

# **POSCO and Subsidiaries**

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

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

## Table of Contents

	Page
<b>Independent Auditors' Review Report</b> .....	1
<b>Condensed Consolidated Interim Financial Statements</b>	
Condensed Consolidated Interim Statements of Financial Position.....	3
Condensed Consolidated Interim Statements of Comprehensive Income .....	5
Condensed Consolidated Interim Statements of Changes in Equity .....	6
Condensed Consolidated Interim Statements of Cash Flows.....	8
Notes to the Condensed Consolidated Interim Financial Statements.....	10

## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Shareholders  
POSCO:

### **Reviewed financial statements**

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

### **Management's responsibility**

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

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

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

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

### **Conclusion**

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

**Other matters**

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

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

KPMG Samjong Accounting Corp.

Seoul, Korea  
August 13, 2021

This report is effective as of August 13, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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

(in millions of Won)

	Notes	June 30, 2021	December 31, 2020
<b>Assets</b>			
Cash and cash equivalents	21	₩ 4,022,137	4,754,644
Trade accounts and notes receivable, net	4,21,26,27,34	9,422,049	8,120,619
Other receivables, net	5,21,34	1,769,510	1,494,239
Other short-term financial assets	6,21	12,714,409	11,709,209
Inventories	7	11,426,742	9,051,790
Current income tax assets		29,668	49,481
Assets held for sale	8	22,090	34,210
Other current assets	14	775,061	616,623
<b>Total current assets</b>		<b>40,181,666</b>	<b>35,830,815</b>
Long-term trade accounts and notes receivable, net	4,21	82,100	86,423
Other receivables, net	5,21	1,163,568	1,195,962
Other long-term financial assets	6,21	1,890,471	1,561,807
Investments in associates and joint ventures	9	3,881,077	3,876,249
Investment property, net	11	1,007,446	994,781
Property, plant and equipment, net	12	29,334,215	29,400,141
Goodwill and other intangible assets, net	13	4,318,275	4,449,432
Defined benefit assets, net	19	26,033	86,149
Deferred tax assets		1,353,661	1,335,154
Other non-current assets	14	231,089	270,060
<b>Total non-current assets</b>		<b>43,287,935</b>	<b>43,256,158</b>
<b>Total assets</b>		<b>₩ 83,469,601</b>	<b>79,086,973</b>

See accompanying notes to the condensed consolidated interim financial statements.

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

(in millions of Won)

	<b>Notes</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Liabilities</b>			
Trade accounts and notes payable	21,34	₩ 4,144,617	3,755,513
Short-term borrowings and current installments of long-term borrowings	4,15,21	8,360,204	8,677,529
Other payables	16,21,34	1,831,865	1,845,266
Other short-term financial liabilities	17,21	78,175	141,404
Current income tax liabilities		1,018,005	366,476
Liabilities directly associated with the assets held for sale	8	7	25
Provisions	18,35	391,717	443,273
Other current liabilities	20,26,27	1,919,680	1,625,482
<b>Total current liabilities</b>		<b>17,744,270</b>	<b>16,854,968</b>
Long-term trade accounts and notes payable	21	34,434	22,323
Long-term borrowings, excluding current installments	15,21	11,942,638	11,820,078
Other payables	16,21	716,899	558,924
Other long-term financial liabilities	17,21	47,042	133,588
Defined benefit liabilities, net	19	168,932	141,785
Deferred tax liabilities		1,376,472	1,320,726
Long-term provisions	18,35	539,716	522,969
Other non-current liabilities	20,26	43,917	37,020
<b>Total non-current liabilities</b>		<b>14,870,050</b>	<b>14,557,413</b>
<b>Total liabilities</b>		<b>32,614,320</b>	<b>31,412,381</b>
<b>Equity</b>			
Share capital	22	482,403	482,403
Capital surplus	22	1,356,188	1,310,547
Hybrid bonds	23	199,384	199,384
Reserves	24	(993,888)	(1,380,918)
Treasury shares	25	(2,508,294)	(2,391,523)
Retained earnings		48,220,729	46,111,457
<b>Equity attributable to owners of the controlling company</b>		<b>46,756,522</b>	<b>44,331,350</b>
<b>Non-controlling interests</b>	23	<b>4,098,759</b>	<b>3,343,242</b>
<b>Total equity</b>		<b>50,855,281</b>	<b>47,674,592</b>
<b>Total liabilities and equity</b>		<b>₩ 83,469,601</b>	<b>79,086,973</b>

See accompanying notes to the condensed consolidated interim financial statements.

# POSCO and Subsidiaries

## Condensed Consolidated Interim Statements of Comprehensive Income

### For the three-month and six-month periods ended June 30, 2021 and 2020 (Unaudited)

(in millions of Won, except per share information)

	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2021	2020	2021	2020
<b>Revenue</b>	26,27,34,37	₩ 18,292,466	13,721,554	34,361,189	28,267,367
<b>Cost of sales</b>	7,27,31,34	(15,469,223)	(12,987,612)	(29,400,171)	(26,223,142)
<b>Gross profit</b>		2,823,243	733,942	4,961,018	2,044,225
Selling and administrative expenses	31,34				
Reversal of (impairment loss) on trade accounts and notes receivable		1,368	(25,337)	7,523	(35,325)
Other administrative expenses	28	(516,069)	(456,541)	(1,022,390)	(933,607)
Selling expenses	28	(107,953)	(84,348)	(193,121)	(202,326)
<b>Operating profit</b>		2,200,589	167,716	3,753,030	872,967
Share of profit (loss) of equity-accounted investees, net	9	187,869	(11,530)	265,869	20,134
Finance income and costs	21,29				
Finance income		379,944	210,669	1,175,488	1,530,093
Finance costs		(433,678)	(232,049)	(1,299,977)	(1,577,325)
Other non-operating income and expenses	34				
Reversal of (impairment loss) on other receivables		(6,143)	410	(12,749)	(787)
Other non-operating income	30	203,827	102,603	333,798	166,904
Other non-operating expenses	30,31	(134,569)	(103,673)	(258,061)	(217,437)
<b>Profit before income tax</b>	37	2,397,839	134,146	3,957,398	794,549
Income tax expense	32,37	(590,667)	(29,278)	(1,011,447)	(255,023)
<b>Profit</b>		1,807,172	104,868	2,945,951	539,526
<b>Other comprehensive income (loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	19	(1,053)	1,198	(2,778)	(2,652)
Net changes in fair value of equity investments at fair value through other comprehensive income	21	76,883	36,870	168,889	(165,966)
Items that are or may be reclassified subsequently to profit or loss:					
Capital adjustment arising from investments in equity-accounted investees		(15,387)	142,902	72,712	81,696
Foreign currency translation differences		(15,937)	70,576	146,769	66,142
Gains or losses on valuation of derivatives	21	239	(784)	225	(841)
<b>Other comprehensive income (loss), net of tax</b>		44,745	250,762	385,817	(21,621)
<b>Total comprehensive income</b>		₩ 1,851,917	355,630	3,331,768	517,905
<b>Profit attributable to:</b>					
Owners of the controlling company		₩ 1,664,343	40,282	2,689,079	435,675
Non-controlling interests		142,829	64,586	256,872	103,851
<b>Profit</b>		₩ 1,807,172	104,868	2,945,951	539,526
<b>Total comprehensive income attributable to:</b>					
Owners of the controlling company		₩ 1,718,526	282,755	3,069,036	412,741
Non-controlling interests		133,391	72,875	262,732	105,164
<b>Total comprehensive income</b>		₩ 1,851,917	355,630	3,331,768	517,905
<b>Basic and diluted earnings per share (in Won)</b>	33	21,986	483	35,447	5,400

See accompanying notes to the condensed consolidated interim financial statements.

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

(in millions of Won)

	Attributable to owners of the controlling company							Non-	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal	controlling interests	
<b>Balance as of January 1, 2020</b>	₩ 482,403	1,376,251	199,384	(1,157,980)	(1,508,303)	45,080,117	44,471,872	3,322,835	47,794,707
<b>Comprehensive income:</b>									
Profit	-	-	-	-	-	435,675	435,675	103,851	539,526
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(2,768)	(2,768)	116	(2,652)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	77,600	-	-	77,600	4,096	81,696
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(162,981)	-	(2,985)	(165,966)	-	(165,966)
Foreign currency translation differences, net of tax	-	-	-	69,000	-	-	69,000	(2,858)	66,142
Gains or losses on valuation of derivatives, net of tax	-	-	-	(799)	-	-	(799)	(42)	(841)
<b>Total comprehensive income</b>	-	-	-	(17,180)	-	429,922	412,742	105,163	517,905
<b>Transactions with owners of the controlling company, recognized directly in equity:</b>									
Year-end dividends	-	-	-	-	-	(320,462)	(320,462)	(60,517)	(380,979)
Interim dividends	-	-	-	-	-	(120,174)	(120,174)	-	(120,174)
Changes in ownership interest in subsidiaries	-	(6,766)	-	-	-	-	(6,766)	139,008	132,242
Repayment of redeemable convertible preferred shares	-	(33,581)	-	-	-	-	(33,581)	(245,000)	(278,581)
Interest of hybrid bonds	-	-	-	-	-	(4,587)	(4,587)	(3,637)	(8,224)
Acquisition of treasury shares	-	-	-	-	(64,823)	-	(64,823)	-	(64,823)
Others	-	(755)	-	5,874	-	(8,419)	(3,300)	4,373	1,073
<b>Total transactions with owners of the controlling company</b>	-	(41,102)	-	5,874	(64,823)	(453,642)	(553,693)	(165,773)	(719,466)
<b>Balance as of June 30, 2020</b>	₩ 482,403	1,335,149	199,384	(1,169,286)	(1,573,126)	45,056,397	44,330,921	3,262,225	47,593,146

See accompanying notes to the condensed consolidated interim financial statements.



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

(in millions of Won)

	Attributable to owners of the controlling company							Non-	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal	controlling interests	
<b>Balance as of January 1, 2021</b>	₩ 482,403	1,310,547	199,384	(1,380,918)	(2,391,523)	46,111,457	44,331,350	3,343,242	47,674,592
<b>Comprehensive income:</b>									
Profit	-	-	-	-	-	2,689,079	2,689,079	256,872	2,945,951
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(5,007)	(5,007)	2,229	(2,778)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	76,587	-	-	76,587	(3,875)	72,712
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	170,940	-	(2,066)	168,874	15	168,889
Foreign currency translation differences, net of tax	-	-	-	139,339	-	-	139,339	7,430	146,769
Gains or losses on valuation of derivatives, net of tax	-	-	-	164	-	-	164	61	225
<b>Total comprehensive income</b>	-	-	-	387,030	-	2,682,006	3,069,036	262,732	3,331,768
<b>Transactions with owners of the controlling company, recognized directly in equity:</b>									
Year-end dividends	-	-	-	-	-	(342,565)	(342,565)	(59,835)	(402,400)
Interim dividends	-	-	-	-	-	(226,877)	(226,877)	-	(226,877)
Changes in subsidiaries	-	-	-	-	-	-	-	16,800	16,800
Changes in ownership interest in subsidiaries	-	51,243	-	-	-	-	51,243	538,054	589,297
Interest of hybrid bonds	-	-	-	-	-	(4,562)	(4,562)	(3,597)	(8,159)
Acquisition of treasury shares	-	-	-	-	(116,771)	-	(116,771)	-	(116,771)
Others	-	(5,602)	-	-	-	1,270	(4,332)	1,363	(2,969)
<b>Total transactions with owners of the controlling company</b>	-	45,641	-	-	(116,771)	(572,734)	(643,864)	492,785	(151,079)
<b>Balance as of June 30, 2021</b>	₩ 482,403	1,356,188	199,384	(993,888)	(2,508,294)	48,220,729	46,756,522	4,098,759	50,855,281

See accompanying notes to the condensed consolidated interim financial statements.

