

POSCO

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

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
POSCO:

Reviewed financial statements

We have reviewed the accompanying condensed separate interim financial statements of POSCO (the "Company"), which comprise the condensed separate interim statement of financial position as of June 30, 2021, the condensed separate interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, the condensed separate 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 separate interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 1034 "Interim Financial Reporting". The Company's management is also responsible for the internal controls determined necessary to prepare condensed separate interim financial statements free of material misstatements due to error or fraud.

Auditor's review responsibility

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

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

Conclusion

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

Other matters

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

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

KPMG Samjong Accounting Corp.

Seoul, Korea
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 separate interim financial statements. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

POSCO

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

(in millions of Won)

	Notes	June 30, 2021	December 31, 2020
Assets			
Cash and cash equivalents	20	₩ 1,681,126	1,822,660
Trade accounts and notes receivable, net	4,14,20,25,32	4,920,391	3,693,535
Other receivables, net	5,20,32	370,607	279,555
Other short-term financial assets	6,20	8,690,523	9,607,632
Inventories	7,29	5,324,506	4,093,829
Assets held for sale	8	20,164	32,244
Other current assets	13	50,426	50,498
Total current assets		21,057,743	19,579,953
Long-term trade accounts and notes receivable, net	4,20	7,612	2,456
Other receivables, net	5,20	90,816	84,037
Other long-term financial assets	6,20	1,282,231	1,072,817
Investments in subsidiaries, associates and joint ventures	9	15,825,085	14,883,152
Investment property, net	10	148,429	149,617
Property, plant and equipment, net	11	19,930,520	20,216,932
Intangible assets, net	12	563,501	621,926
Defined benefit assets, net	18	15,379	76,501
Other non-current assets	13	79,334	107,578
Total non-current assets		37,942,907	37,215,016
Total assets		₩ 59,000,650	56,794,969

See accompanying notes to the condensed separate interim financial statements.

POSCO

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

(in millions of Won)

	Notes	June 30, 2021	December 31, 2020
Liabilities			
Trade accounts and notes payable	20,32	₩ 1,314,010	1,258,470
Short-term borrowings and current installments of long-term borrowings	4,14,20	2,068,156	2,408,392
Other payables	15,20,32	953,582	1,127,323
Other short-term financial liabilities	16,20	7,855	12,788
Current income tax liabilities		862,534	137,858
Provisions	17	53,949	63,604
Other current liabilities	19,25	87,670	80,676
Total current liabilities		5,347,756	5,089,111
Long-term borrowings, excluding current installments	14,20	5,456,804	5,346,944
Other payables	15,20	408,997	220,612
Other long-term financial liabilities	16,20	32,788	122,154
Deferred tax liabilities		902,704	848,317
Long-term provisions	17,33	48,231	52,602
Other non-current liabilities	19,25	508	525
Total non-current liabilities		6,850,032	6,591,154
Total liabilities		12,197,788	11,680,265
Equity			
Share capital	21	482,403	482,403
Capital surplus	21	1,339,289	1,339,289
Hybrid bonds	22	199,384	199,384
Reserves	23	(174,588)	(296,626)
Treasury shares	24	(2,508,294)	(2,391,523)
Retained earnings		47,464,668	45,781,777
Total equity		46,802,862	45,114,704
Total liabilities and equity		₩ 59,000,650	56,794,969

See accompanying notes to the condensed separate interim financial statements.

POSCO

Condensed Separate Interim Statements of Comprehensive Income

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

(in millions of Won, except per share informations)

	Notes	For the three-month periods ended June 30		For the six-month periods ended June 30	
		2021	2020	2021	2020
Revenue	25,32	₩ 9,277,353	5,884,824	17,077,800	12,854,680
Cost of sales	7,29,32	(7,412,042)	(5,742,816)	(13,878,939)	(11,973,220)
Gross profit		1,865,311	142,008	3,198,861	881,460
Selling and administrative expenses	29,32				
Impairment loss on					
trade accounts and notes receivable		(37)	(5,231)	(6)	(4,967)
Other administrative expenses	26	(207,409)	(192,762)	(417,312)	(391,531)
Selling expenses	26	(49,792)	(52,490)	(100,587)	(135,326)
Operating profit (loss)		1,608,073	(108,475)	2,680,956	349,636
Finance income and costs	20,27				
Finance income		270,466	110,535	839,740	784,852
Finance costs		(82,518)	(37,305)	(401,276)	(497,720)
Other non-operating income and expenses	32				
Reversal of (impairment loss) on other receivables		27	169	(321)	(327)
Other non-operating income	28	76,644	81,598	111,891	105,723
Other non-operating expenses	28,29	(42,238)	(97,259)	(94,435)	(175,945)
Profit(loss) before income tax		1,830,454	(50,737)	3,136,555	566,219
Income tax income(expense)	30	(512,294)	57,383	(866,220)	(106,553)
Profit		1,318,160	6,646	2,270,335	459,666
Other comprehensive income (loss)					
Items that will not be reclassified					
subsequently to profit or loss:					
Remeasurements of defined benefit plans	18	(11,072)	2,627	(11,362)	(393)
Net changes in fair value of equity investments					
at fair value through other comprehensive income	6,20,23	44,653	30,838	119,960	(160,650)
Total comprehensive income		₩ 1,351,741	40,111	2,378,933	298,623
Basic and diluted earnings per share (in Won)	31	₩ 17,408	62	29,921	5,700

See accompanying notes to the condensed separate interim financial statements.

