887	68,295,652	77,413
	MIZUHO	USD	105,000,000	119,018	60,260,870	68,306
	SCB	USD	107,800,000	122,191	63,185,652	71,621
	Credit Suisse AG	USD	91,000,000	103,149	52,226,087	59,198
	HSBC	USD	91,000,000	103,149	52,226,087	59,198
	ANZ	USD	73,500,000	83,312	43,500,435	49,308
	BOA	USD	35,000,000	39,673	20,086,957	22,769
	The Tokyo Star Bank, Ltd	USD	21,000,000	23,804	12,052,174	13,661
POSCO COATED STEEL (THAILAND) CO., LTD.	Citi	THB	801,000,000	28,996	801,000,000	28,996
	ANZ	THB	1,175,000,000	42,535	1,175,000,000	42,535
	MUFG	THB	1,175,000,000	42,535	1,175,000,000	42,535
	SC	THB	1,175,000,000	42,535	1,175,000,000	42,535
	SMBC	THB	1,175,000,000	42,535	1,175,000,000	42,535
Associates						
LLP POSUK Titanium	SMBC	USD	13,500,000	15,302	13,500,000	15,302
Nickel Mining Company SAS	SMBC	EUR	46,000,000	61,101	46,000,000	61,101
Joint ventures						
CSP - Compania Siderurgica do Pecem	Export-Import Bank of Korea	USD	182,000,000	206,297	162,149,671	183,797
	Santander	USD	47,600,000	53,955	41,713,206	47,282
	BNP	USD	47,600,000	53,955	41,713,206	47,282
	MIZUHO	USD	47,600,000	53,955	41,713,206	47,282
	Credit Agricole	USD	20,000,000	22,670	17,526,564	19,866
	SOCIETE GENERALE	USD	20,000,000	22,670	17,526,564	19,866
	KfW	USD	20,000,000	22,670	17,526,564	19,866
	BBVA Seoul	USD	17,600,000	19,950	15,423,360	17,482
	ING	USD	17,600,000	19,950	15,423,360	17,482
	BNDES	BRL	464,060,000	91,114	464,060,000	91,114
		USD	2,446,111,500	2,772,673	1,815,614,742	2,057,999
		EUR	46,000,000	61,101	46,000,000	61,101
		THB	5,501,000,000	199,136	5,501,000,000	199,136
		BRL	464,060,000	91,114	464,060,000	91,114

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

3) Finance income and costs by category of financial instrument for the three-month periods ended March 31, 2021 and 2020 were as follows:

① For the three-month period ended March 31, 2021

(in millions of Won)

	Finance income and costs							Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	
Financial assets at fair value through profit or loss	₩ 30,166	-	-	166	42,811	-	73,143	-
Financial assets at fair value through other comprehensive income	-	19,940	-	92	-	-	20,032	75,307
Financial assets measured at amortized cost	2,758	-	103,734	-	-	-	106,492	-
Financial liabilities at fair value through profit or loss	-	-	-	1,674	86,957	-	88,631	-
Financial liabilities measured at amortized cost	(47,307)	-	(224,098)	-	-	1,291	(270,114)	-
	₩ (14,383)	19,940	(120,364)	1,932	129,768	1,291	18,184	75,307

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩232,331 million for the three-month period ended March 31, 2021.

② For the three-month period ended March 31, 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	₩ 38,715	-	-	196	252,693	-	291,604	-
Financial assets at fair value through other comprehensive income	-	24,246	-	-	-	-	24,246	(191,488)
Financial assets measured at amortized cost	10,409	-	141,729	-	-	-	152,138	-
Financial liabilities at fair value through profit or loss	-	-	-	25	11,542	-	11,567	-
Financial liabilities measured at amortized cost	(57,096)	-	(326,152)	-	-	7,937	(375,311)	-
	₩ (7,972)	24,246	(184,423)	221	264,235	7,937	104,244	(191,488)

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩109,658 million for the three-month period ended March 31, 2020.

(b) Financial risk management

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

21. Share Capital and Capital Surplus

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

<i>(in Won, except share information)</i>	March 31, 2021	December 31, 2020
Authorized shares	200,000,000	200,000,000
Par value	₩ 5,000	5,000
Issued shares(*1)	87,186,835	87,186,835
Shared capital(*2)	₩ 482,403,125,000	482,403,125,000

(*1) As of March 31, 2021, total shares of ADRs of 26,528,728 are equivalent to 6,632,182 of common stock.

(*2) As of March 31, 2021, the difference between the ending balance of common stock and the par value of issued common stock is ₩46,469 million due to retirement of 9,293,790 treasury stocks.