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

(in millions of Won)

	<u>Notes</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Cash flows from operating activities</b>			
Profit	₩	2,945,951	539,526
Adjustments for:			
Depreciation		1,557,056	1,555,037
Amortization		220,474	230,394
Finance income		(577,967)	(749,166)
Finance costs		657,286	894,470
Income tax expense		1,011,447	255,023
Impairment loss on property, plant and equipment		16,892	21,400
Gain on disposal of property, plant and equipment		(6,939)	(7,346)
Loss on disposal of property, plant and equipment		36,147	78,989
Impairment loss on other intangible assets		7,220	1,184
Gain on disposal of investments			
in subsidiaries, associates and joint ventures		(26,054)	(41,339)
Loss on disposal of investments			
in subsidiaries, associates and joint ventures		7,569	10,073
Share of profit of equity-accounted investees		(265,869)	(20,134)
Impairment loss on assets held for sale		-	5,030
Gain on disposal of assets held for sale		(45,743)	(300)
Expenses related to post-employment benefit		120,595	123,989
Impairment loss on trade and other receivables		5,226	36,112
Loss on valuation of inventories		27,835	129,398
Increase to provisions		43,414	19,156
Others, net		(48,199)	(14,055)
		<u>2,740,390</u>	<u>2,527,915</u>
Changes in operating assets and liabilities	36	(3,295,393)	1,205,502
Interest received		112,130	175,455
Interest paid		(243,277)	(346,723)
Dividends received		276,792	140,616
Income taxes paid		(321,483)	(391,928)
Net cash provided by operating activities	₩	<u>2,215,110</u>	<u>3,850,363</u>

See accompanying notes to the condensed consolidated interim financial statements.

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

(in millions of Won)

	Notes	June 30, 2021	June 30, 2020
<b>Cash flows from investing activities</b>			
Acquisitions of short-term financial instruments	₩	(19,204,164)	(21,020,169)
Proceeds from disposal of short-term financial instruments		18,077,010	19,491,360
Increase in loans		(418,390)	(503,914)
Collection of loans		547,258	544,806
Acquisitions of securities		(142,498)	(674,767)
Proceeds from disposal of securities		216,672	270,642
Acquisitions of investment in associates and joint ventures		(91,734)	(85,908)
Proceeds from disposal of investment in associates and joint ventures		37,756	7,591
Acquisitions of investment property		(565)	(3,907)
Proceeds from disposal of investment property		2,591	250
Acquisitions of property, plant and equipment		(1,224,620)	(1,622,465)
Payment of disposal of property, plant and equipment		(10,164)	(19,139)
Acquisitions of intangible assets		(124,012)	(197,535)
Proceeds from disposal of intangible assets		12,861	71,304
Proceeds from disposal of assets held for sale		58,750	590
Collection of lease receivables		61,849	27,453
Cash received from disposal of business, net of cash transferred		-	38,360
Others, net		1,064	(3,860)
Net cash used in investing activities		(2,200,336)	(3,679,308)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		631,374	3,218,540
Repayment of borrowings		(1,939,753)	(1,044,881)
Proceeds from short-term borrowings, net		734,001	994,266
Capital contribution from non-controlling interests		614,259	139,008
Payment of cash dividends		(629,243)	(500,915)
Acquisition of treasury shares		(116,771)	(64,823)
Payment of interest of hybrid bonds		(8,204)	(8,250)
Repayment of lease liabilities		(113,657)	(96,092)
Repayment of redeemable convertible preferred shares		-	(278,581)
Others, net		13,958	(7,987)
Net cash provided by (used in) financing activities		(814,036)	2,350,285
<b>Effect of exchange rate fluctuation on cash held</b>		66,755	4,699
<b>Net increase (decrease) in cash and cash equivalents</b>		(732,507)	2,526,039
<b>Cash and cash equivalents at beginning of the period</b>	8	4,755,578	3,515,246
<b>Cash and cash equivalents at end of the period</b>	8	₩ 4,023,071	6,041,285

See accompanying notes to the condensed consolidated interim financial statements.

# POSCO and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### As of June 30, 2021

#### (Unaudited)

---

#### 1. General Information

General information about POSCO, its 35 domestic subsidiaries including POSCO ENGINEERING & CONSTRUCTION CO., LTD., 132 foreign subsidiaries including POSCO America Corporation (collectively "the Company") and its 128 associates and joint ventures are as follows:

##### (a) The controlling company

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

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

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

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

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

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

Company	Date of exclusion	Reason
POSCO E&C Mongolia	January 2021	Liquidation
Suncheon Eco Trans Co. LTD	May 2021	Loss of control due to bankruptcy petition

## **POSCO and Subsidiaries**

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

---

## **2. Statement of Compliance**

### **Statement of compliance**

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

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

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

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

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

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

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

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

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

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

## **POSCO and Subsidiaries**

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

---

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

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

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

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

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

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

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

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

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

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

## POSCO and Subsidiaries

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

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

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

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

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

## 4. Trade Accounts and Notes Receivable

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

<i>(in millions of Won)</i>		June 30, 2021	December 31, 2020
<b>Current</b>			
Trade accounts and notes receivable	₩	8,829,346	7,471,916
Finance lease receivables		42,463	41,841
Due from customers for contract work		893,244	948,879
Less: Allowance for doubtful accounts		(343,004)	(342,017)
	₩	<u>9,422,049</u>	<u>8,120,619</u>
<b>Non-current</b>			
Trade accounts and notes receivable	₩	127,165	131,010
Finance lease receivables		-	46
Less: Allowance for doubtful accounts		(45,065)	(44,633)
	₩	<u>82,100</u>	<u>86,423</u>

The Company sold trade accounts and notes receivable with recourse to financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position, because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of June 30, 2021, and December 31, 2020, the carrying amounts of such secured borrowings are ₩273,906 million and ₩328,807 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

# POSCO and Subsidiaries

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

### 5. Other Receivables

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

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>			
Loans	₩	245,864	258,735
Other accounts receivable		1,063,630	835,791
Accrued income		403,414	298,157
Deposits		65,900	82,884
Others		19,789	18,015
Lease receivables		52,675	68,198
Less: Allowance for doubtful accounts		(81,762)	(67,541)
	₩	<u>1,769,510</u>	<u>1,494,239</u>
<b>Non-current</b>			
Loans	₩	728,596	798,287
Other accounts receivable		171,329	197,304
Accrued income		70,127	86,920
Deposits		358,445	284,588
Lease receivables		97,701	128,366
Less: Allowance for doubtful accounts		(262,630)	(299,503)
	₩	<u>1,163,568</u>	<u>1,195,962</u>

### 6. Other Financial Assets

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

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>			
Derivative assets	₩	53,875	99,324
Debt securities		53,361	154,154
Deposit instruments(*1,2)		2,656,502	2,322,327
Short-term financial instruments(*2)		9,950,671	9,133,404
	₩	<u>12,714,409</u>	<u>11,709,209</u>
<b>Non-current</b>			
Derivative assets	₩	51,312	18,551
Equity securities(*3)		1,339,116	1,120,968
Debt securities		24,844	20,260
Other securities(*3)		439,914	364,404
Deposit instruments(*2)		35,285	37,624
	₩	<u>1,890,471</u>	<u>1,561,807</u>

(\*1) As of June 30, 2021 and December 31, 2020, ₩3,384 million and ₩4,881 million, respectively, are restricted in use for government project.

(\*2) As of June 30, 2021 and December 31, 2020, financial instruments amounting to ₩89,116 million and ₩46,855 million, respectively, are restricted in use for financial arrangements, pledge and others.

(\*3) As of June 30, 2021 and December 31, 2020, ₩188,363 million and ₩113,674 million of equity and other securities, respectively, have been provided as collateral for borrowings, construction projects and others.



## POSCO and Subsidiaries

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

#### 7. Inventories

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

(in millions of Won)

		June 30, 2021	December 31, 2020
Finished goods	₩	1,493,211	1,285,552
Merchandise		877,811	751,245
Semi-finished goods		1,971,770	1,626,855
Raw materials		2,843,819	1,980,518
Fuel and materials		869,194	876,593
Construction inventories		864,955	936,813
Materials-in-transit		2,546,427	1,664,770
Others		70,286	61,086
		11,537,473	9,183,432
Less: Allowance for inventories valuation		(110,731)	(131,642)
	₩	11,426,742	9,051,790

The amounts of loss on valuation of inventories recognized in cost of sales during the six-month period ended June 30, 2021 and the year ended December 31, 2020 were ₩27,835 million and ₩54,014 million, respectively.

#### 8. Assets Held for Sale

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

(in millions of Won)

		June 30, 2021			December 31, 2020		
		The controlling company (*1, *2, *3)	Subsidiaries	Total	The controlling company(*3)	Subsidiaries	Total
<b>Asset</b>							
Cash and cash equivalents(*4)	₩	-	934	934	-	934	934
Other financial assets		-	273	273	-	273	273
Property, plant and equipment		20,164	-	20,164	32,244	40	32,284
Others		-	719	719	-	719	719
	₩	20,164	1,926	22,090	32,244	1,966	34,210
<b>Liability</b>							
Others	₩	-	7	7	-	25	25

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

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

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

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

# POSCO and Subsidiaries

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

### 9. Investments in Associates and Joint ventures

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

Company	June 30, 2021			December 31, 2020	
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
<b>[Domestic]</b>					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	178,691,901,565	36.34	₩ 178,787	₩ 175,691	175,939
Samcheok Blue Power Co., Ltd.( *1)	4,507,138	34.00	199,410	156,674	145,092
SNNC	18,130,000	49.00	90,650	174,006	160,332
QSONE Co., Ltd.	200,000	50.00	84,395	85,736	86,004
Chun-cheon Energy Co., Ltd.( *1)	17,308,143	49.10	86,541	21,390	23,913
Western Inland highway CO., LTD.	10,062,564	31.40	50,313	47,049	45,070
NEXTRAIN Co., Ltd.( *2)	-	-	-	-	47,364
Metropolitan Outer Ring Expressway co., Ltd.( *1)	4,565,162	23.27	22,826	20,678	13,721
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	2,008,000	29.53	10,040	17,897	17,137
Daesung Steel( *3)	108,038	17.54	14,000	17,656	16,990
PCC Amberstone Private Equity Fund 1( *3)	8,508,486,198	8.80	8,390	9,267	9,230
Others (58 companies)( *1)				97,930	103,472
				823,974	844,264
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	135,219,000	25.04	132,907	224,879	199,342
AES-VCM Mong Duong Power Company Limited( *1)	-	30.00	164,303	173,592	158,777
9404-5515 Quebec Inc.( *3)	114,452,000	10.40	124,341	129,322	123,296
Eureka Moly LLC	-	20.00	240,123	45,200	43,520
AMCI (WA) PTY LTD	49	49.00	209,664	70,516	71,732
NCR LLC	-	22.10	72,143	73,508	46,608
KOREA LNG LTD.	2,400	20.00	135,205	25,208	42,229
Nickel Mining Company SAS	3,234,698	49.00	157,585	36,455	40,890
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	134,400,000	40.00	22,423	22,689	22,147
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	10,200,000	34.00	9,517	16,614	15,181
PT. Wampu Electric Power( *1)	8,708,400	20.00	10,054	14,363	12,716
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	50	25.00	4,723	8,084	7,110
Others (25 companies)( *1)				116,571	105,021
				957,001	888,569
				₩ 1,780,975	1,732,833

(\*1) As of June 30, 2021 and December 31, 2020, investments in associates amounting to ₩397,994 million and ₩410,573 million, respectively, are provided as collateral in relation to the associates' borrowings.

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

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

# POSCO and Subsidiaries

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

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

Company	June 30, 2021				December 31, 2020
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
<b>[Domestic]</b>					
POSCO MITSUBISHI CARBON TECHNOLOGY	11,568,000	60.00	₩ 115,680	₩ 162,115	153,457
Others (6 companies)				9,060	14,014
				<u>171,175</u>	<u>167,471</u>
<b>[Foreign]</b>					
Roy Hill Holdings Pty Ltd(*1)	13,117,972	12.50	1,528,672	1,340,459	1,418,056
POSCO-NPS Niobium LLC	325,050,000	50.00	364,609	367,366	353,725
KOBRASCO	2,010,719,185	50.00	32,950	70,026	54,400
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	25.00	61,961	98,022	91,270
DMSA/AMSA(*1,2)	-	3.87	391,816	24,962	31,104
CSP - Companhia Siderurgica do Pecem	1,578,377,432	20.00	676,060	-	-
Others (10 companies)				28,092	27,390
				<u>1,928,927</u>	<u>1,975,945</u>
				<u>₩ 2,100,102</u>	<u>2,143,416</u>

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

(\*2) All of the shareholders of the joint venture entered into supplemental funding agreement to extend the maturity of the loans of the joint venture by the lenders. However, the Company believed the shareholders' supplemental funding agreement was invalid and was in arbitration process for annulment. As a result of the final judgement in favor, the Company received a refund of the previously paid-up supplement funding amount and deducted the carrying amount due to a change in the ownership.