POSCO

Condensed Separate Interim Statements of Changes in Equity

For the six-month periods ended June 30, 2021 and 2020

(Unaudited)

(in millions of Won)

	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Total
Balance as of January 1, 2020	₩ 482,403	1,252,220	199,384	(183,930)	(1,508,303)	45,372,411	45,614,185
Comprehensive income:							
Profit	-	-	-	-	-	459,666	459,666
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(393)	(393)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(157,747)	-	(2,903)	(160,650)
Transactions with owners of the Company, recognized directly in equity:							
Year-end dividends	-	-	-	-	-	(320,462)	(320,462)
Interim dividends	-	-	-	-	-	(120,174)	(120,174)
Interest of hybrid bonds	-	-	-	-	-	(4,587)	(4,587)
Acquisition of treasury shares	-	-	-	-	(64,823)	-	(64,823)
Balance as of June 30, 2020	₩ 482,403	1,252,220	199,384	(341,677)	(1,573,126)	45,383,558	45,402,762
Balance as of January 1, 2021	₩ 482,403	1,339,289	199,384	(296,626)	(2,391,523)	45,781,777	45,114,704
Comprehensive income:							
Profit	-	-	-	-	-	2,270,335	2,270,335
Other comprehensive income (loss)							
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(11,362)	(11,362)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	122,038	-	(2,078)	119,960
Transactions with owners of the Company, recognized directly in equity:							
Year-end dividends	-	-	-	-	-	(342,565)	(342,565)
Interim dividends	-	-	-	-	-	(226,877)	(226,877)
Interest of hybrid bonds	-	-	-	-	-	(4,562)	(4,562)
Acquisition of treasury shares	-	-	-	-	(116,771)	-	(116,771)
Balance as of June 30, 2021	₩ 482,403	1,339,289	199,384	(174,588)	(2,508,294)	47,464,668	46,802,862

See accompanying notes to the condensed separate interim financial statements.

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

(in millions of Won)

	Notes	June 30, 2021	June 30, 2020
Cash flows from operating activities			
Profit	₩	2,270,335	459,666
Adjustments for :			
Expenses related to post-employment benefit		60,154	63,801
Depreciation		1,146,592	1,126,547
Amortization		54,868	50,851
Impairment loss on trade and other receivables		327	5,295
Finance income		(682,277)	(551,380)
Finance costs		231,212	360,312
Loss on valuation of inventories		837	40,802
Gain on disposal of property, plant and equipment		(5,687)	(6,054)
Loss on disposal of property, plant and equipment		46,270	94,234
Impairment loss on property, plant and equipment		3,113	22,687
Gain on disposal of Intangible assets		-	(131)
Impairment loss on intangible assets		7,180	-
Gain on disposal of investments in subsidiaries, associates and joint venture		-	(21,907)
Impairment loss on investments in subsidiaries, associates and joint ventures		1,500	-
Gain on disposal of assets held for sale		(45,736)	(26,942)
Impairment loss on assets held for sale		-	8,945
Gain on disposal of emission rights		-	(24,566)
Loss on disposal of emissions rights		5,843	-
Increase to provisions		5,284	38,674
Income tax expense		866,220	106,553
Others		5,254	(3,631)
Changes in operating assets and liabilities	34	(2,509,304)	1,572,924
Interest received		66,343	83,513
Interest paid		(100,350)	(106,974)
Dividends received		339,108	152,172
Income taxes paid		(81,599)	(247,633)
Net cash provided by operating activities	₩	1,685,487	3,197,758

See accompanying notes to the condensed separate interim financial statements.

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Condensed Separate 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
Cash flows from investing activities			
Decrease in deposits	₩	1,092,636	2,137,923
Proceeds from disposal of short-term financial instruments		15,642,485	16,810,440
Collection of short-term loans		3,216	807
Proceeds from disposal of long-term financial instruments		2	-
Proceeds from disposal of debt security		150,070	235,068
Proceeds from disposal of equity securities		12,868	7,938
Proceeds from disposal of other securities		2,534	990
Proceeds from disposal of long-term debt security		1,743	-
Proceeds from disposal of investments in subsidiaries, associates and joint ventures		720	1,292
Proceeds from disposal of intangible assets		727	471
Proceeds from disposal of emissions rights		5,503	66,143
Proceeds from disposal of assets held for sale		58,721	161,422
Proceeds from disposal of derivatives		1,482	-
Increase in deposits		(1,066,139)	(2,676,730)
Acquisition of short-term financial investments		(14,854,667)	(17,649,928)
Increase in long-term loans		(13,207)	(14,852)
Acquisition of debt securities		(50,033)	(627,159)
Acquisition of other securities		(16,806)	(9,266)
Acquisition of equity securities		(8,385)	-
Acquisition of investment in subsidiaries, associates and joint ventures		(944,171)	(194,275)
Acquisition of property, plant and equipment		(753,743)	(1,322,802)
Proceeds from disposal of property, plant and equipment		(31,684)	(49,934)
Acquisition of intangible assets		(23,448)	(68,813)
Net cash used in investing activities	₩	(789,576)	(3,191,265)
Cash flows from financing activities			
Proceeds from borrowings		2,338,590	2,433,096
Increase in long-term financial liabilities		843	209
Proceeds from disposals of derivatives		14,725	-
Receipt of government grants		12	540
Repayment of borrowings		(2,689,014)	(409,587)
Repayment of lease liabilities		(23,009)	(31,654)
Decrease in long-term financial liabilities		(1,235)	(284)
Payment of cash dividends		(569,466)	(440,648)
Acquisition of treasury shares		(116,771)	(64,823)
Payment of interest of hybrid bonds		(4,587)	(4,613)
Net cash provided by (used in) financing activities	₩	(1,049,912)	1,482,236
Effect of exchange rate fluctuation on cash held		12,467	(19,923)
Net increase(decrease) in cash and cash equivalents		(141,534)	1,468,806
Cash and cash equivalents at beginning of the period		1,822,660	978,139
Cash and cash equivalents at end of the period	₩	1,681,126	2,446,945

See accompanying notes to the condensed separate interim financial statements.

POSCO

Notes to the Condensed Separate Interim Financial Statements

As of June 30, 2021

(Unaudited)

1. Reporting Entity

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

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

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

2. Statement of Compliance

Statement of compliance

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

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

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

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

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

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

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

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

(b) Measurement of fair value

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

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

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

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

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

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

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

3. Summary of Significant Accounting Policies

Except as described in K-IFRS No. 1034 "Interim Financial Reporting" and below, the accounting policies applied by the Company in these condensed separate interim financial statements are the same as those applied by the Company in its separate financial statements as of and for the year ended December 31, 2020. The Company also expects to apply the accounting policies set out below for their annual reporting period ending December 31, 2021.