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

<i>(in millions of Won)</i>	March 31, 2021	December 31, 2020
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	796,623	796,623
Gain from merger	80,628	80,628
Loss on disposal of hybrid bonds	(1,787)	(1,787)
	₩ 1,339,289	1,339,289

22. Hybrid Bonds

Hybrid bonds classified as equity as of March 31, 2021 and December 31, 2020 are as follows:

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(*1) Details of hybrid bonds As of March 31, 2021 are as follows:

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

The hybrid bond holders' preference in the event of liquidation is senior to the common stock holders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds As of March 31, 2021 amounts to ₩ 479 million.

23. Reserves

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

(in millions of Won)		March 31, 2021	December 31, 2020
Changes in fair value of equity investments at fair value through other comprehensive income	₩	(219,218)	(296,626)

24. Treasury Shares

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

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

During the year ended December 31, 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.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

25. Revenue

- (a) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		March 31, 2021	March 31, 2020
Types of revenue			
Sales of steel product	₩	7,512,143	6,738,862
Transportation services		244,129	186,409
Others		44,175	44,585
	₩	<u>7,800,447</u>	<u>6,969,856</u>
Timing of revenue recognition			
Revenue recognized at a point in time	₩	7,540,281	6,767,749
Revenue recognized over time		260,166	202,107
	₩	<u>7,800,447</u>	<u>6,969,856</u>

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

<i>(in millions of Won)</i>		March 31, 2021	December 31, 2020
Receivables			
Account receivables	₩	4,096,266	3,685,573
Contract assets			
Account receivables		13,049	10,418
Contract liabilities			
Advance received		39,277	41,901
Unearned income		20,075	14,855

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

26. Selling and Administrative Expenses

(a) Other administrative expenses

Other administrative expenses for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Wages and salaries	₩ 63,308	61,255
Expenses related to post-employment benefits	10,571	7,643
Other employee benefits	12,958	12,235
Travel	2,243	2,786
Depreciation	6,602	6,853
Amortization	18,852	9,416
Rental	15,421	13,258
Repairs	1,584	2,250
Advertising	12,844	14,894
Research & development	18,623	15,806
Service fees	36,773	37,373
Supplies	514	235
Vehicles maintenance	1,138	1,281
Industry association fee	1,465	1,977
Training	244	4,319
Conference	977	1,081
Others	5,786	6,107
	<u>₩ 209,903</u>	<u>198,769</u>

(b) Selling expenses

Selling expenses for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Freight and custody	₩ 30,580	33,701
Operating expenses for distribution center	1,533	1,719
Sales commissions	16,664	45,253
Sales advertising	49	86
Sales promotion	295	394
Sample	233	176
Sales insurance premium	1,441	1,507
	<u>₩ 50,795</u>	<u>82,836</u>

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

27. Finance Income and Costs

Details of finance income and costs for the three-month periods ended March 31, 2021 and 2020 were as follows:

(in millions of Won)

		March 31, 2021	March 31, 2020
Finance income			
Interest income(*1)	₩	32,924	49,124
Dividend income		252,271	133,904
Gain on foreign currency transactions		97,128	147,164
Gain on foreign currency translations		48,847	71,298
Gain on valuation of derivatives		134,140	264,235
Others		3,964	8,592
	₩	<u>569,274</u>	<u>674,317</u>
Finance costs			
Interest expenses	₩	47,307	57,096
Loss on foreign currency transactions		73,714	76,467
Loss on foreign currency translations		192,625	326,418
Others		5,112	434
	₩	<u>318,758</u>	<u>460,415</u>

(*1) Interest income calculated using the effective interest method for the three-month periods ended March 31, 2021 and 2020 were ₩ 2,758 million and ₩10,409 million, respectively.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

28. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three-month periods ended March 31, 2021 and 2020 were as follows:

(in millions of Won)

		March 31, 2021	March 31, 2020
Other non-operating income			
Gain on disposals of property, plant and equipment	₩	2,770	3,822
Gain on insurance settlements		287	859
Gain on disposals of assets held for sale		790	299
Gain on disposals of emission rights		-	7,743
Others(*1)		31,401	11,402
	₩	<u>35,248</u>	<u>24,125</u>
Other non-operating expenses			
Loss on disposals of property, plant and equipment	₩	23,756	51,299
Impairment loss on property, plant and equipment		3,113	-
Impairment loss on intangible assets		7,180	-
Impairment loss on investment in subsidiaries, associates and joint ventures		1,500	-
Impairment loss on assets held for sale		-	6,330
Donations		2,004	8,709
Others		14,644	12,348
	₩	<u>52,197</u>	<u>78,686</u>