# POSCO and Subsidiaries

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

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

### 1) For the six-month period ended June 30, 2021

(in millions of Won)

Company	December 31, 2020 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*1)	June 30, 2021 Book value
<b>[Domestic]</b>						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 175,939	-	-	(248)	-	175,691
Samcheok Blue Power Co., Ltd.	145,092	20,000	-	(3,067)	(5,351)	156,674
SNNC	160,332	-	(1,469)	15,143	-	174,006
QSONE Co., Ltd.	86,004	-	(1,140)	872	-	85,736
Chun-cheon Energy Co., Ltd.	23,913	-	-	(3,088)	565	21,390
Western Inland highway CO., LTD.	45,070	2,646	-	(710)	43	47,049
NEXTRAIN Co., Ltd.	47,364	-	-	(127)	(47,237)	-
Metropolitan Outer Ring Expressway co., Ltd.	13,721	8,716	-	(1,765)	6	20,678
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	17,137	-	-	760	-	17,897
Daesung Steel	16,990	-	-	666	-	17,656
PCC Amberstone Private Equity Fund 1	9,230	-	(340)	526	(149)	9,267
POSCO MITSUBISHI CARBON TECHNOLOGY	153,457	-	-	8,658	-	162,115
Others (64 companies)	117,486	22,239	(455)	(9,541)	(22,739)	106,990
	1,011,735	53,601	(3,404)	8,079	(74,862)	995,149
<b>[Foreign]</b>						
South-East Asia Gas Pipeline Company Ltd.	199,342	-	(5,656)	23,240	7,953	224,879
AES-VCM Mong Duong Power Company Limited	158,777	-	(10,841)	18,765	6,891	173,592
9404-5515 Quebec Inc.	123,296	-	(3,798)	4,981	4,843	129,322
Eureka Moly LLC	43,520	-	-	-	1,680	45,200
AMCI (WA) PTY LTD	71,732	-	-	(2,306)	1,090	70,516
NCR LLC	46,608	18,203	-	(730)	9,427	73,508
KOREA LNG LTD.	42,229	-	(3,840)	3,842	(17,023)	25,208
Nickel Mining Company SAS	40,890	-	-	(4,663)	228	36,455
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	22,147	-	-	(494)	1,036	22,689
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	15,181	-	-	577	856	16,614
PT. Wampu Electric Power	12,716	-	-	923	724	14,363
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	7,110	-	-	429	545	8,084
Roy Hill Holdings Pty Ltd	1,418,056	-	(320,691)	209,868	33,226	1,340,459
POSCO-NPS Niobium LLC	353,725	-	(6,640)	6,551	13,730	367,366
KOBRASCO	54,400	-	(7,422)	17,311	5,737	70,026
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	91,270	-	-	2,668	4,084	98,022
DMSA/AMSA	31,104	-	-	(8,059)	1,917	24,962
CSP - Companhia Siderurgica do Pecem	-	19,176	-	(27,815)	8,639	-
Others (35 companies)	132,411	754	(3,440)	12,702	2,236	144,663
	2,864,514	38,133	(362,328)	257,790	87,819	2,885,928
₩	3,876,249	91,734	(365,732)	265,869	12,957	3,881,077

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

# POSCO and Subsidiaries

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

### As of June 30, 2021

#### (Unaudited)

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

(in millions of Won)

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

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

# POSCO and Subsidiaries

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

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

### 1) June 30, 2021

(in millions of Won)

Company	Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
<b>[Domestic]</b>					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 457,190	458	456,732	-	383
Samcheok Blue Power Co., Ltd.	1,521,884	1,050,807	471,077	-	(2,262)
SNNC	584,632	208,332	376,300	363,617	25,700
QSONE Co., Ltd.	250,571	79,098	171,473	8,748	1,745
Chun-cheon Energy Co., Ltd	600,316	514,065	86,251	140,056	(6,601)
Western Inland highway CO., LTD.	175,971	9,517	166,454	-	(932)
Metropolitan Outer Ring Expressway co., Ltd.	142,117	37,640	104,477	-	(433)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	80,945	50,649	30,296	15,500	2,575
Daesung Steel	170,304	101,035	69,269	54,925	3,792
PCC Amberstone Private Equity Fund 1	105,349	-	105,349	6,096	5,979
POSCO MITSUBISHI CARBON TECHNOLOGY	458,794	187,285	271,509	69,594	15,731
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	1,564,830	666,761	898,069	212,992	92,810
AES-VCM Mong Duong Power Company Limited	1,673,112	1,111,074	562,038	212,056	62,550
9404-5515 Quebec Inc.	1,259,715	4,073	1,255,642	-	47,894
KOREA LNG LTD.	126,370	329	126,041	20,245	19,210
Nickel Mining Company SAS	440,722	312,317	128,405	108,446	(8,592)
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	109,926	53,406	56,520	13,928	(1,258)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	95,950	41,483	54,467	67,124	1,752
PT. Wampu Electric Power	200,756	131,972	68,784	9,553	4,617
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	72,305	40,128	32,177	48,726	1,586
Roy Hill Holdings Pty Ltd	9,819,731	3,425,896	6,393,835	3,784,148	1,707,488
POSCO-NPS Niobium LLC	734,529	-	734,529	-	10,885
KOBRASCO	174,519	34,467	140,052	56,718	34,892
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	631,527	266,304	365,223	982,946	10,673
DMSA/AMSA	5,240,678	2,698,957	2,541,721	156,734	(187,964)
CSP - Companhia Siderurgica do Pecem	3,635,691	3,709,394	(73,703)	1,210,650	342,635

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

2) December 31, 2020

(in millions of Won)

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

# POSCO and Subsidiaries

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

### 10. Joint Operations

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

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

### 11. Investment Property, Net

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

(a) For the six-month period ended June 30, 2021

(in millions of Won)		Beginning	Acquisitions	Disposals	Depreciation	Others(*1)	Ending
Land	₩	279,397	1,443	(1,057)	-	(1,280)	278,503
Buildings		559,584	2,117	(1,539)	(10,739)	19,020	568,443
Structures		1,199	-	-	(305)	157	1,051
Right-of-use assets		154,601	-	-	(2,211)	7,059	159,449
	₩	<u>994,781</u>	<u>3,560</u>	<u>(2,596)</u>	<u>(13,255)</u>	<u>24,956</u>	<u>1,007,446</u>

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



## POSCO and Subsidiaries

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

(b) For the year ended December 31, 2020

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

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

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

## 12. Property, Plant and Equipment, Net

Changes in the carrying amount of property, plant and equipment for the six-month period ended June 30, 2021 and the year ended December 31, 2020 were as follows:

(a) For the six-month period ended June 30, 2021

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Impairment loss(*1)</b>	<b>Others(*2)</b>	<b>Ending</b>
Land	₩	2,590,087	56,314	(15)	-	-	10,479	2,656,865
Buildings		4,161,400	5,081	(2,126)	(158,137)	(595)	181,099	4,186,722
Structures		3,025,226	7,583	(311)	(113,077)	(4)	64,541	2,983,958
Machinery and equipment		16,857,307	110,150	(8,983)	(1,143,918)	(16,293)	401,436	16,199,699
Vehicles		37,156	4,948	(312)	(7,369)	-	2,369	36,792
Tools		60,301	6,734	(223)	(14,834)	-	11,593	63,571
Furniture and fixtures		127,459	9,892	(981)	(23,507)	-	21,785	134,648
Lease assets		773,700	159,824	(5,365)	(78,362)	-	45,355	895,152
Bearer plants		149,965	-	(17)	(4,597)	-	20,113	165,464
Construction-in-progress		1,617,540	1,049,107	(6,074)	-	-	(649,229)	2,011,344
	₩	<u>29,400,141</u>	<u>1,409,633</u>	<u>(24,407)</u>	<u>(1,543,801)</u>	<u>(16,892)</u>	<u>109,541</u>	<u>29,334,215</u>

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

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

# POSCO and Subsidiaries

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

(b) For the year ended December 31, 2020

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

(\*1) The Company estimated the recoverable amount of individual assets for which operations were discontinued 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, reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

(c) Information on lease contracts 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 investment property and property, plant and equipment for the six-month period ended June 30, 2021 were as follows.

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Depreciation</b>	<b>Others</b>	<b>Ending</b>
Land	₩	371,719	5,740	(7,141)	13,034	383,352
Buildings and structures		171,760	16,277	(31,872)	4,441	160,606
Machinery and equipment		239,181	7,632	(20,871)	35,941	261,883
Vehicles		11,456	6,516	(3,290)	(2,948)	11,734
Ships		106,555	120,217	(8,357)	-	218,415
Others		27,630	3,442	(9,042)	(3,419)	18,611
	₩	<u>928,301</u>	<u>159,824</u>	<u>(80,573)</u>	<u>47,049</u>	<u>1,054,601</u>

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

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

# POSCO and Subsidiaries

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

### 2) Amount recognized in profit or loss

The amounts recognized in profit or loss related to leases for the three-month and the six-month periods ended June 30, 2021 and 2020 were as follows:

(in millions of Won)	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
	₩	₩	₩	₩
Interest on lease liabilities	8,179	8,822	17,133	17,830
Expenses relating to short-term leases	4,636	3,845	9,930	8,850
Expenses relating to leases of low-value assets	3,918	3,595	7,745	7,924
	<u>₩ 16,733</u>	<u>16,262</u>	<u>34,808</u>	<u>34,604</u>

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

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

#### (a) For the six-month period ended June 30, 2021

(in millions of Won)	Beginning	Acquisitions	Disposals	Amortization	Impairment loss(*2)	Others(*3)	Ending
Goodwill	₩ 903,893	-	-	-	-	1,148	905,041
Intellectual property rights	2,170,738	101,783	(485)	(131,902)	-	33,975	2,174,109
Membership(*1)	138,703	4,010	(3,119)	(64)	(4)	208	139,734
Development expense	227,111	306	-	(37,472)	-	(29,906)	160,039
Port facilities usage rights	236,272	-	-	(11,055)	-	142	225,359
Exploration and evaluation assets	57,140	1,833	-	(7)	258	27	59,251
Customer relationships	330,247	-	-	(22,239)	-	(73)	307,935
Other intangible assets	385,328	27,886	(14,841)	(17,735)	(7,180)	(26,651)	346,807
	<u>₩ 4,449,432</u>	<u>135,818</u>	<u>(18,445)</u>	<u>(220,474)</u>	<u>(6,926)</u>	<u>(21,130)</u>	<u>4,318,275</u>

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

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

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

## POSCO and Subsidiaries

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

(b) For the year ended December 31, 2020

(in millions of Won)

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

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

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

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

## 14. Other Assets

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

(in millions of Won)

		June 30, 2021	December 31, 2020
<b>Current</b>			
Advance payments	₩	428,225	348,753
Prepaid expenses		282,608	181,985
Firm commitment asset		31,828	23,506
Others		32,400	62,379
	₩	<u>775,061</u>	<u>616,623</u>
<b>Non-current</b>			
Advance payments	₩	22,263	21,587
Prepaid expenses		84,749	92,774
Others(*1)		124,077	155,699
	₩	<u>231,089</u>	<u>270,060</u>

(\*1) As of June 30, 2021 and December 31, 2020, the Company recognized tax assets amounting to ₩67,521 million and ₩121,225 million, respectively, based on the Company's best estimate of the tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

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

**15. Borrowings**

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

(in millions of Won)

	<b>Lenders</b>	<b>Interest rate (%)</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Short-term borrowings</b>				
Bank overdrafts	JP Morgan and others	0.53 ~ 4.83	₩ 182,437	146,762
Short-term borrowings	HSBC and others	0.17 ~ 8.50	5,907,191	5,047,633
			<u>6,089,628</u>	<u>5,194,395</u>
<b>Current portion of long-term liabilities</b>				
Current portion of long-term borrowings	Export-Import Bank of Korea and others	0.19 ~ 8.50	731,366	1,067,338
Current portion of debentures	Merrill Lynch and others	1.14 ~ 4.30	1,539,982	2,417,339
Less: Current portion of discount on debentures issued			(772)	(1,543)
			<u>2,270,576</u>	<u>3,483,134</u>
			<u>₩ 8,360,204</u>	<u>8,677,529</u>

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

(in millions of Won)

	<b>Lenders</b>	<b>Interest rate (%)</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Long-term borrowings	Export-Import Bank of Korea and others	0.45 ~ 4.50	₩ 3,485,128	3,366,400
Less: Present value discount			(13,963)	(16,058)
Bonds	KB Securities co., Ltd. and others	0.50 ~ 4.00	8,502,103	8,505,485
Less: Discount on debentures issued			(30,630)	(35,749)
			<u>₩ 11,942,638</u>	<u>11,820,078</u>

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

(in millions of Won)