New and amended standards not yet adopted

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

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

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

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

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
Current			
Trade accounts and notes receivable	₩	4,934,735	3,707,860
Less: Allowance for doubtful accounts		(14,344)	(14,325)
	₩	<u>4,920,391</u>	<u>3,693,535</u>
Non-current			
Trade accounts and notes receivable	₩	10,202	3,780
Less: Present value discount		(1,878)	(344)
Less: Allowance for doubtful accounts		(712)	(980)
	₩	<u>7,612</u>	<u>2,456</u>

The Company sold trade accounts and notes receivable with recourse to financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. As of June 30, 2021, and December 31, 2020, the carrying amounts of such secured borrowings are ₩395,510 million and ₩520,310 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

5. Other Receivables

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

<i>(in millions of Won)</i>		June 30, 2021	December 31, 2020
Current			
Loans	₩	2,950	2,950
Other accounts receivable		324,294	231,051
Others		48,640	50,822
Less: Allowance for doubtful accounts		(5,277)	(5,268)
	₩	<u>370,607</u>	<u>279,555</u>
Non-current			
Loans	₩	64,138	52,760
Long-term other accounts receivable		31,614	35,638
Others		3,738	4,001
Less: Allowance for doubtful accounts		(8,674)	(8,362)
	₩	<u>90,816</u>	<u>84,037</u>

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

6. Other Financial Assets

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

(in millions of Won)

		June 30, 2021	December 31, 2020
Current			
Short-term derivative assets	₩	576	-
Debt securities		50,000	153,370
Deposit instruments(*1)		1,311,384	1,337,881
Short-term financial instruments		7,328,563	8,116,381
	₩	<u>8,690,523</u>	<u>9,607,632</u>
Non-current			
Long-term derivative assets	₩	50,029	18,549
Equity securities		1,144,985	980,706
Debt securities		4,750	6,367
Other securities		82,435	67,161
Deposit instruments(*2)		32	34
	₩	<u>1,282,231</u>	<u>1,072,817</u>

(*1) As of June 30, 2021 and December 31, 2020, ₩3,384 million and ₩4,881 million, respectively, are restricted in use in relation to government assigned projects.

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

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

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

(in millions of Won)

	June 30, 2021					December 31, 2020	
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
Marketable equity securities							
Nippon Steel Corporation	15,698,500	1.65	₩ 473,962	300,617	(173,345)	300,617	219,788
KB Financial group Inc.	3,863,520	0.93	178,839	215,584	36,745	215,584	167,677
Woori Financial Group Inc.	20,280,000	2.81	244,447	232,206	(12,241)	232,206	197,324
CSN Mineracao S.A. (*1)	102,186,675	1.83	206,265	213,387	7,122	213,387	-
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	8,930	22,230	13,300	22,230	15,020
DONGKUK INDUSTRIES COMPANY	2,611,989	4.82	11,911	10,657	(1,254)	10,657	8,868
Others (9 companies)			66,980	60,372	(6,608)	60,372	35,939
			1,191,334	1,055,053	(136,281)	1,055,053	644,616
Non-marketable equity securities							
POSCO PLANTEC CO., LTD	18,337,912	10.99	19,437	19,437	-	19,437	19,437
CSN Mineracao S.A. (*2)	-	-	-	-	-	-	246,158
Korea Nickel CO.LTD	75,600	14.00	10,194	10,194	-	10,194	10,194
Poongsan Special Metal Corp.	315,790	5.00	7,657	7,657	-	7,657	7,657
HANKUM.CO.LTD	21,000	4.99	4,599	4,599	-	4,599	4,599
Core-Industry Co., Ltd.	490,000	19.84	4,214	4,214	-	4,214	4,214
AJUSTEEL CO.,LTD	510,000	2.35	4,165	4,165	-	4,165	4,165
Others (29 companies)			144,196	39,666	(104,530)	39,666	39,666
			194,462	89,932	(104,530)	89,932	336,090
			₩ 1,385,796	1,144,985	(240,811)	1,144,985	980,706

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

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

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	₩ 831,452	709,323
Semi-finished goods	1,425,667	1,167,330
By-products	4,941	3,460
Raw materials	1,299,882	885,222
Fuel and materials	493,668	518,151
Materials-in-transit	1,269,071	814,397
Others	662	681
	5,325,343	4,098,564
Less: Allowance for inventories valuation	(837)	(4,735)
	₩ 5,324,506	4,093,829

The amount 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 ₩837 million and ₩4,735 million, respectively.

POSCO

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

8. Assets Held for Sale

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

(in millions of Won)

		June 30, 2021(*1,2)	December 31, 2020
Assets			
Property, plant and equipment(*3)	₩	20,164	32,244

(*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 of assets held for sale.

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

POSCO

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

9. Investments in Subsidiaries, Associates and Joint ventures

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

(in millions of Won)