(*1) During the three-month period ended March 31, 2021, the Company recognized ₩28,366 million of non-operating income for refund of other than income tax as a result of administrative litigation for tax audits.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

29. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses and other non-operating expenses in the statements of comprehensive income for the three-month periods ended March 31, 2021 and 2020 were as follows (excluding finance costs and income tax expenses):

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Changes in inventories(*1)	₩ (216,576)	97,880
Raw materials and consumables used	4,695,958	4,145,641
Employee benefits expenses	463,321	459,584
Outsourced processing cost	589,023	658,858
Depreciation(*2)	573,174	560,857
Amortization	27,201	25,617
Electricity and water	71,855	66,649
Service fees	52,133	58,346
Rental	24,732	22,746
Advertising	12,844	14,894
Freight and custody	200,802	215,690
Sales commissions	16,664	45,253
Loss on disposal of property, plant and equipment	23,756	51,299
Impairment loss on property, plant and equipment	3,113	-
Impairment loss on investments in subsidiaries, associates and joint ventures	1,500	-
Other	240,608	167,613
	<u>₩ 6,780,108</u>	<u>6,590,927</u>

(*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 three-month periods ended March 31, 2021 and 2020 were 27.10% and 26.57%, respectively.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

31. Earnings per Share

Basic earnings per share for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in Won, except share information)</i>		March 31, 2021	March 31, 2020
Profit for the period	₩	952,175,503,207	453,020,315,302
Interests of hybrid bonds, net of tax		(1,644,657,534)	(1,662,931,507)
Weighted-average number of common shares outstanding(*1)		75,911,805	80,115,641
Basic earnings per share	₩	12,522	5,634

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

<i>(shares)</i>	March 31, 2021	March 31, 2020
Total number of common shares issued	87,186,835	87,186,835
Weighted-average number of treasury shares	(11,275,030)	(7,071,194)
Weighted-average number of common shares outstanding	75,911,805	80,115,641

Since there were no potential shares of common stock which had dilutive effects as of March 31, 2021 and 2020, 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 March 31, 2021 (Unaudited)

32. Related Party Transactions

(a) Significant transactions with related companies for the three-month periods ended March 31, 2021 and 2020 were as follows:

1) For the three-month period ended March 31, 2021

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries(*3)						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,614	11,069	-	88,862	60	6,463
POSCO COATED & COLOR STEEL Co., Ltd.	123,426	2,034	-	-	7,447	161
POSCO ICT(*4)	447	4,990	-	34,290	10,706	49,422
eNtoB Corporation	4	-	60,190	9,647	14	4,507
POSCO CHEMICAL CO., LTD	57,969	16,280	114,065	1,389	74,295	1,426
POSCO ENERGY CO., LTD.	760	689	2,129	-	-	5,605
POSCO SPS	148,773	-	-	-	10,694	206
POSCO INTERNATIONAL Corporation	1,898,357	54,331	166,152	-	347	536
POSCO Thainox Public Company Limited	60,873	-	-	-	-	20
POSCO Canada Ltd.	-	491	34,796	-	-	-
POSCO Asia Co., Ltd.	18,289	32	417	-	-	272
Qingdao Pohang Stainless Steel Co., Ltd.	40,948	-	-	-	-	-
POSCO JAPAN Co., Ltd.	357,971	1	7,601	4	-	480
POSCO-VIETNAM Co., Ltd.	80,910	339	-	-	-	-
POSCO MEXICO S.A. DE C.V.	92,791	34	-	-	-	-
POSCO Maharashtra Steel Private Limited	168,852	84	-	-	-	89
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	28,512	-	-	-	-	-
POSCO VST CO., LTD.	56,408	-	-	-	-	8
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	610	350,571	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	65,532	49	8	-	-	10
Others	323,446	21,389	34,299	9,752	60,982	20,702
	<u>3,525,872</u>	<u>112,422</u>	<u>770,228</u>	<u>143,944</u>	<u>164,545</u>	<u>89,907</u>
Associates and joint ventures(*3)						
SNNC	7,513	2,043	151,759	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	12,649	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	116,076	486,975	-	-	-
Others	8,837	12,939	21,723	-	-	9,173
	<u>28,999</u>	<u>131,058</u>	<u>660,457</u>	<u>-</u>	<u>-</u>	<u>9,173</u>
₩	<u>3,554,871</u>	<u>243,480</u>	<u>1,430,685</u>	<u>143,944</u>	<u>164,545</u>	<u>99,080</u>

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

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

(*3) As of March 31, 2021, the Company provided guarantees to related companies (Note 20).