	<b>Lenders</b>	<b>Book value</b>	<b>Pledged amount</b>
Cash and cash equivalents	Shinhan Bank and others	₩ 22,894	23,116
Property, plant and equipment and Investment property	Korea Development Bank and others	4,353,854	4,945,331
Trade accounts and notes receivable	Korea Development Bank and others	275,033	274,417
Inventories	Export-Import Bank of Korea and others	106,231	12,650
Financial instruments	KB Kookmin Bank and others	25,529	25,529
		<u>₩ 4,783,541</u>	<u>5,281,043</u>

# POSCO and Subsidiaries

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

### 16. Other Payables

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

(in millions of Won)

		<u>June 30, 2021</u>	<u>December 31, 2020</u>
<b>Current</b>			
Accounts payable	₩	812,905	800,439
Accrued expenses		734,490	697,087
Dividend payable		2,691	2,703
Lease liabilities		170,899	244,548
Withholdings		110,880	100,489
	₩	<u>1,831,865</u>	<u>1,845,266</u>
<b>Non-current</b>			
Accounts payable	₩	12,711	5,572
Accrued expenses		4,942	4,953
Lease liabilities		633,877	495,127
Withholdings		65,369	53,272
	₩	<u>716,899</u>	<u>558,924</u>

### 17. Other Financial Liabilities

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

(in millions of Won)

		<u>June 30, 2021</u>	<u>December 31, 2020</u>
<b>Current</b>			
Derivative liabilities	₩	54,679	82,859
Financial guarantee liabilities		23,496	58,545
	₩	<u>78,175</u>	<u>141,404</u>
<b>Non-current</b>			
Derivative liabilities	₩	43,240	129,505
Financial guarantee liabilities		3,802	4,083
	₩	<u>47,042</u>	<u>133,588</u>

## POSCO and Subsidiaries

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

#### 18. Provisions

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

(in millions of Won)

	June 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Provision for bonus payments	₩ 55,149	49,843	73,441	48,510
Provision for construction warranties	12,926	220,563	9,662	217,435
Provision for legal contingencies and claims(*1)	33,156	66,350	24,275	63,175
Provision for the restoration(*2)	6,376	146,066	5,307	134,438
Others(*3, *4)	284,110	56,894	330,588	59,411
	₩ 391,717	539,716	443,273	522,969

(\*1) The Company recognized probable outflow of resources amounting to ₩76,191 million and ₩59,211 million as provisions for legal contingencies and asserted claim in relation to lawsuits against the Company as of June 30, 2021 and December 31, 2020, respectively.

(\*2) Due to contamination of lands near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery of ₩15,166 million as provisions for restoration as of June 30, 2021. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials currently available to recover the land. In addition, the Company has applied a discount rate of 1.57~1.81% to measure present value of these costs.

(\*3) As of June 30, 2021 and December 31, 2020, POSCO ENERGY CO., LTD., and Korea Fuel Cell, subsidiaries of the Company, recognized ₩72,165 million and ₩80,842 million of provisions for warranties, respectively, for the service contract on fuel cell based on its estimate of probable outflow of resources.

(\*4) The Company has recognized emission liabilities of ₩42,161 million for greenhouse gas emissions in excess of the quantity of free quota emission rights received, which is expected to be submitted subsequent to June 30, 2021.

## POSCO and Subsidiaries

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

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

1) For the six-month period ended June 30, 2021

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Increase</b>	<b>Utilization</b>	<b>Reversal</b>	<b>Others(*1)</b>	<b>Ending</b>
Provision for bonus payments	₩	121,951	41,157	(55,217)	(1,880)	(1,019)	104,992
Provision for construction warranties		227,097	38,170	(30,389)	(1,502)	113	233,489
Provision for legal contingencies and claims		87,450	22,120	(9,957)	(2,607)	2,500	99,506
Provision for the restoration		139,745	22,113	(3,387)	(10,460)	4,431	152,442
Others		389,999	128,732	(99,062)	(81,398)	2,733	341,004
	₩	<u>966,242</u>	<u>252,292</u>	<u>(198,012)</u>	<u>(97,847)</u>	<u>8,758</u>	<u>931,433</u>

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

2) For the year ended December 31, 2020

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

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

## 19. Employee Benefits

(a) Defined contribution plans

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

		<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
<i>(in millions of Won)</i>		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Expense related to post-employment benefit plans under defined contribution plans	₩	12,369	11,845	24,550	25,047

(b) Defined benefit plan

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

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>December 31, 2020</b>
Present value of funded obligations	₩	2,435,647	2,439,938
Fair value of plan assets(*1)		(2,305,478)	(2,397,717)
Present value of non-funded obligations		12,730	13,415
Net defined benefit liabilities	₩	<u>142,899</u>	<u>55,636</u>



# POSCO and Subsidiaries

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

(\*1) As of June 30, 2021 and December 31, 2020, the Company recognized net defined benefit assets amounting to ₩26,033 million and ₩86,149 million respectively, since there are consolidated entities whose fair value of plan assets exceeded the present value of defined benefit obligations.

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

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>December 31, 2020</b>
Defined benefit obligation			
at the beginning of period	₩	2,453,353	2,431,880
Current service costs		120,405	245,047
Interest costs		25,525	47,485
Remeasurements		2,808	(52,732)
Benefits paid		(153,324)	(225,293)
Others		(390)	6,966
Defined benefit obligation at the end of period	₩	<u>2,448,377</u>	<u>2,453,353</u>

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

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>December 31, 2020</b>
Fair value of plan assets			
at the beginning of period	₩	2,397,717	2,255,149
Interest on plan assets		25,335	44,208
Remeasurement of plan assets		(2,516)	(600)
Contributions to plan assets		16,157	307,367
Benefits paid		(130,543)	(213,246)
Others		(672)	4,839
Fair value of plan assets at the end of period	₩	<u>2,305,478</u>	<u>2,397,717</u>

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

<i>(in millions of Won)</i>	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current service costs	₩ 58,066	61,202	120,405	122,511
Net interest costs	36	179	190	1,478
	₩ <u>58,102</u>	<u>61,381</u>	<u>120,595</u>	<u>123,989</u>

# POSCO and Subsidiaries

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

### 20. Other Liabilities

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

(in millions of Won)

		June 30, 2021	December 31, 2020
<b>Current</b>			
Due to customers for contract work	₩	919,991	807,465
Advances received		473,537	416,960
Unearned revenue		45,147	24,433
Withholdings		456,803	332,327
Firm commitment liability		9,078	35,993
Others		15,124	8,304
	₩	<u>1,919,680</u>	<u>1,625,482</u>
<b>Non-current</b>			
Unearned revenue	₩	23,386	17,953
Others		20,531	19,067
	₩	<u>43,917</u>	<u>37,020</u>

### 21. Financial Instruments

(a) Classification and fair value of financial instruments

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

#### ① June 30, 2021

(in millions of Won)

		Book value	Fair value			Total
			Level 1	Level 2	Level 3	
<b>Financial assets</b>						
Fair value through profit or loss						
Derivative assets	₩	82,991	-	82,991	-	82,991
Short-term financial instruments		9,950,671	-	9,950,671	-	9,950,671
Debt securities		13,798	-	-	13,798	13,798
Other securities		439,914	37,676	2,157	400,081	439,914
Other receivables		2,000	-	-	2,000	2,000
Derivative hedging instruments(*2)		22,196	-	22,196	-	22,196
Fair value through other comprehensive income						
Equity securities		1,339,116	1,174,853	-	164,263	1,339,116
Debt securities		13,261	-	-	13,261	13,261
Financial assets measured at amortized cost(*1)						
Cash and cash equivalents		4,022,137	-	-	-	-
Trade accounts and notes receivable		8,681,429	-	-	-	-
Other receivables		2,476,203	-	-	-	-
Debt securities		51,146	-	-	-	-
Deposit instruments		2,691,787	-	-	-	-
	₩	<u>29,786,649</u>	<u>1,212,529</u>	<u>10,058,015</u>	<u>593,403</u>	<u>11,863,947</u>
<b>Financial liabilities</b>						
Fair value through profit or loss						
Derivative liabilities	₩	72,067	-	72,067	-	72,067
Derivative hedging instruments(*2)		25,852	-	25,852	-	25,852
Financial liabilities measured at amortized cost(*1)						
Trade accounts and notes payable		4,179,051	-	-	-	-
Borrowings		20,302,842	-	20,496,400	-	20,496,400
Financial guarantee liabilities		27,298	-	-	-	-
Others		2,446,321	-	-	-	-
	₩	<u>27,053,431</u>	<u>-</u>	<u>20,594,319</u>	<u>-</u>	<u>20,594,319</u>

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

# POSCO and Subsidiaries

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

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

### ② December 31, 2020

(in millions of Won)

(in millions of Won)

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

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

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

### ① For the six-month period ended June 30, 2021

(in millions of Won)

	Interest income (expense)	Gain and loss on valuation	Finance income and costs				Other comprehensive income (loss)
			Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩ 76,894	(10,092)	-	1,834	7,834	76,470	-
Derivatives assets	-	86,297	-	179,226	-	265,523	-
Financial assets at fair value through other comprehensive income	-	-	-	-	21,691	21,691	168,889
Financial assets measured at amortized cost	39,493	-	227,861	(6,417)	(89)	260,848	-
Derivatives liabilities	-	44,500	-	(230,286)	-	(185,786)	225
Financial liabilities measured at amortized cost	(235,613)	-	(341,254)	-	13,632	(563,235)	-
₩	(119,226)	120,705	(113,393)	(55,643)	43,068	(124,489)	169,114

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

② For the six-month period ended June 30, 2020

(in millions of Won)

(in millions of Won)		Finance income and costs					Other comprehensive income (loss)	
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others		Total
Financial assets at fair value through profit or loss	₩	82,003	7,804	-	2,854	998	93,659	-
Derivatives assets		-	264,487	-	138,177	-	402,664	-
Financial assets at fair value through other comprehensive income		-	-	-	-	25,568	25,568	(165,966)
Financial assets measured at amortized cost		121,999	-	296,873	(9,620)	(160)	409,092	-
Derivatives liabilities		-	(39,069)	-	(176,867)	-	(215,936)	(841)
Financial liabilities measured at amortized cost		(346,799)	-	(415,610)	-	130	(762,279)	-
	₩	(142,797)	233,222	(118,737)	(45,456)	26,536	(47,232)	(166,807)

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

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

(in millions of Won)

(in millions of Won)		Finance income and costs					Other comprehensive income (loss)	
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others		Total
Financial assets at fair value through profit or loss	₩	41,559	(5,241)	-	2,296	7,764	46,378	-
Derivatives assets		-	(15,018)	-	113,380	-	98,362	-
Financial assets at fair value through other comprehensive income		-	-	-	-	(578)	(578)	77,997
Financial assets measured at amortized cost		20,206	-	(10,101)	(3,047)	(51)	7,007	-
Derivatives liabilities		-	15,985	-	(157,305)	-	(141,320)	239
Financial liabilities measured at amortized cost		(106,296)	-	22,598	-	20,115	(63,583)	-
	₩	(44,531)	(4,274)	12,497	(44,676)	27,250	(63,734)	78,236

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

(in millions of Won)

(in millions of Won)		Finance income and costs					Other comprehensive income (loss)	
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others		Total
Financial assets at fair value through profit or loss	₩	40,881	7,471	-	2,549	768	51,669	-
Derivatives assets		-	(45,740)	-	82,386	-	36,646	-
Financial assets at fair value through other comprehensive income		-	-	-	-	262	262	36,870
Financial assets measured at amortized cost		70,267	-	(187,582)	(3,634)	(70)	(121,019)	-
Derivatives liabilities		-	33,221	-	(86,565)	-	(53,344)	(784)
Financial liabilities measured at amortized cost		(171,672)	-	236,596	-	(518)	64,406	-
	₩	(60,524)	(5,048)	49,014	(5,264)	442	(21,380)	36,086

(b) Financial risk management

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

## POSCO and Subsidiaries

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

#### 22. Share Capital and Capital Surplus

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

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

(\*1) As of June 30, 2021, total shares of ADRs of 26,910,200 outstanding in overseas stock market are equivalent to 6,727,550 of common stock.

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

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

<i>(in millions of Won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	796,623	796,623
Other capital surplus	95,740	50,099
	₩ 1,356,188	1,310,547

# POSCO and Subsidiaries

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

### 23. Hybrid Bonds

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

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

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

	<b>Hybrid bond 1-2</b>
Maturity date	30 years (POSCO has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-06-12 : 4.60% Reset every 10 years as follows; · After 10 years: return on government bond of the Republic of Korea (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 POSCO)
Others	POSCO can call the hybrid bond at year 10th anniversary of issuance and interest payment date afterwards

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

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

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

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

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

# POSCO and Subsidiaries

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

The hybrid bond holders' preference in the event of liquidation is senior to the common stockholders, but subordinated to other creditors. The interest accumulated but not paid on the hybrid bonds as of June 30, 2021 amounts to ₩659 million.