(in millions of Won)			June 30, 2021		December 31, 2020
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
POSCO INTERNATIONAL Corporation	Korea	Trading	62.91	₩ 3,223,759	3,223,759
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	Korea	Engineering and construction			
			52.80	1,014,314	1,014,314
POSCO ENERGY CO., LTD.	Korea	Power generation	89.02	658,176	658,176
POSCO COATED & COLOR STEEL Co., Ltd.	Korea	Coated steel manufacturing and sales	56.87	108,421	108,421
POSCO Venture Capital Co., Ltd.	Korea	Investment in venture companies	95.00	103,780	103,780
POSCO CHEMICAL CO., LTD(*1)	Korea	Refractory manufacturing and sales	59.72	895,707	207,631
POSCO O&M Co., Ltd(*2)	Korea	Business facility maintenance	47.17	73,374	73,374
POSCO ICT	Korea	Computer hardware and software distribution	65.38	70,990	70,990
POSCO M-TECH(*2)	Korea	Packing materials manufacturing and sales	48.85	107,278	107,278
Busan E&E Co., Ltd.(*3)	Korea	Municipal solid waste fuel and power generation	70.00	30,148	30,148
POSCO Lithium Solution Co., Ltd.(*4)	Korea	Lithium manufacturing and sales	100.00	150,000	-
Others (12 companies)				175,770	110,995
				6,611,717	5,708,866
[Foreign]					
PT. KRAKATAU POSCO	Indonesia	Steel manufacturing and sales	70.00	633,421	633,421
POSCO WA PTY LTD	Australia	Iron ore sales and mine development	100.00	646,574	645,830
POSCO Maharashtra Steel Private Limited	India	Steel manufacturing and sales	100.00	722,569	722,569
POSCO Canada Ltd.	Canada	Coal mine development	100.00	560,879	560,879
POSCO AUSTRALIA PTY LTD	Australia	Iron ore sales and mine development	100.00	330,623	330,623
POSCO (Zhangjiagang) Stainless Steel Co.,Ltd.	China	Stainless steel manufacturing and sales	58.60	283,845	283,845
POSCO Thainox Public Company Limited	Thailand	Stainless steel manufacturing and sales	74.56	178,785	178,785
POSCO-China Holding Corp.	China	Investment management	100.00	593,841	593,841
POSCO-India Private Limited	India	Steel manufacturing and sales	99.99	75,567	75,567
POSCO MEXICO S.A. DE C.V.	Mexico	Plate steel manufacturing and sales	83.28	180,072	180,072
POSCO America Corporation	USA	Steel trading	99.45	192,156	192,156
POSCO-VIETNAM Co., Ltd.	Vietnam	Steel manufacturing and sales	100.00	160,572	160,572
POSCO VST CO., LTD.	Vietnam	Stainless steel manufacturing and sales	95.65	144,573	144,573
POSCO(Guangdong) Automotive Steel Co., Ltd.	China	Plate steel manufacturing and sales	83.64	52,936	52,936
POSCO COATED STEEL (THAILAND) CO., LTD.	Thailand	Plate steel manufacturing and sales	100.00	121,592	121,592
POSCO Asia Co., Ltd.	Hong Kong	Steel and raw material trading	100.00	117,710	117,710
POSCO ASSAN TST STEEL INDUSTRY	Turkey	Steel manufacturing and sales	60.00	71,707	71,707
POSCO JAPAN Co., Ltd.	Japan	Steel trading	100.00	68,436	68,436
Qingdao Pohang Stainless Steel Co., Ltd.	China	Stainless steel manufacturing and sales	70.00	65,982	65,982
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	China	Steel manufacturing and sales			
			90.00	62,494	62,494
POSCO AFRICA (PROPRIETARY) LIMITED	South Africa	Mine development	100.00	50,297	50,297
POSCO-Malaysia SDN. BHD.	Malaysia	Steel manufacturing and sales	81.79	45,479	45,479
POSCO Argentina S.A.U.	Argentina	Mineral exploration, manufacturing and sales	100.00	373,366	373,366
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Vietnam	Steel manufacturing and sales	51.00	130,526	130,526
Others (29 companies)				529,079	510,079
				6,393,081	6,373,337
			₩	13,004,798	12,082,203

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

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

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

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

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

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

(in millions of Won)

(in millions of Won)

			June 30, 2021		December 31, 2020
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	Korea	Mine investment	34.43	₩ 169,316	169,316
SNNC	Korea	STS material manufacturing and sales	49.00	100,655	100,655
QSONE Co.,Ltd.	Korea	Real estate rental business	50.00	85,550	85,550
Others (8 companies)				23,157	22,977
				378,678	378,498
[Foreign]					
Nickel Mining Company SAS	New Caledonia	Raw material manufacturing and sales	49.00	189,197	189,197
9404-5515 Quebec Inc.(*1)	Canada	Mine investment	10.40	124,341	124,341
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	China	Tinplate manufacturing and sales	24.00	11,003	11,003
Others (6 companies)				39,653	39,671
				364,194	364,212
				₩ 742,872	742,710

(*1) 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.

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

(in millions of Won)

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

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

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

10. 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

<i>(in millions of Won)</i>		Beginning	Depreciation(*1)	Transfer(*2)	Ending
Land	₩	89,848	-	37	89,885
Buildings		51,417	(2,046)	1,120	50,491
Structures		8,352	(305)	6	8,053
	₩	<u>149,617</u>	<u>(2,351)</u>	<u>1,163</u>	<u>148,429</u>

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

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

(b) For the year ended December 31, 2020

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

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

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

POSCO

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

11. 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>		Beginning	Acquisitions	Disposals	Depreciation	Impairment(*1)	Others(*2)	Ending
Land	₩	1,401,605	-	(15)	-	-	(5,524)	1,396,066
Buildings		2,080,843	210	(316)	(102,968)	(595)	138,816	2,115,990
Structures		2,073,097	76	(208)	(90,814)	(4)	54,761	2,036,908
Machinery and equipment		12,651,431	14,837	(7,524)	(910,327)	(2,514)	329,906	12,075,809
Vehicles		14,486	1,039	-	(3,666)	-	2,027	13,886
Tools		24,333	590	(8)	(5,620)	-	643	19,938
Furniture and fixtures		44,426	3,757	(149)	(7,552)	-	21,283	61,765
Lease assets		331,588	123,688	-	(23,294)	-	34,989	466,971
Construction-in-progress		1,595,123	705,659	-	-	-	(557,595)	1,743,187
	₩	20,216,932	849,856	(8,220)	(1,144,241)	(3,113)	19,306	19,930,520