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

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Notes to the Condensed Separate Interim Financial Statements, Continued

As of March 31, 2021

(Unaudited)

2) For the three-month period ended March 31, 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.	₩ 1,537	11,079	15	243,473	-	7,712
POSCO COATED & COLOR STEEL Co., Ltd.	116,100	1,694	-	-	8,358	117
POSCO ICT	711	4,989	-	99,306	10,458	46,455
eNtoB Corporation	4	60	57,592	9,105	19	5,562
POSCO CHEMICAL CO., LTD	83,234	19,942	123,744	4,140	82,815	3,709
POSCO ENERGY CO., LTD.	1,287	679	4,610	3	-	5,512
POSCO INTERNATIONAL Corporation	1,520,559	54,331	79,696	-	11,371	1,142
POSCO Thainox Public Company Limited	51,621	66	2,662	-	-	-
POSCO America Corporation	63,642	-	-	-	-	3
POSCO Canada Ltd.	-	63	39,555	-	-	-
POSCO Asia Co., Ltd.	317,301	219	45,486	1,768	396	509
Qingdao Pohang Stainless Steel Co., Ltd.	35,469	-	-	-	-	57
POSCO JAPAN Co., Ltd.	318,234	-	6,722	620	-	438
POSCO-VIETNAM Co., Ltd.	63,588	115	-	-	-	20
POSCO MEXICO S.A. DE C.V.	51,091	36	-	-	-	55
POSCO Maharashtra Steel Private Limited	117,440	803	-	-	-	185
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	32,551	-	-	-	-	-
POSCO VST CO., LTD.	69,594	-	-	-	-	20
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	342	154,767	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	78,164	128	2,314	-	-	-
Others	190,735	14,412	24,509	12,958	61,073	29,067
	3,112,862	108,958	541,672	371,373	174,490	100,563
Associates and joint ventures						
POSCO PLANTEC Co., Ltd.	65	41	916	84,839	4,086	12,431
SNNC	1,410	3,035	120,426	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	13,925	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	322,187	-	-	-
Others	9,707	15,194	12,365	-	-	7,653
	25,107	18,270	455,894	84,839	4,086	20,084
₩	3,137,969	127,228	997,566	456,212	178,576	120,647

(b) The related account balances of significant transactions with related companies as of March 31, 2021 and December 31, 2020 are as follows:

1) March 31, 2021

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,502	8	1,510	-	34,299	310	34,609
POSCO COATED & COLOR STEEL Co., Ltd.	64,143	1,715	65,858	-	5	3,803	3,808
POSCO ICT	61	4,971	5,032	2,758	38,614	28,970	70,342
eNtoB Corporation	-	-	-	2,449	17,704	18	20,171
POSCO CHEMICAL CO., LTD	18,982	14,820	33,802	8,481	57,503	18,194	84,178
POSCO ENERGY CO., LTD.	123	277	400	-	2,093	11,894	13,987
POSCO SPS	83,913	-	83,913	-	1,564	4,215	5,779
POSCO INTERNATIONAL Corporation	673,708	54,337	728,045	2,014	199	502	2,715
POSCO Thainox Public Company Limited	47,663	-	47,663	-	-	-	-
POSCO Asia Co., Ltd.	21,304	667	21,971	-	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	26,401	-	26,401	-	-	-	-
POSCO MEXICO S.A. DE C.V.	106,515	737	107,252	-	-	-	-
POSCO Maharashtra Steel Private Limited	334,220	1,489	335,709	-	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	240,111	1,370	241,481	-	-	-	-
Others	388,478	28,539	417,017	104,165	29,578	80,594	214,337
	2,007,124	108,930	2,116,054	119,867	181,559	148,500	449,926
Associates and joint ventures							
SNNC	271	5,546	5,817	17,399	127	-	17,526
Roy Hill Holdings Pty Ltd	-	116,076	116,076	95,706	34	-	95,740
Others	921	18,517	19,438	2,133	344	-	2,477
	1,192	140,139	141,331	115,238	505	-	115,743
₩	2,008,316	249,069	2,257,385	235,105	182,064	148,500	565,669