### 24. Reserves

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

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>December 31, 2020</b>
Accumulated comprehensive loss of investments in associates and joint ventures	₩	(616,589)	(693,176)
Changes in fair value of equity investments at fair value through other comprehensive income		(188,343)	(359,283)
Foreign currency translation differences		(200,368)	(339,707)
Gains or losses on valuation of derivatives		(535)	(699)
Others		11,947	11,947
	₩	<u>(993,888)</u>	<u>(1,380,918)</u>

### 25. Treasury Shares

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

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

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

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

**26. Revenue**

(a) Disaggregation of revenue

- 1) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the six-month periods ended June 30, 2021 and 2020 were as follows:

① For the six-month period ended June 30, 2021

<i>(in millions of Won)</i>		<b>Steel</b>	<b>Trading</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
<b>Types of revenue</b>						
Revenue from sales of goods	₩	18,049,216	10,987,566	-	667,278	29,704,060
Revenue from services		265,205	236,072	26,988	913,293	1,441,558
Revenue from construction contract		-	-	2,947,135	19,706	2,966,841
Others		25,509	137,359	1,006	84,856	248,730
	₩	<u>18,339,930</u>	<u>11,360,997</u>	<u>2,975,129</u>	<u>1,685,133</u>	<u>34,361,189</u>
<b>Timing of revenue recognition</b>						
Revenue recognized at a point in time	₩	18,074,725	11,124,925	20,756	752,134	29,972,540
Revenue recognized over time		265,205	236,072	2,954,373	932,999	4,388,649
	₩	<u>18,339,930</u>	<u>11,360,997</u>	<u>2,975,129</u>	<u>1,685,133</u>	<u>34,361,189</u>

② For the six-month period ended June 30, 2020

<i>(in millions of Won)</i>		<b>Steel</b>	<b>Trading</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
<b>Types of revenue</b>						
Revenue from sales of goods	₩	13,227,955	9,738,336	-	367,967	23,334,258
Revenue from services		232,864	191,253	22,848	885,331	1,332,296
Revenue from construction contract		-	-	3,368,635	14,207	3,382,842
Others		18,599	87,032	4,019	108,321	217,971
	₩	<u>13,479,418</u>	<u>10,016,621</u>	<u>3,395,502</u>	<u>1,375,826</u>	<u>28,267,367</u>
<b>Timing of revenue recognition</b>						
Revenue recognized at a point in time	₩	13,246,554	9,825,368	104,538	476,289	23,652,749
Revenue recognized over time		232,864	191,253	3,290,964	899,537	4,614,618
	₩	<u>13,479,418</u>	<u>10,016,621</u>	<u>3,395,502</u>	<u>1,375,826</u>	<u>28,267,367</u>

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

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

<i>(in millions of Won)</i>		<b>Steel</b>	<b>Trading</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
<b>Types of revenue</b>						
Revenue from sales of goods	₩	9,714,721	5,901,820	-	349,335	15,965,876
Revenue from services		138,345	137,117	14,608	420,151	710,221
Revenue from construction contract		-	-	1,499,718	6,810	1,506,528
Others		10,351	75,612	498	23,380	109,841
	₩	<u>9,863,417</u>	<u>6,114,549</u>	<u>1,514,824</u>	<u>799,676</u>	<u>18,292,466</u>
<b>Timing of revenue recognition</b>						
Revenue recognized at a point in time	₩	9,725,072	5,977,432	2,134	372,715	16,077,353
Revenue recognized over time		138,345	137,117	1,512,690	426,961	2,215,113
	₩	<u>9,863,417</u>	<u>6,114,549</u>	<u>1,514,824</u>	<u>799,676</u>	<u>18,292,466</u>



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

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

(in millions of Won)

	Steel	Trading	Construction	Others	Total
<b>Types of revenue</b>					
Revenue from sales of goods	₩ 6,256,679	4,823,693	-	176,643	11,257,015
Revenue from services	108,391	108,114	10,788	368,404	595,697
Revenue from construction contract	-	-	1,762,872	7,587	1,770,459
Others	8,895	29,139	2,918	57,431	98,383
	₩ 6,373,965	4,960,946	1,776,578	610,065	13,721,554
<b>Timing of revenue recognition</b>					
Revenue recognized at a point in time	₩ 6,265,574	4,852,832	93,583	234,076	11,446,065
Revenue recognized over time	108,391	108,114	1,682,995	375,989	2,275,489
	₩ 6,373,965	4,960,946	1,776,578	610,065	13,721,554

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

(in millions of Won)

	June 30, 2021	December 31, 2020
<b>Receivables</b>		
Account receivables	₩ 8,681,429	7,332,890
<b>Contract assets</b>		
Due from customers for contract work	822,720	874,152
<b>Contract liabilities</b>		
Advance received	475,103	418,777
Due to customers for contract work	919,991	807,465
Unearned revenue	68,301	42,040

# POSCO and Subsidiaries

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

### 27. Revenue – Contract Balances

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

(in millions of Won)

	June 30, 2021		December 31, 2020	
	Construction segment	Others	Construction segment	Others
Accumulated cost	₩ 31,312,473	168,156	30,780,560	247,737
Accumulated contract profit	3,098,849	32,028	3,034,148	49,692
Accumulated contract loss	(1,276,835)	(1,856)	(1,260,451)	(2,482)
Accumulated contract revenue	33,134,487	198,328	32,554,257	294,947

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

(in millions of Won)

	June 30, 2021		December 31, 2020	
	Construction segment	Others	Construction segment	Others
Due from customers for contract	₩ 850,277	42,967	915,285	33,594
Due to customers for contract work	(860,913)	(59,078)	(765,818)	(41,647)
	₩ (10,636)	(16,111)	149,467	(8,053)

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

(in millions of Won)

	June 30, 2021	December 31, 2020
Construction segment	₩ 48,703	70,818
Others	326	437
	₩ 49,029	71,255

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

(in millions of Won)

	Changes in estimated total contract costs	Changes in profit (loss) of contract		
		Net income (loss)	Future income (loss)	Total
Construction segment	₩ 235,344	62,516	10,344	72,860
Others	(554)	2,674	653	3,327
	₩ 234,790	65,190	10,997	76,187

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

## POSCO and Subsidiaries

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

---

#### (e) Uncertainty of estimates

##### 1) Total contract revenues

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

##### 2) Total contract costs

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

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

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

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

**28. Selling and Administrative Expenses**

(a) Other administrative expenses

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

<i>(in millions of Won)</i>	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Wages and salaries	₩ 209,721	197,024	431,148	410,520
Expenses related to post-employment benefits	38,229	19,502	71,148	41,881
Other employee benefits	46,941	40,293	93,289	85,751
Travel	4,454	3,537	8,737	9,890
Depreciation	33,979	37,905	70,603	72,857
Amortization	22,100	27,351	49,748	54,633
Communication	2,191	2,409	4,342	4,801
Electricity	1,744	1,849	3,631	4,030
Taxes and public dues	25,043	19,719	46,802	32,075
Rental	7,314	9,632	12,252	16,265
Repairs	2,673	1,311	5,021	3,238
Entertainment	2,182	1,437	4,356	3,545
Advertising	20,436	17,296	36,510	34,653
Research & development	28,030	25,405	60,372	49,271
Service fees	50,876	37,342	85,882	76,775
Vehicles maintenance	1,238	1,129	2,501	2,499
Industry association fee	2,416	2,373	5,784	6,039
Conference	3,233	2,482	6,120	5,325
Increase to provisions	2,494	355	2,821	1,882
Others	10,775	8,190	21,323	17,677
	<u>₩ 516,069</u>	<u>456,541</u>	<u>1,022,390</u>	<u>933,607</u>

(b) Selling expenses

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

<i>(in millions of Won)</i>	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Freight and custody expenses	₩ 55,226	40,640	94,822	86,103
Operating expenses for distribution center	1,793	1,661	3,539	3,687
Sales commissions	19,082	20,194	37,762	67,919
Sales advertising	253	312	389	570
Sales promotion	1,598	1,393	3,124	3,236
Sample	474	331	988	872
Sales insurance premium	9,965	7,452	19,218	15,629
Contract cost	16,003	8,118	27,102	15,750
Others	3,559	4,247	6,177	8,560
	<u>₩ 107,953</u>	<u>84,348</u>	<u>193,121</u>	<u>202,326</u>

# POSCO and Subsidiaries

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

### 29. Finance Income and Costs

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

(in millions of Won)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
<b>Finance income</b>				
Interest income(*1)	₩ 61,765	111,148	116,387	204,002
Dividend income	7,186	1,030	29,525	26,566
Gain on foreign currency transactions	189,030	290,855	400,965	636,287
Gain on foreign currency translations	(11,130)	(227,550)	203,866	219,977
Gain on derivatives transactions	130,573	84,616	199,043	144,640
Gain on valuations of derivatives	(24,615)	(60,773)	188,235	281,200
Others	27,135	11,343	37,467	17,421
	<u>₩ 379,944</u>	<u>210,669</u>	<u>1,175,488</u>	<u>1,530,093</u>
<b>Finance costs</b>				
Interest expenses	₩ 106,296	171,672	235,613	346,799
Loss on foreign currency transactions	200,031	236,231	380,301	484,754
Loss on foreign currency translations	(34,628)	(221,940)	337,923	490,247
Loss on derivatives transactions	174,498	88,795	250,103	183,330
Loss on valuation of derivatives	(25,581)	(48,254)	57,438	55,782
Loss on disposal of trade accounts and notes receivable	3,047	3,670	6,417	9,656
Others	10,015	1,875	32,182	6,757
	<u>₩ 433,678</u>	<u>232,049</u>	<u>1,299,977</u>	<u>1,577,325</u>

(\*1) Interest income calculated using the effective interest method for the six-month periods ended June 30, 2021 and 2020 were ₩39,493 million and ₩121,999 million, respectively.

# POSCO and Subsidiaries

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

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

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

(in millions of Won)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
<b>Other non-operating income</b>				
Gain on disposals of assets held for sale	₩ 44,946	-	45,743	299
Gain on disposals of investments in subsidiaries, associates and joint ventures	22,212	37,370	26,054	41,339
Gain on disposals of property, plant and equipment	3,616	2,511	6,939	7,346
Gain on valuation of firm commitment	68,057	17,548	118,653	37,666
Gain on disposals of emission rights	559	16,823	567	24,566
Gain on insurance claim	2,088	6,145	20,549	7,133
Reversal of other provisions	2,223	561	2,399	839
Others(*1)	60,126	21,645	112,894	47,716
	<u>₩ 203,827</u>	<u>102,603</u>	<u>333,798</u>	<u>166,904</u>
<b>Other non-operating expenses</b>				
Impairment loss on assets held for sale	₩ -	5,030	-	5,030
Loss on disposals of investments in subsidiaries, associates and joint ventures	6,465	5,121	7,569	10,073
Loss on disposals of property, plant and equipment	17,490	38,318	36,147	78,989
Impairment loss on property, plant and equipment	-	21,322	16,892	21,400
Loss on valuation of firm commitment	33,552	1,742	77,318	36,075
Idle tangible asset expenses	7,476	5,330	12,669	10,685
Increase to other provisions	4,175	372	10,476	1,224
Donations	9,887	4,553	15,528	16,708
Others	55,524	21,885	81,462	37,253
	<u>₩ 134,569</u>	<u>103,673</u>	<u>258,061</u>	<u>217,437</u>

(\*1) During the six-month period ended June 30, 2021, the Company recognized ₩48,771 million of non-operating income for refund of other than income tax as a result of administrative litigation for tax audits.

# POSCO and Subsidiaries

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

### 31. Expenses by Nature

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

(in millions of Won)

		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2021	2020	2021	2020
Raw material used, changes in inventories and others	₩	10,951,324	8,300,004	20,516,134	16,948,281
Employee benefits expenses		899,138	852,159	1,842,191	1,772,198
Outsourced processing cost		1,807,732	2,056,490	3,522,210	4,086,789
Electricity and water expenses		188,318	142,562	362,216	313,258
Depreciation(*1)		771,871	784,867	1,557,056	1,555,037
Amortization		109,687	116,107	220,474	230,394
Freight and custody expenses		377,597	329,787	717,221	682,131
Sales commissions		19,082	20,194	37,762	67,919
Loss on disposal of property, plant and equipment		17,490	38,318	36,147	78,989
Impairment loss on property, plant and equipment		-	21,322	16,892	21,400
Impairment loss on intangible assets		37	761	7,220	1,184
Donations		9,887	4,553	15,528	16,708
Other expenses		1,081,050	989,396	2,028,376	1,847,456
	₩	<u>16,233,213</u>	<u>13,656,520</u>	<u>30,879,427</u>	<u>27,621,744</u>

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

### 32. Income Taxes

The effective tax rates of the Company for the six-month periods ended June 30, 2021 and 2020 were 25.56% and 32.10%, respectively.