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

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

(b) For the year ended December 31, 2020

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

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

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

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

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

1) Right-of-use assets

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

<i>(in millions of Won)</i>					
	Beginning	Acquisitions	Depreciation	Others(*1)	Ending
Land	₩ 8,703	-	(151)	-	8,552
Buildings	71,431	3,471	(3,622)	-	71,280
Structures	59,221	-	(2,606)	-	56,615
Machinery and equipment	54,698	-	(3,760)	37,124	88,062
Vehicles	6,255	-	(250)	-	6,005
Ships	106,555	120,217	(8,357)	-	218,415
Furniture and fixtures	24,725	-	(4,548)	(2,135)	18,042
	<u>₩ 331,588</u>	<u>123,688</u>	<u>(23,294)</u>	<u>34,989</u>	<u>466,971</u>

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

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

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

2) Amount recognized in profit or loss

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

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2021	2020	2021	2020
Interest on lease liabilities	₩ 3,195	2,399	6,210	5,057
Expenses related to short-term leases	909	884	1,632	1,890
Expenses related to leases of low-value assets	1,691	1,574	3,214	3,389
	<u>₩ 5,795</u>	<u>4,857</u>	<u>11,056</u>	<u>10,336</u>

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

12. Intangible Assets, Net

Changes in the carrying amount of 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

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Amortization	Impairment(*2)	Transfer(*3)	Ending
Intellectual property rights	₩	22,758	-	(485)	(2,929)	-	2,683	22,027
Membership(*1)		81,795	3,654	(727)	-	-	-	84,722
Development expense		224,854	103	-	(38,709)	-	10,923	197,171
Port facilities usage rights		233,447	-	-	(11,084)	-	-	222,363
Construction-in-progress		34,924	7,802	(4,770)	-	-	(11,176)	26,780
Other intangible assets		24,148	878	(10,030)	(2,146)	(7,180)	4,768	10,438
	₩	<u>621,926</u>	<u>12,437</u>	<u>(16,012)</u>	<u>(54,868)</u>	<u>(7,180)</u>	<u>7,198</u>	<u>563,501</u>

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

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

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

(b) For the year ended December 31, 2020

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

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

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

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

13. 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
Current			
Advance payments	₩	4,805	4,263
Prepaid expenses		39,647	26,011
Emission rights purchased from the market		5,974	20,224
	₩	50,426	50,498
Non-current			
Long-term prepaid expenses	₩	3,996	4,312
Others(*1)		75,338	103,266
	₩	79,334	107,578

(*1) As of June 30, 2021 and December 31, 2020, the Company recognized tax assets amounting to ₩54,102 million and ₩100,852 million, respectively, based on the Company's best estimate of the income tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

14. Borrowings

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

(in millions of Won)

		June 30, 2021	December 31, 2020
Short-term borrowings			
Short-term borrowings	₩	1,604,963	1,029,363
Current portion of debentures		463,318	1,379,739
Less: Current portion of discount on debentures issued		(125)	(710)
	₩	2,068,156	2,408,392
Long-term borrowings			
Long-term borrowings	₩	1,153	1,110
Debentures		5,479,410	5,373,840
Less: Discount on debentures issued		(23,759)	(28,006)
	₩	5,456,804	5,346,944

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

(in millions of Won)

	Lenders	Issuance date	Maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
Transfers of account receivables that do not qualify for derecognition	-	-	-	-	₩ 395,510	520,310
Borrowings in Foreign Trade	MUFG and others	2021.04.16~ 2021.06.29	2021.07.15~ 2021.09.27	0.47~0.74	1,209,453	509,053
					₩ 1,604,963	1,029,363

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

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

(in millions of Won)

	Lenders	Issuance date	Maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
Debtentures	Domestic debtentures 304-2 and the other	2011.11.28~ 2018.07.05	2021.07.05~ 2021.11.28	2.34~4.12	₩ 309,966	459,811
Foreign debtentures	Japan Yen private bond	2011.12.22	2021.12.22	2.70	153,227	919,218
					₩ 463,193	1,379,029

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

(in millions of Won)

	Lenders	Issuance date	Maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
Foreign borrowings	KOREA ENERGY AGENCY	2007.12.27~ 2008.12.29	2022.12.29	3 year Government bond	₩ 1,153	1,110
Debtentures	Domestic debtentures 306-3 and others	2013.10.04~ 2019.10.16	2022.07.17~ 2029.10.16	1.56~3.64	2,046,785	2,046,166
Foreign debtentures	Global debtentures 4 and others	2018.08.01~ 2020.01.17	2022.11.12~ 2025.01.17	0.50~4.00	3,408,866	3,299,668
					₩ 5,456,804	5,346,944

15. Other Payables

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

(in millions of Won)

	June 30, 2021	December 31, 2020
Current		
Accounts payable	₩ 458,001	606,902
Accrued expenses	433,010	412,976
Dividend payable	1,804	1,854
Lease liabilities	47,997	94,904
Withholdings	12,770	10,687
	₩ 953,582	1,127,323
Non-current		
Long-term accrued expenses	₩ 62	54
Lease liabilities	408,310	217,458
Long-term withholdings	625	3,100
	₩ 408,997	220,612

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

16. Other Financial Liabilities

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

<i>(in millions of Won)</i>		June 30, 2021	December 31, 2020
Current			
Derivative liabilities	₩	-	3,087
Financial guarantee liabilities		7,855	9,701
	₩	<u>7,855</u>	<u>12,788</u>
Non-current			
Derivative liabilities	₩	10,240	92,273
Financial guarantee liabilities		22,548	29,881
	₩	<u>32,788</u>	<u>122,154</u>

17. Provisions

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

<i>(in millions of Won)</i>		June 30, 2021		December 31, 2020	
		Current	Non-current	Current	Non-current
Provision for bonus payments(*1,2)	₩	11,286	35,546	14,518	34,461
Provision for restoration(*3)		6,333	8,833	5,136	12,425
Provision for legal contingencies and claims		1,250	-	4,937	2,052
Emission liabilities(*4)		15,071	-	20,224	-
Provision for product warranties(*5)		20,009	3,852	18,789	3,664
	₩	<u>53,949</u>	<u>48,231</u>	<u>63,604</u>	<u>52,602</u>

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

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

(*3) Due to contamination of land near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery as provisions for restoration as of 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 discount rates of 1.57%~1.81% to assess present value of these costs.