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

2) December 31, 2020

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO., LTD. ₩	6,010	11	6,021	-	81,608	394	82,002
POSCO COATED & COLOR STEEL Co., Ltd.	63,520	-	63,520	-	180	3,709	3,889
POSCO ICT	245	1	246	2,820	118,720	31,411	152,951
eNtoB Corporation	-	-	-	1,361	35,846	18	37,225
POSCO CHEMICAL CO., LTD.	19,406	3,434	22,840	13,066	55,515	18,531	87,112
POSCO ENERGY CO., LTD.	261	122	383	-	2,995	12,508	15,503
POSCO SPS	72,009	-	72,009	-	2,352	4,175	6,527
POSCO INTERNATIONAL Corporation	534,531	-	534,531	2,713	-	-	2,713
POSCO Thainox Public Company Limited	39,920	-	39,920	-	-	-	-
POSCO Asia Co., Ltd.	239,847	898	240,745	3,958	258	-	4,216
Qingdao Pohang Stainless Steel Co., Ltd.	25,838	-	25,838	-	-	-	-
POSCO MEXICO S.A. DE C.V.	71,307	397	71,704	-	-	-	-
POSCO Maharashtra Steel Private Limited	173,285	2,006	175,291	-	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	258,563	1,845	260,408	-	-	-	-
Others	227,288	28,117	255,405	41,564	30,433	82,716	154,713
	<u>1,732,030</u>	<u>36,831</u>	<u>1,768,861</u>	<u>65,482</u>	<u>327,907</u>	<u>153,462</u>	<u>546,851</u>
Associates and joint ventures							
SNNC	106	228	334	33,380	-	-	33,380
Roy Hill Holdings Pty Ltd	-	52,076	52,076	201,924	-	-	201,924
Others	818	17,882	18,700	6,704	-	-	6,704
	<u>924</u>	<u>70,186</u>	<u>71,110</u>	<u>242,008</u>	<u>-</u>	<u>-</u>	<u>242,008</u>
₩	<u>1,732,954</u>	<u>107,017</u>	<u>1,839,971</u>	<u>307,490</u>	<u>327,907</u>	<u>153,462</u>	<u>788,859</u>

(c) For the three-month periods ended March 31, 2021 and 2020, details of compensation to key management officers were as follows:

(in millions of Won)

	March 31, 2021	March 31, 2020
Short-term benefits ₩	11,217	10,807
Long-term benefits	1,383	1,152
Retirement benefits	4,835	2,843
₩	<u>17,435</u>	<u>14,802</u>

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

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

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 March 31, 2021, 55 million tons of iron ore and 8 million tons of coal remained to be purchased under such long-term contracts.
 - 2) The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.
 - 3) The Company entered into consecutive voyage charter (CVC) contract for transportation of raw materials. As of March 31, 2021, there are 38 vessels under contract and the average remaining contract period is about 9 years.
 - 4) As of March 31, 2021, the Company entered into commitments with KOREA ENERGY AGENCY for long-term foreign currency borrowing, which is limited up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowing depends on the success of the project. The Company is not liable for the repayment of full or part of the money borrowed if the respective project fail. The Company has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of March 31, 2021, the ending balance of the borrowing amounts to USD 1.02 million.
 - 5) The Company has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to the construction of new power plant by POSCO ENERGY CO., LTD.
 - 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 March 31, 2021, the Company has provided three blank checks to KOREA ENERGY AGENCY as collateral for long-term foreign currency borrowings.

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Notes to the Condensed Separate Interim Financial Statements, Continued As of March 31, 2021 (Unaudited)

(c) Litigation in progress

The Company is involved in 31 lawsuits, including claim for employee right aggregating to ₩50.9 billion as defendant as of March 31, 2021, which arise from the ordinary course of business. The Company has recognized provisions amounting to ₩2.1 billion for one of 31 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 March 31, 2021.

34. Cash Flows from Operating Activities

Changes in operating assets and liabilities for the three-month periods ended March 31, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>	March 31, 2021	March 31, 2020
Trade accounts and notes receivable, net	₩ (392,886)	325,991
Other accounts receivable	(22,993)	159,264
Accrued revenues	(5,140)	-
Inventories	(663,730)	215,460
Prepaid expenses	(13,893)	(20,873)
Other current assets	40	(3,509)
Long-term guarantee deposits	(26)	(414)
Derivative assets	(3,574)	4,898
Other non-current assets	(18,614)	299
Trade accounts and notes payable	(250,809)	211,800
Other accounts payable	(171,395)	(119,818)
Accrued expenses	(22,664)	(32,839)
Advances received	(411)	(533)
Withholdings	3,472	3,582
Unearned revenue	5,029	(1,685)
Other current liabilities	(17,147)	(11,102)
Derivative liabilities	6,523	3,256
Payments of severance benefits	(48,770)	(35,500)
Plan assets	32,499	25,588
Other non-current liabilities	(314)	(8,991)
	₩ <u>(1,584,803)</u>	<u>714,874</u>

35. Events after the reporting period

Pursuant to the resolution of the Board of Directors on May 14, 2021, the Company decided to pay interim cash dividends of ₩3,000 per common share (total dividend: ₩226.9 billion).