# POSCO and Subsidiaries

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

### 33. Earnings per Share

Basic earnings per share for the three-month and six-month periods ended June 30, 2021 and 2020 were as follows:

(in Won except per share information)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
Profit attributable to controlling interest	₩ 1,664,343,793,496	40,281,852,768	2,689,079,475,876	435,674,548,777
Interests of hybrid bonds	(1,662,931,506)	(1,662,931,506)	(3,307,589,040)	(3,325,863,013)
Weighted-average number of common shares outstanding (*1)	75,625,572	80,006,436	75,767,898	80,061,039
Basic earnings per share	₩ 21,986	483	35,447	5,400

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

(Shares)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
Total number of common shares issued	87,186,835	87,186,835	87,186,835	87,186,835
Weighted-average number of treasury shares	(11,561,263)	(7,180,399)	(11,418,937)	(7,125,796)
Weighted-average number of common shares outstanding	75,625,572	80,006,436	75,767,898	80,061,039

Since there were no potential shares of common stock which had dilutive effects as of June 30, 2021 and 2020, diluted earnings per share is equal to basic earnings per share.



# POSCO and Subsidiaries

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

### 34. Related Party Transactions

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

1) For the six-month period ended June 30, 2021

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries(*3)</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 2,796	11,082	-	202,735	69	13,481
POSCO COATED & COLOR STEEL Co., Ltd.	291,173	2,085	-	-	17,346	431
POSCO ICT(*4)	837	4,992	-	94,130	20,828	90,417
eNtoB Corporation	7	-	136,794	21,607	21	9,603
POSCO CHEMICAL CO., LTD.	128,745	21,446	226,321	5,555	147,420	2,296
POSCO ENERGY CO., LTD.	3,214	966	3,538	-	-	11,199
POSCO SPS	337,690	-	-	-	21,405	439
POSCO INTERNATIONAL Corporation	4,222,135	54,331	424,428	-	541	2,839
POSCO Thainox Public Company Limited	150,184	-	-	-	-	20
POSCO Canada Ltd.	-	681	81,745	-	-	-
POSCO Asia Co., Ltd.	19,137	32	417	-	-	705
Qingdao Pohang Stainless Steel Co., Ltd.	81,402	-	-	-	-	-
POSCO JAPAN Co., Ltd.	722,496	1	14,322	287	-	1,044
POSCO-VIETNAM Co., Ltd.	187,544	339	-	-	-	-
POSCO MEXICO S.A. DE C.V.	197,177	71	-	-	-	86
POSCO Maharashtra Steel Private Limited	377,857	180	-	-	-	101
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	66,647	-	-	-	-	-
POSCO VST CO., LTD.	96,247	-	-	-	-	8
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	853	746,681	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	120,944	110	8	-	-	10
Others	658,857	52,590	60,126	25,211	122,229	53,622
	<u>7,665,089</u>	<u>149,759</u>	<u>1,694,380</u>	<u>349,525</u>	<u>329,859</u>	<u>186,301</u>
<b>Associates and joint ventures(*3)</b>						
SNNC	20,052	2,342	295,657	-	-	53
POSCO-SAMSUNG-Slovakia Processing Center	31,193	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	256,138	1,040,468	-	-	-
Others	22,340	23,575	47,172	-	-	19,833
	<u>73,585</u>	<u>282,055</u>	<u>1,383,297</u>	<u>-</u>	<u>-</u>	<u>19,886</u>
₩	<u>7,738,674</u>	<u>431,814</u>	<u>3,077,677</u>	<u>349,525</u>	<u>329,859</u>	<u>206,187</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 June 30, 2021, the Company provided guarantees to related parties (Note 35).

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

# POSCO and Subsidiaries

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

### 2) For the six-month period ended June 30, 2020

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 3,548	11,096	15	442,305	60	12,835
POSCO COATED & COLOR STEEL Co., Ltd.	205,766	1,695	-	-	15,176	208
POSCO ICT	1,429	4,991	-	184,310	20,941	87,668
eNtoB Corporation	7	60	113,378	18,848	28	12,493
POSCO CHEMICAL CO., LTD	144,466	24,770	229,721	12,830	154,424	4,362
POSCO ENERGY CO., LTD.	1,553	1,216	9,995	3	-	11,110
POSCO INTERNATIONAL Corporation	2,795,437	54,331	110,798	-	11,371	2,083
POSCO Thainox Public Company Limited	106,717	137	3,454	-	-	-
POSCO America Corporation	96,266	-	-	-	-	3
POSCO Canada Ltd.	-	816	90,805	-	-	-
POSCO Asia Co., Ltd.	719,978	965	81,671	2,272	1,162	1,419
Qingdao Pohang Stainless Steel Co., Ltd.	70,768	66	-	-	-	176
POSCO JAPAN Co., Ltd.	548,842	-	16,420	2,959	-	1,088
POSCO-VIETNAM CO., Ltd.	101,105	223	-	-	-	20
POSCO MEXICO S.A. DE C.V.	68,574	99	-	-	-	304
POSCO Maharashtra Steel Private Limited	153,754	847	-	-	-	185
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	57,645	-	-	-	-	-
POSCO VST CO., LTD.	132,216	56	-	-	-	20
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	804	291,649	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	120,059	213	2,314	-	-	18
Others	453,004	17,971	38,792	25,580	128,557	58,047
	5,781,134	120,356	989,012	689,107	331,719	192,039
<b>Associates and joint ventures</b>						
SNNC	2,901	3,478	219,060	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	17,154	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	625,545	-	-	-
Others	14,397	54,974	29,870	84,839	4,086	25,779
	34,452	58,452	874,475	84,839	4,086	25,779
₩	5,815,586	178,808	1,863,487	773,946	335,805	217,818

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

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

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 1,182	13	-	113,873	9	7,018
POSCO COATED & COLOR STEEL Co., Ltd.	167,747	51	-	-	9,899	270
POSCO ICT	390	2	-	59,840	10,122	40,995
eNtoB Corporation	3	-	76,604	11,960	7	5,096
POSCO CHEMICAL CO., LTD	70,786	5,166	112,256	4,166	73,125	870
POSCO ENERGY CO., LTD.	2,454	277	1,409	-	-	5,594
POSCO SPS	188,917	-	-	-	10,711	233
POSCO INTERNATIONAL Corporation	2,323,778	-	258,276	-	194	2,303
POSCO Thainox Public Company Limited	89,311	-	-	-	-	-
POSCO Canada Ltd.	-	190	46,949	-	-	-
POSCO Asia Co., Ltd.	848	-	-	-	-	433
Qingdao Pohang Stainless Steel Co., Ltd.	40,454	-	-	-	-	-
POSCO JAPAN Co., Ltd.	364,525	-	6,721	283	-	564
POSCO-VIETNAM Co., Ltd.	106,634	-	-	-	-	-
POSCO MEXICO S.A. DE C.V.	104,386	37	-	-	-	86
POSCO Maharashtra Steel Private Limited	209,005	96	-	-	-	12
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	38,135	-	-	-	-	-
POSCO VST CO., LTD.	39,839	-	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	243	396,110	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	55,412	61	-	-	-	-
Others	335,411	31,201	25,827	15,459	61,247	32,920
	4,139,217	37,337	924,152	205,581	165,314	96,394
<b>Associates and joint ventures</b>						
SNNC	12,539	299	143,898	-	-	53
POSCO-SAMSUNG-Slovakia Processing Center	18,544	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	140,062	553,493	-	-	-
Others	13,503	10,636	25,449	-	-	10,660
	44,586	150,997	722,840	-	-	10,713
₩	4,183,803	188,334	1,646,992	205,581	165,314	107,107

# POSCO and Subsidiaries

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

### As of June 30, 2021

#### (Unaudited)

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

(in millions of Won)

	Sales and others		Purchase and others			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries</b>						
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 2,011	17	-	198,832	60	5,123
POSCO COATED & COLOR STEEL Co., Ltd.	89,666	1	-	-	6,818	91
POSCO ICT	718	2	-	85,004	10,483	41,213
eNtoB Corporation	3	-	55,786	9,743	9	6,931
POSCO CHEMICAL CO., LTD.	61,232	4,828	105,977	8,690	71,609	653
POSCO ENERGY CO., LTD.	266	537	5,385	-	-	5,598
POSCO INTERNATIONAL Corporation	1,274,878	-	31,102	-	-	941
POSCO Thainox Public Company Limited	55,096	71	792	-	-	-
POSCO America Corporation	32,624	-	-	-	-	-
POSCO Canada Ltd.	-	753	51,250	-	-	-
POSCO Asia Co., Ltd.	402,677	746	36,185	504	766	910
Qingdao Pohang Stainless Steel Co., Ltd.	35,299	66	-	-	-	119
POSCO JAPAN Co., Ltd.	230,608	-	9,698	2,339	-	650
POSCO-VIETNAM Co., Ltd.	37,517	108	-	-	-	-
POSCO MEXICO S.A. DE C.V.	17,483	63	-	-	-	249
POSCO Maharashtra Steel Private Limited	36,314	44	-	-	-	-
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	25,094	-	-	-	-	-
POSCO VST CO., LTD.	62,622	56	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	462	136,882	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	41,895	85	-	-	-	18
Others	262,269	3,559	14,283	12,622	67,484	28,980
	2,668,272	11,398	447,340	317,734	157,229	91,476
<b>Associates and joint ventures</b>						
SNNC	1,491	443	98,634	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	3,229	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	303,358	-	-	-
Others	4,625	39,739	16,589	-	-	5,695
	9,345	40,182	418,581	-	-	5,695
₩	2,677,617	51,580	865,921	317,734	157,229	97,171

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

#### 1) June 30, 2021

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
<b>Subsidiaries</b>							
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩ 2,909	6	2,915	-	53,489	321	53,810
POSCO COATED & COLOR STEEL Co., Ltd.	96,258	2,295	98,553	-	110	5,540	5,650
POSCO ICT	111	2	113	2,620	52,924	26,115	81,659
eNtoB Corporation	-	-	-	1,613	43,529	18	45,160
POSCO CHEMICAL CO., LTD.	23,127	3,471	26,598	14,266	48,255	17,120	79,641
POSCO ENERGY CO., LTD.	734	176	910	-	2,502	11,288	13,790
POSCO SPS	107,435	-	107,435	33	1,534	4,252	5,819
POSCO INTERNATIONAL Corporation	916,818	105	916,923	6,453	697	502	7,652
POSCO Thainox Public Company Limited	54,270	-	54,270	-	-	-	-
POSCO Asia Co., Ltd.	-	676	676	6	-	-	6
Qingdao Pohang Stainless Steel Co., Ltd.	20,816	-	20,816	-	-	-	-
POSCO MEXICO S.A. DE C.V.	126,547	745	127,292	-	-	-	-
POSCO Maharashtra Steel Private Limited	426,597	1,509	428,106	-	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	259,845	1,388	261,233	-	-	-	-
Others	393,381	20,469	413,850	124,964	31,902	80,913	237,779
	2,428,848	30,842	2,459,690	149,955	234,942	146,069	530,966
<b>Associates and joint ventures</b>							
SNNC	364	4,347	4,711	32,030	-	-	32,030
Roy Hill Holdings Pty Ltd	-	140,062	140,062	189,072	-	-	189,072
Others	477	22,888	23,365	2,942	287	-	3,229
	841	167,297	168,138	224,044	287	-	224,331
₩	2,429,689	198,139	2,627,828	373,999	235,229	146,069	755,297

# POSCO and Subsidiaries

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

### 2) December 31, 2020

(in millions of Won)