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

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

POSCO

Notes to the Condensed Separate Interim Financial Statements, Continued As of 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

(in millions of Won)

	Beginning	Increase	Reversal	Utilization	Ending
Provision for bonus payments	₩ 48,979	9,446	-	(11,593)	46,832
Provision for restoration	17,561	158	(68)	(2,485)	15,166
Provision for legal contingencies and claims	6,989	1,250	(2,052)	(4,937)	1,250
Emission liabilities	20,224	14,238	(19,391)	-	15,071
Provision for product warranties	22,453	11,149	-	(9,741)	23,861
	₩ 116,206	36,241	(21,511)	(28,756)	102,180

2) For the year ended December 31, 2020

(in millions of Won)

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

18. Employee Benefits

(a) Defined contribution plans

The expense related to post-employment benefit plans under defined contribution plans for the three-month and the 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
Expense related to post-employment benefit plans under defined contribution plans	₩ 9,073	8,710	17,629	18,907

POSCO

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

(b) Defined benefit plans

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

<i>(in millions of Won)</i>		June 30, 2021	December 31, 2020
Present value of funded obligations	₩	1,381,654	1,378,597
Fair value of plan assets		(1,397,033)	(1,455,098)
Net defined benefit assets	₩	(15,379)	(76,501)

- 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>		June 30, 2021	December 31, 2020
Defined benefit obligation at the beginning of period	₩	1,378,597	1,435,942
Current service costs		61,281	125,706
Interest costs		14,446	27,712
Remeasurement		14,936	(74,678)
Amount transferred from associate		-	1,104
Benefits paid		(87,606)	(137,189)
Defined benefit obligation at the end of period	₩	1,381,654	1,378,597

- 3) Changes in the 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>		June 30, 2021	December 31, 2020
Fair value of plan assets at the beginning of period	₩	1,455,098	1,381,796
Interest on plan assets		15,573	27,227
Remeasurement of plan assets		(737)	(450)
Contributions to plan assets		-	178,000
Amount transferred from associate		-	1,104
Benefits paid		(72,901)	(132,579)
Fair value of plan assets at the end of period	₩	1,397,033	1,455,098

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

4) The amounts recognized in the statements of comprehensive income 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
Current service costs	₩ 29,230	31,355	61,281	63,559
Net interest costs	(481)	121	(1,127)	242
	₩ 28,749	31,476	60,154	63,801

19. 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
Current		
Advances received	₩ 33,279	41,901
Withholdings	28,467	24,253
Unearned revenue	25,924	14,522
	₩ 87,670	80,676
Non-current		
Unearned revenue	₩ 508	525

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

20. Financial Instruments

(a) Classification and fair value of financial instruments

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

① June 30, 2021

(in millions of Won)		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets					
Fair value through profit or loss					
Derivative assets	₩ 50,605	-	50,605	-	50,605
Short-term financial instruments	7,328,563	-	7,328,563	-	7,328,563
Debt securities	4,750	-	-	4,750	4,750
Other securities	82,435	-	-	82,435	82,435
Other receivables	2,000	-	-	2,000	2,000
Fair value through other comprehensive income					
Equity securities	1,144,985	1,055,053	-	89,932	1,144,985
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	1,681,126	-	-	-	-
Trade accounts and notes receivable	4,922,550	-	-	-	-
Debt securities	50,000	-	-	-	-
Other receivables	364,834	-	-	-	-
Deposit instruments	1,311,416	-	-	-	-
	₩ 16,943,264	1,055,053	7,379,168	179,117	8,613,338
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 10,240	-	10,240	-	10,240
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	1,314,010	-	-	-	-
Borrowings	7,524,960	-	7,720,953	-	7,720,953
Financial guarantee liabilities	30,403	-	-	-	-
Others	1,310,664	-	-	-	-
	₩ 10,190,277	-	7,731,193	-	7,731,193

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

② December 31, 2020

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

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

POSCO

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

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

(in millions of Won)