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

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

### 1) For the six-month period ended June 30, 2021

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
New Songdo International City Development, LLC ₩	128,044	266	-	81
SNNC	33,020	53	15,256	15,166
Noeul Green Energy Co., Ltd.	3,045	-	-	1,041
CSP - Companhia Siderurgica do Pecem	4,557	-	30,569	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	24,394	-	16,647	6,736
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	7,125	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	17,982	-	130	-
DMSA/AMSA	-	-	10,084	-
South-East Asia Gas Pipeline Company Ltd.	-	10,016	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	23,067	7	2,050	110
Samcheok Blue Power Co., Ltd.	107,568	-	-	-
TK CHEMICAL CORPORATION(*1)	14,906	-	2,292	-
Metropolitan Outer Ring Expressway Co., Ltd	22,480	-	-	-
UITrans LRT Co., Ltd.	10,443	-	-	-
Roy Hill Holdings Pty Ltd	-	64,553	-	-
Others(*2)	82,933	19,577	10,657	9,035
₩	<u>479,564</u>	<u>94,472</u>	<u>87,685</u>	<u>32,169</u>

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

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

# POSCO and Subsidiaries

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

### 2) For the six-month period ended June 30, 2020

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
POSCO PLANTEC Co., Ltd.	₩ 2,558	-	5	-
New Songdo International City Development, LLC	51,863	26,450	-	46
SNNC	27,202	-	25,282	107,507
Chuncheon Energy Co., Ltd.	287	211	-	-
Noeul Green Energy Co., Ltd.	3,039	-	-	-
CSP - Companhia Siderurgica do Pecem	18,311	4,925	123,368	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	18,928	-	24,782	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	-	2,393	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	3,294	-	-	-
PT. Batutua Tembaga Raya	-	1,111	16,575	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	12,131	-	165	-
DMSA/AMSA	-	-	29,198	-
South-East Asia Gas Pipeline Company Ltd.	7	38,517	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	15,961	19,438	1,888	452
Samcheok Blue Power Co., Ltd.	89,910	-	-	-
TK CHEMICAL CORPORATION	59,752	-	18,743	-
Others	61,699	29,773	17,714	16,853
	₩ 364,942	120,425	260,113	124,858

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

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

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
New Songdo International City Development, LLC	₩ 81,825	266	-	40
SNNC	23,365	-	11,239	9,779
Noeul Green Energy Co., Ltd.	1,533	-	-	519
CSP - Companhia Siderurgica do Pecem	2,642	-	30,569	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	17,824	-	8,338	1,053
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	4,214	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	8,192	-	91	-
DMSA/AMSA	-	-	10,082	-
South-East Asia Gas Pipeline Company Ltd.	-	2,032	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	14,351	-	1,038	60
Samcheok Blue Power Co., Ltd.	49,504	-	-	-
TK CHEMICAL CORPORATION	-	-	-	-
Metropolitan Outer Ring Expressway Co., Ltd	12,927	-	-	-
UITrans LRT Co., Ltd.	1,508	-	-	-
Roy Hill Holdings Pty Ltd	-	35,534	-	-
Others	47,119	16,827	3,810	4,972
	₩ 265,004	54,659	65,167	16,423

# POSCO and Subsidiaries

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

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

(in millions of Won)

	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
<b>Associates and joint ventures</b>				
POSCO PLANTEC Co., Ltd.	₩ -	-	-	-
New Songdo International City Development, LLC	31,663	26,450	-	43
SNNC	16,847	-	13,179	508
Chuncheon Energy Co., Ltd.	-	-	-	-
Noeul Green Energy Co., Ltd.	1,516	-	-	-
CSP - Companhia Siderurgica do Pecem	1,566	493	39,178	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	8,152	-	12,242	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	-	1,437	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	767	-	-	-
PT. Batutua Tembaga Raya	-	152	5,034	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	7,287	-	101	-
DMSA/AMSA	-	-	3,035	-
South-East Asia Gas Pipeline Company Ltd.	-	18,511	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	7,096	37	814	185
Samcheok Blue Power Co., Ltd.	48,026	-	-	-
TK CHEMICAL CORPORATION	24,411	-	6,547	-
Others	28,565	24,208	8,642	7,345
	₩ 175,896	69,851	90,209	8,081

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

1) June 30, 2021

(in millions of Won)

	Receivables				Payables		
	Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes payable	Others	Total
<b>Associates and joint ventures</b>							
New Songdo International City Development, LLC	₩ 45,279	-	18,264	63,543	-	23,030	23,030
Chuncheon Energy Co., Ltd.	-	-	-	-	367	-	367
Samcheok Blue Power Co., Ltd.	128,817	-	-	128,817	-	6,300	6,300
Nickel Mining Company SAS	-	62,708	144	62,852	-	-	-
CSP - Companhia Siderurgica do Pecem	-	-	-	-	3,203	-	3,203
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	18,005	-	-	18,005	1,357	-	1,357
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	11,725	-	-	11,725	168	-	168
South-East Asia Gas Pipeline Company Ltd.	-	69,859	-	69,859	-	-	-
POSCO MITSUBISHI CARBON	5,740	-	-	5,740	895	194	1,089
Metropolitan Outer Ring Expressway Co., Ltd	14,717	-	-	14,717	-	-	-
UITrans LRT Co., Ltd.	6,755	26,092	214	33,061	-	-	-
Others	46,541	146,152	146,554	339,247	11,166	8,450	19,616
	₩ 277,579	304,811	165,176	747,566	17,156	37,974	55,130

# POSCO and Subsidiaries

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

### 2) December 31, 2020

(in millions of Won)

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

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

### 1) June 30, 2021

(in millions of Won)

	Beginning	Lend	Collect	Others(*1)	Ending
<b>Associates and joint ventures</b>					
UTrans LRT Co., Ltd.	₩ 23,452	2,667	-	(27)	26,092
South-East Asia Gas Pipeline Company Ltd.	91,003	-	(22,925)	1,781	69,859
PT. Batutua Tembaga Raya(*2)	35,355	-	(9,722)	(25,633)	-
PT. Tanggamus Electric Power	4,304	-	-	166	4,470
PT. Wampu Electric Power	5,186	-	-	201	5,387
PT. POSMI Steel Indonesia	2,176	-	-	84	2,260
Nickel Mining Company SAS	62,420	-	-	288	62,708
KRAKATAU POS-CHEM DONG-SUH CHEMICAL	5,440	-	-	(920)	4,520
POS-SeAH Steel Wire (Thailand) Co., Ltd.	6,528	-	-	252	6,780
AMCI (WA) PTY LTD	83,291	741	-	1,213	85,245
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD	5,440	-	-	210	5,650
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD	8,704	-	-	336	9,040
Hyo-chun Co., Ltd.	2,382	-	-	-	2,382
POS-AUSTEM Suzhou Automotive Co., Ltd	16,320	-	-	630	16,950
CAML RESOURCES PTY LTD	3,312	-	-	156	3,468
Shinahn Wind Power Generation(*3)	37	60	-	(97)	-
	₩ 355,350	3,468	(32,647)	(21,360)	304,811

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

(\*2) PT. Batutua Tembaga Raya was excluded from the association due to sale of shares during the six-month period ended June 30, 2021. Meanwhile, the uncollected loan was written off and offset by the allowance for doubtful accounts recognized in the previous period. These effects are included in others.

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

# POSCO and Subsidiaries

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

### 2) December 31, 2020

(in millions of Won)

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

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

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

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

(in millions of Won)

	June 30, 2021	June 30, 2020
Short-term benefits	₩ 53,218	53,802
Long-term benefits	9,424	8,525
Retirement benefits	10,244	9,322
	₩ 72,886	71,649

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



# POSCO and Subsidiaries

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

### As of June 30, 2021

#### (Unaudited)

## 35. Commitments and Contingencies

### (a) Details of guarantees

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

(in millions of Won)								
Guarantor		Guarantee beneficiary	Financial institution	Guarantee limit		Guarantee amount		
				Foreign currency	Won equivalent	Foreign currency	Won equivalent	
<b>[The Company]</b>								
POSCO	POSCO Asia Co., Ltd.	Credit Agricole and others	USD	100,000,000	113,000	100,000,000	113,000	
	POSCO-VIETNAM Co., Ltd.	SMBC and others	USD	156,000,000	176,280	156,000,000	176,280	
	POSCO MEXICO S.A. DE C.V.	BOA and others	USD	120,000,000	135,600	120,000,000	135,600	
	POSCO COATED STEEL (THAILAND) CO., LTD.	SMBC and others	THB	5,501,000,000	193,635	5,501,000,000	193,635	
	POSCO Maharashtra Steel Private Limited	SMBC and others	USD	139,784,000	157,956	139,784,000	157,956	
	PT. KRAKATAU POSCO	Export-Import Bank of Korea and others	USD	1,350,300,000	1,525,839	783,740,291	885,625	
	POSCO ASSAN TST STEEL INDUSTRY	SOCIETE GENERALE and others	USD	146,527,500	165,576	131,874,750	149,018	
	POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	Export-Import Bank of Korea and others	USD	180,000,000	203,400	180,000,000	203,400	
	POSCO INTERNATIONAL POWER (PNG) LAE LIMITED	KDB bank	USD	37,917,404	42,847	29,167,234	32,959	
	GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	Shinhan Bank and others	USD	11,000,000	12,430	11,000,000	12,430	
POSCO INTERNATIONAL Corporation	PT. Bio Inti Agrindo	Export-Import Bank of Korea and others	USD	149,850,000	169,331	145,708,000	164,650	
	POSCO ASSAN TST STEEL INDUSTRY	ING	USD	14,652,750	16,558	14,652,750	16,558	
	POSCO INTERNATIONAL Deutschland GmbH					9,518,018	10,755	
	POSCO INTERNATIONAL AMERICA Corp.					-	-	
	POSCO INTERNATIONAL JAPAN Corp.					9,045,310	10,221	
	POSCO INTERNATIONAL SINGAPORE Pte. Ltd.	Bank Mendes Gans	USD	50,000,000	56,500	-	-	
	POSCO INTERNATIONAL Malaysia SDN BHD					-	-	
	POSCO INTERNATIONAL Italia S.R.L.					-	-	
	POSCO INTERNATIONAL MEXICO S.A. de C.V.					-	-	
	GRAIN TERMINAL HOLDING PTE. LTD.	Export-Import Bank of Korea and others	USD	27,000,000	30,510	27,000,000	30,510	
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	POSCO E&C Vietnam Co., Ltd.							
	Songdo Posco family Housing	POSCO Asia Co., Ltd. and others	USD	42,000,000	47,460	42,000,000	47,460	
	JB CLARK HILLS	Shinyoung securities	KRW	20,000	20,000	20,000	20,000	
	PT.POSCO E&C INDONESIA	HSBC and others	USD	51,000,000	57,630	44,800,000	50,624	
	PT.POSCO ICT INDONESIA	POSCO Asia Co., Ltd. and others	USD	25,900,000	29,267	25,900,000	29,267	
	PT.Krakatau Posco Chemical Calcination	POSCO Asia Co., Ltd. and others	USD	1,500,000	1,695	900,000	1,017	
	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd. and others	USD	15,200,000	17,176	8,000,000	9,040	
	PT. KRAKATAU POSCO ENERGY	POSCO Asia Co., Ltd.	USD	13,986,947	15,805	13,986,947	15,805	
	POSCO America Corporation	POSCO Asia Co., Ltd. and others	USD	82,953,123	93,737	82,953,123	93,737	
	POSCO AMERICA COMERCIALIZADORA S DE RL DE CV	BANK OF AMERICA N.A.	USD	27,000,000	30,510	27,000,000	30,510	
<b>[Associates and joint ventures]</b>								
POSCO	CSP - Companhia Siderurgica do Pecem	Export-Import Bank of Korea and others	USD	420,000,000	474,600	370,715,701	418,908	
	LLP POSUK Titanium	BNDES	BRL	464,060,000	105,792	464,060,000	105,792	
	Nickel Mining Company SAS	SMBC	USD	13,500,000	15,255	13,500,000	15,255	
	GLOBAL KOMSCO Daewoo LLC	SMBC	EUR	46,000,000	61,843	46,000,000	61,843	
	New Songdo International City Development, LLC	Hana Bank	USD	8,225,000	9,294	7,350,000	8,306	
	POHANG E&E Co., LTD	Others	KRW	686,000	686,000	600,200	600,200	
	UITrans LRT Co., Ltd	Heungkuk Life Insurance Co., Ltd.	KRW	71,930	71,930	57,164	57,164	
	RPSD	Kookmin Bank and others	KRW	125,845	125,845	95,013	95,013	
	Metropolitan Outer Ring Expressway Co., Ltd	Plan-up Sinsajelcha Co., Ltd	KRW	45,000	45,000	37,000	37,000	
	Pureun Tongyeong Enviro Co., Ltd.	Woori Bank and others	KRW	276,033	276,033	14,486	14,486	
POSCO INTERNATIONAL Corporation	Pure Gimpo Co.,Ltd	KDB Bank and others	KRW	22,714	22,714	14,550	14,550	
	Clean Iksan Co.,Ltd	KDB Bank and others	KRW	44,740	44,740	30,080	30,080	
	Chun-cheon Energy Co., Ltd.	SAMSUNG FIRE & MARINE INSURANCE	KRW	44,054	44,054	29,166	29,166	
	UITrans LRT Co., Ltd.	Kookmin Bank and others	KRW	149,200	149,200	145,900	145,900	
	Metropolitan Outer Ring Expressway Co., Ltd	Kookmin Bank	KRW	50,249	50,249	38,092	38,092	
	Western Inland Highway Co.,LTD	Woori Bank	KRW	24,920	24,920	1,308	1,308	
		Kookmin Bank	KRW	47,348	47,348	-	-	
	<b>[Others]</b>							
	POSCO INTERNATIONAL Corporation	SHERRITT INTERNATIONAL CORP.	Export-Import Bank of Korea	USD	21,818,182	24,655	2,588,000	2,924
Incheon - Gimpo Expressway Co., Ltd.		Kookmin Bank and others	KRW	4,959,209	4,959,209	2,407,215	2,407,215	
BTI Enterprise and others		Hana Bank and others	KRW	185,847	185,847	109,129	109,129	
Department of Trade and Investment (NSW Government) and others								
KSU Mandob		Woori Bank and others	AUD	14,665,079	12,449	14,666,079	12,449	
MAHARASHTRA STATE ELECTRICITY and others		Bank Muamalat	IDR	80,000,000,000	6,240	80,000,000,000	6,240	
		HSBC and others	INR	441,618,747	6,717	441,618,747	6,717	
			USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815	
			KRW	6,753,089	6,753,089	3,599,303	3,599,303	
			IDR	80,000,000,000	6,240	80,000,000,000	6,240	
POSCO AUSTRALIA PTY LTD			INR	441,618,747	6,717	441,618,747	6,717	
			THB	5,501,000,000	193,635	5,501,000,000	193,635	
			EUR	46,000,000	61,843	46,000,000	61,843	
			AUD	14,665,079	12,449	14,666,079	12,449	
			BRL	464,060,000	105,792	464,060,000	105,792	
			USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815	
			KRW	6,753,089	6,753,089	3,599,303	3,599,303	
			IDR	80,000,000,000	6,240	80,000,000,000	6,240	
			INR	441,618,747	6,717	441,618,747	6,717	
			THB	5,501,000,000	193,635	5,501,000,000	193,635	
PT. Bio Inti Agrindo			EUR	46,000,000	61,843	46,000,000	61,843	
			AUD	14,665,079	12,449	14,666,079	12,449	
			BRL	464,060,000	105,792	464,060,000	105,792	
			USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815	
			KRW	6,753,089	6,753,089	3,599,303	3,599,303	
			IDR	80,000,000,000	6,240	80,000,000,000	6,240	
			INR	441,618,747	6,717	441,618,747	6,717	
			THB	5,501,000,000	193,635	5,501,000,000	193,635	
			EUR	46,000,000	61,843	46,000,000	61,843	
			AUD	14,665,079	12,449	14,666,079	12,449	
POSCO Maharashtra Steel Private Limited			BRL	464,060,000	105,792	464,060,000	105,792	
			USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815	
			KRW	6,753,089	6,753,089	3,599,303	3,599,303	
			IDR	80,000,000,000	6,240	80,000,000,000	6,240	
			INR	441,618,747	6,717	441,618,747	6,717	
			THB	5,501,000,000	193,635	5,501,000,000	193,635	
			EUR	46,000,000	61,843	46,000,000	61,843	
			AUD	14,665,079	12,449	14,666,079	12,449	
			BRL	464,060,000	105,792	464,060,000	105,792	
			USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815	
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW	6,753,089	6,753,089	3,599,303	3,599,303		
		IDR	80,000,000,000	6,240	80,000,000,000	6,240		
		INR	441,618,747	6,717	441,618,747	6,717		
		THB	5,501,000,000	193,635	5,501,000,000	193,635		
		EUR	46,000,000	61,843	46,000,000	61,843		
		AUD	14,665,079	12,449	14,666,079	12,449		
		BRL	464,060,000	105,792	464,060,000	105,792		
		USD	3,206,114,906	3,622,911	2,497,184,124	2,821,815		
		KRW						

# POSCO and Subsidiaries

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

### As of June 30, 2021

#### (Unaudited)

#### (b) Other commitments

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

Company	Description
POSCO	<p>POSCO entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than three years and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of June 30, 2021, 49 million tons of iron ore and 7 million tons of coal remained to be purchased under such long-term contracts.</p> <p>POSCO entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.</p> <p>POSCO has a long-term service contract for the transportation of raw materials. As of June 30, 2021, there are 38 vessels under contract, and the average remaining contract period is about 9 years.</p> <p>As of June 30, 2021, POSCO entered into a commitment with KOREA ENERGY AGENCY for long-term foreign currency borrowings, which are limited up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowings depends on the success of the projects. POSCO is not liable for the repayment of full or part of the amount borrowed if the respective projects fail. POSCO has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of June 30, 2021, the ending balance of the borrowing amounts to USD 1.02 million.</p> <p>POSCO has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to POSCO ENERGY Co., Ltd., a subsidiary of the Company, under construction of new power plant.</p>
POSCO INTERNATIONAL Corporation	<p>POSCO INTERNATIONAL Corporation operates a ship-to-ship business in which ships are chartered from ship's owners and leased out to shippers. The Company has entered into a ship purchase agreement with the ship owners and the shippers, which obliges the shippers to pay the agreed amount either at the end of the contract terms or at the agreed termination and to take over the ownership of the vessel from the ship owners. Only if the shipper fails to fulfill its obligation including payment obligation for the purchase of the vessel, the Company is obliged to take over the ship based on the condition that the shipper's contractual obligations and rights are transferred to the Company. As of June 30, 2021, the amount which is exposed to the ship purchase agreements entered into is USD 170 million.</p> <p>The Company invested in the Ambatovy Nickel Project (DMSA/AMSA) in Madagascar through the Korea Ambatovy Consortium (KAC) formed with Korea Mineral Resources Corporation (KORES) and STX Corporation. SHERRITT INTERNATIONAL CORP., the operator, transferred a portion of the project's interests to Sumitomo and AHL (Ambatovy Holdings Limited) in November 2017, and transferred the remaining interests of the project to Sumitomo and AHL2 (Ambatovy Holdings II Limited) in August 2020. KAC has the rights and obligations to the 15.5% stake held by AHL and AHL2.</p>
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	<p>As of June 30, 2021, POSCO ENGINEERING &amp; CONSTRUCTION CO., LTD. has foreign currency guarantees of up to USD 2,387 million provided by financial institutions and uses USD 892 million with Woori Bank and others.</p> <p>As of June 30, 2021, the out standing balance of loans related to major liability compliance agreements is ₩105 billion from development of Pangyo the First Park Project. If the responsibility is not fulfilled, the obligation is to compensate for damages of principal and interest. In addition, according to the project agreements related to redevelopment and reconstruction projects, the Company has an agreement to compensate the Korea Housing and Urban Guarantee Corporation for damages of principal and interest amounting to ₩1,321,918 million (limited to ₩2,346,129 million). Furthermore, the Company provides agreements of construction completion (compensation for non-performance) in connection with a number of implementation and union business projects.</p>
POSCO ICT	<p>As of June 30, 2021, the Company is provided with a guarantee of ₩135,884 million, ₩17,672 million and ₩305 million, respectively, from the Software credit union, the Seoul guarantee insurance company and Engineering credit union.</p> <p>In connection with 3 projects, including the construction of the Hanam Smart Building, the company is responsible for fulfilling its obligations. If the responsibility is not fulfilled, the Company is liable for damages of principal and interest of lenders (financial institutions that lend to the developer). Outstanding loans related to the liability compliance agreement are worth ₩127.4 billion (loan ceiling ₩156.5 billion) as of June 30, 2021. The company has the right to request the trustee to sell the trust property in the event of a certain reason in the trust contract, such as repaying the liability to the lenders.</p>

## POSCO and Subsidiaries

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

#### (c) Litigation in progress

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

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

##### 2) Other litigation

The Company is involved in 322 lawsuits aggregating to ₩1,484.8 billion as defendant as of June 30, 2021, which arise from the ordinary course of business such as claim for confirmation of employee status. The Company has recognized provisions amounting to ₩76.2 billion for 102 lawsuits based on its reliable estimate of outflow of resources. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company believes that it does not have a present obligation as of June 30, 2021.

#### (d) Other contingencies

Company	Description
POSCO	POSCO has provided 3 blank checks to Korea Energy Agency as collateral for long-term foreign currency borrowings.
POSCO INTERNATIONAL Corporation	As of June 30, 2021, POSCO INTERNATIONAL Corporation has provided 30 blank promissory notes and 17 blank checks to Korea Energy Agency and others as collateral for the guarantee on performance for contracts and others.
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	As of June 30, 2021, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has provided 32 blank checks and 4 blank promissory notes as collateral for agreements and outstanding loans, and has provided joint guarantee of ₩8,481,017 million for guarantee that partners had issued from Korea Housing & Urban Guarantee Corporation and others.
POSCO ICT	As of June 30, 2021, POSCO ICT has provided 6 blank checks to financial institutions as collateral for the guarantee on performance for contracts and others.

## POSCO and Subsidiaries

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

#### 36. Cash Flows from Operating Activities

Changes in operating assets and liabilities for the six-month period ended June 30, 2021 and 2020 were as follows:

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>June 30, 2020</b>
Trade accounts and notes receivable	₩	(1,198,404)	524,843
Other receivables		(26,525)	22,494
Inventories		(2,320,629)	1,260,868
Other current assets		(170,744)	(91,857)
Other non-current assets		(78,575)	(71,387)
Trade accounts and notes payable		449,503	(299,704)
Other payables		(105,362)	(75,977)
Other current liabilities		374,639	168,919
Provisions		(205,979)	(137,663)
Payments of severance benefits		(153,324)	(146,492)
Plan assets		114,386	48,328
Other non-current liabilities		25,621	3,130
	₩	<u>(3,295,393)</u>	<u>1,205,502</u>

#### 37. Operating Segments

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

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

## POSCO and Subsidiaries

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

(a) Information about reportable segments for the six-month period ended June 30, 2021 and 2020 were as follows:

1) For the six-month period ended June 30, 2021

<i>(in millions of Won)</i>		<b>Steel</b>	<b>Trading</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
External revenues	₩	18,339,930	11,360,997	2,975,129	1,685,133	34,361,189
Internal revenues		10,041,974	9,029,601	401,891	1,292,307	20,765,773
Inter segment revenue		6,258,571	4,665,212	371,847	1,202,965	12,498,595
Total revenues		28,381,904	20,390,598	3,377,020	2,977,440	55,126,962
Segment profits		2,908,707	223,607	72,446	134,497	3,339,257

2) For the six-month period ended June 30, 2020

<i>(in millions of Won)</i>		<b>Steel</b>	<b>Trading</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
External revenues	₩	13,479,418	10,016,621	3,395,502	1,375,826	28,267,367
Internal revenues		7,383,579	6,437,084	527,600	1,316,242	15,664,505
Inter segment revenue		5,199,890	2,949,668	489,800	1,234,354	9,873,712
Total revenues		20,862,997	16,453,705	3,923,102	2,692,068	43,931,872
Segment profits		137,727	150,120	239,257	184,814	711,918

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

<i>(in millions of Won)</i>		<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total profit for reportable segments	₩	3,339,257	711,918
Corporate fair value adjustments		(28,142)	(38,676)
Elimination of inter-segment profits		(365,164)	(133,716)
Income tax expense		1,011,447	255,023
Profit before income tax expense	₩	<u>3,957,398</u>	<u>794,549</u>

### 38. Events after the Reporting Period

- (a) Pursuant to the resolution of the Board of Directors on August 13, 2021, the Company decided to pay interim cash dividends of ₩4,000 per common share (total dividend: ₩302.5 billion).
- (b) POSCO ENGINEERING & CONSTRUCTION CO., LTD. and POSCO ICT decided to make a subrogation commitment for PF loan principle and interest of UITrans LRT Co., Ltd., an associate of the Company, in accordance with the resolution of Board of Directors on July 27, 2021 and July 30, 2021, respectively. The amount of subrogation according to the ownership is ₩95.5 billion and ₩38.2 billion, respectively. The expected date of subrogation is January 7, 2022. The Company is evaluating analysis of financial impact resulting from the event.