(in millions of Won)		Guarantee limit			Guarantee amount	
Guarantee beneficiary	Financial institution		Foreign currency	Won equivalent	Foreign currency	Won equivalent
Subsidiaries						
POSCO Maharashtra Steel Private Limited	SC	USD	19,784,000	22,356	19,784,000	22,356
	SMBC	USD	35,000,000	39,550	35,000,000	39,550
	DBS	USD	35,000,000	39,550	35,000,000	39,550
	BNP	USD	30,000,000	33,900	30,000,000	33,900
	Citi	USD	20,000,000	22,600	20,000,000	22,600
POSCO ASSAN TST	BNP	USD	24,527,500	27,716	22,074,750	24,944
STEEL INDUSTRY	SOCIETE GENERALE	USD	42,000,000	47,460	37,800,000	42,714
	CITI	USD	40,000,000	45,200	36,000,000	40,680
	ING	USD	40,000,000	45,200	36,000,000	40,680
POSCO Asia Co., Ltd.	Credit Agricole	USD	50,000,000	56,500	50,000,000	56,500
	MZUHO	USD	50,000,000	56,500	50,000,000	56,500
POSCO MEXICO S.A. DE C.V	Citi BANAMEX	USD	30,000,000	33,900	30,000,000	33,900
	BOA	USD	30,000,000	33,900	30,000,000	33,900
	SMBC	USD	20,000,000	22,600	20,000,000	22,600
	MZUHO	USD	20,000,000	22,600	20,000,000	22,600
	ANZ	USD	20,000,000	22,600	20,000,000	22,600
POSCO-VIETNAMCo., Ltd.	SMBC	USD	50,000,000	56,500	50,000,000	56,500
	Credit Agricole	USD	40,000,000	45,200	40,000,000	45,200
	MJFG	USD	26,000,000	29,380	26,000,000	29,380
	Citi	USD	20,000,000	22,600	20,000,000	22,600
	MZUHO	USD	20,000,000	22,600	20,000,000	22,600
PT. KRAKATAU POSCO	Export-Import Bank of Korea	USD	567,000,000	640,710	330,240,725	373,172
	SMBC	USD	140,000,000	158,200	81,665,652	92,282
	BTMJ	USD	119,000,000	134,470	68,295,652	77,174
	MZUHO	USD	105,000,000	118,650	60,260,870	68,095
	SCB	USD	107,800,000	121,814	63,185,652	71,400
	Credit Suisse AG	USD	91,000,000	102,830	52,226,087	59,015
	HSBC	USD	91,000,000	102,830	52,226,087	59,015
	ANZ	USD	73,500,000	83,055	43,500,435	49,155
	BOA	USD	35,000,000	39,550	20,086,957	22,698
	The Tokyo Star Bank, Ltd	USD	21,000,000	23,730	12,052,174	13,619
POSCO COATED STEEL (THAILAND) CO., LTD.	Citi	THB	801,000,000	28,195	801,000,000	28,195
	ANZ	THB	1,175,000,000	41,360	1,175,000,000	41,360
	MJFG	THB	1,175,000,000	41,360	1,175,000,000	41,360
	SC	THB	1,175,000,000	41,360	1,175,000,000	41,360
	SMBC	THB	1,175,000,000	41,360	1,175,000,000	41,360
Associates						
LLP POSUK Titanium	SMBC	USD	13,500,000	15,255	13,500,000	15,255
Nickel Mning Company SAS	SMBC	EUR	46,000,000	61,843	46,000,000	61,843
Joint ventures						
CSP - Compania Siderurgica do Pecem	Export-Import Bank of Korea	USD	182,000,000	205,660	162,149,671	183,229
	Santander	USD	47,600,000	53,788	41,713,206	47,136
	BNP	USD	47,600,000	53,788	41,713,206	47,136
	MZUHO	USD	47,600,000	53,788	41,713,206	47,136
	Credit Agricole	USD	20,000,000	22,600	17,526,564	19,805
	SOCIETE GENERALE	USD	20,000,000	22,600	17,526,564	19,805
	KfW	USD	20,000,000	22,600	17,526,564	19,805
	BBVA Seoul	USD	17,600,000	19,888	15,423,360	17,428
	ING	USD	17,600,000	19,888	15,423,360	17,428
	BNDES	BRL	464,060,000	105,792	464,060,000	105,792
		USD	2,446,111,500	2,764,106	1,815,614,742	2,051,642
		EUR	46,000,000	61,843	46,000,000	61,843
		THB	5,501,000,000	193,635	5,501,000,000	193,635
		BRL	464,060,000	105,792	464,060,000	105,792

POSCO

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

3) 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)

		Finance income and costs						Other comprehensive income (loss)
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	
Financial assets at fair value through profit or loss	₩	58,424	-	-	1,168	28,481	-	-
Financial assets at fair value through other comprehensive income		-	29,336	-	92	-	-	119,960
Financial assets measured at amortized cost		7,227	-	83,603	-	-	-	-
Financial liabilities at fair value through profit or loss		-	-	-	18,177	92,087	-	-
Financial liabilities measured at amortized cost		(85,908)	-	(199,560)	-	-	3,030	-
	₩	(20,257)	29,336	(115,957)	19,437	120,568	3,030	119,960

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩402,306 million for the six-month period ended June 30, 2021.

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

(in millions of Won)

		Finance income and costs						Other comprehensive income (loss)
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	
Financial assets at fair value through profit or loss	₩	77,159	-	-	485	223,151	-	-
Financial assets at fair value through other comprehensive income		-	24,483	-	-	-	-	(160,650)
Financial assets measured at amortized cost		24,207	-	94,915	-	-	-	-
Financial liabilities at fair value through profit or loss		-	-	-	447	13,977	-	-
Financial liabilities measured at amortized cost		(113,808)	-	(217,448)	-	-	11,840	-
	₩	(12,442)	24,483	(122,533)	932	237,128	11,840	(160,650)

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩147,724 million for the six-month period ended June 30, 2020.

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

4) 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)

	Finance income and costs							Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	
Financial assets at fair value through profit or loss	₩ 28,258	-	-	1,002	(14,330)	-	14,930	-
Financial assets at fair value through other comprehensive income	-	9,396	-	-	-	-	9,396	44,653
Financial assets measured at amortized cost	4,469	-	(20,131)	-	-	-	(15,662)	-
Financial liabilities at fair value through profit or loss	-	-	-	16,503	5,130	-	21,633	-
Financial liabilities measured at amortized cost	(38,601)	-	24,538	-	-	1,739	(12,324)	-
	₩ (5,874)	9,396	4,407	17,505	(9,200)	1,739	17,973	44,653

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩169,975 million for the three-month period ended June 30, 2021.

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

(in millions of Won)

	Finance income and costs							Other comprehensive income (loss)
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	
Financial assets at fair value through profit or loss	₩ 38,444	-	-	289	(29,542)	-	9,191	-
Financial assets at fair value through other comprehensive income	-	237	-	-	-	-	237	30,838
Financial assets measured at amortized cost	13,798	-	(46,814)	-	-	-	(33,016)	-
Financial liabilities at fair value through profit or loss	-	-	-	422	2,435	-	2,857	-
Financial liabilities measured at amortized cost	(56,712)	-	108,704	-	-	3,903	55,895	-
	₩ (4,470)	237	61,890	711	(27,107)	3,903	35,164	30,838

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩38,066 million for the three-month period ended June 30, 2020.

(b) Financial risk management

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

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

21. 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>	June 30, 2021	December 31, 2020
Authorized shares	200,000,000	200,000,000
Par value	₩ 5,000	5,000
Issued shares(*1)	87,186,835	87,186,835
Shared capital(*2)	₩ 482,403,125,000	482,403,125,000

(*1) As of June 30, 2021, total shares of ADRs of 26,910,200 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>	June 30, 2021	December 31, 2020
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	796,623	796,623
Gain from merger	80,628	80,628
Loss on disposal of hybrid bonds	(1,787)	(1,787)
	₩ 1,339,289	1,339,289

22. Hybrid Bonds

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

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

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

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

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

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

23. Reserves

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

(in millions of Won)		June 30, 2021	December 31, 2020
Changes in fair value of equity investments at fair value through other comprehensive income	₩	(174,588)	(296,626)

24. Treasury Shares

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

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

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.

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

25. Revenue

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

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
<i>(in millions of Won)</i>				
Types of revenue				
Sales of steel product	₩ 8,932,553	5,683,303	16,444,696	12,422,165
Transportation services	298,446	161,641	542,575	348,051
Others	46,354	39,880	90,529	84,464
	₩ 9,277,353	5,884,824	17,077,800	12,854,680
Timing of revenue recognition				
Revenue recognized at a point in time	₩ 8,961,641	5,709,534	16,501,922	12,477,283
Revenue recognized over time	315,712	175,290	575,878	377,397
	₩ 9,277,353	5,884,824	17,077,800	12,854,680

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

	June 30, 2021	December 31, 2020
<i>(in millions of Won)</i>		
Receivables		
Account receivables	₩ 4,922,550	3,685,573
Contract assets		
Account receivables	5,453	10,418
Contract liabilities		
Advance received	33,280	41,901
Unearned income	26,433	14,855

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

26. 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:

(in millions of Won)	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
Wages and salaries	₩ 58,692	54,435	122,000	115,690
Expenses related to post-employment benefits	7,498	6,539	18,069	14,182
Other employee benefits	13,521	11,052	26,479	23,287
Travel	1,848	1,822	4,091	4,607
Depreciation	7,074	6,809	13,676	13,662
Amortization	6,731	9,039	25,583	18,456
Rental	10,358	10,946	25,779	24,204
Repairs	1,836	1,581	3,420	3,831
Advertising	15,985	14,490	28,829	29,384
Research & development	17,045	15,586	35,668	31,392
Service fees	38,162	40,068	74,935	77,441
Supplies	209	126	723	360
Vehicles maintenance	1,302	1,166	2,440	2,448
Industry association fee	1,661	1,244	3,126	3,220
Training	10,038	3,863	10,282	8,182
Conference	1,158	885	2,135	1,967
Others	14,291	13,111	20,077	19,218
	₩ 207,409	192,762	417,312	391,531

(b) Selling expenses

Selling 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
Freight and custody	₩ 28,600	29,401	59,180	63,102
Operating expenses for distribution center	1,553	1,439	3,086	3,158
Sales commissions	17,349	19,535	34,013	64,788
Sales advertising	209	219	258	305
Sales promotion	350	302	645	696
Sample	238	157	471	333
Sales insurance premium	1,493	1,437	2,934	2,944
	₩ 49,792	52,490	100,587	135,326

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

27. 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:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
<i>(in millions of Won)</i>				
Finance income				
Interest income(*1)	₩ 32,727	52,242	65,651	101,366
Dividend income	179,372	38,303	431,642	172,207
Gain on foreign currency transactions	59,796	85,665	156,924	232,829
Gain on foreign currency translations	(7,822)	(43,959)	41,024	27,339
Gain on valuation of derivatives	(13,572)	(27,107)	120,568	237,128
Gain on transactions of derivatives	16,503	422	18,351	643
Others	3,462	4,969	5,580	13,340
	<u>₩ 270,466</u>	<u>110,535</u>	<u>839,740</u>	<u>784,852</u>
Finance costs				
Interest expenses	₩ 38,601	56,712	85,908	113,808
Loss on foreign currency transactions	94,889	59,730	168,604	136,197
Loss on foreign currency translations	(47,324)	(79,914)	145,301	246,504
Others	(3,648)	777	1,463	1,211
	<u>₩ 82,518</u>	<u>37,305</u>	<u>401,276</u>	<u>497,720</u>

(*1) Interest income calculated using the effective interest method for the six-month periods ended June 30, 2021 and 2020 were ₩7,227 million and ₩24,207 million, respectively.

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

28. 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:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
<i>(in millions of Won)</i>				
Other non-operating income				
Gain on disposals of property, plant and equipment ₩	2,917	2,232	5,687	6,054
Gain on disposals of subsidiaries, associates, and joint ventures	-	21,907	-	21,907
Gain on disposals of assets held for sale	44,946	26,644	45,736	26,942
Gain on insurance settlements	2,017	6,027	2,304	6,886
Gain on reversal of other specific reserve debts	2,052	284	2,052	284
Gain on disposals of emission rights	-	16,823	-	24,566
Others(*1)	24,712	7,681	56,112	19,084
₩	76,644	81,598	111,891	105,723
Other non-operating expenses				
Loss on disposals of property, plant and equipment ₩	22,514	42,935	46,270	94,234
Impairment loss on property, plant and equipment	-	22,687	3,113	22,687
Impairment loss on investment in subsidiaries, associates and joint ventures	-	-	1,500	-
Donations	123	3,000	2,127	11,709
Impairment loss on assets held for sale	-	2,616	-	8,945
Impairment loss on intangible assets	-	-	7,180	-
Others	19,601	26,021	34,245	38,370
₩	42,238	97,259	94,435	175,945

(*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 corporate tax as a result of administrative litigation for tax audits.

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

29. Expenses by Nature

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

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
<i>(in millions of Won)</i>				
Changes in inventories(*1)	₩ (169,269)	289,400	(385,845)	387,281
Raw materials and consumables used	5,419,575	3,578,505	10,115,533	7,724,146
Employee benefits expenses	441,312	437,550	904,633	897,134
Outsourced processing cost	620,482	568,597	1,209,505	1,227,456
Depreciation(*2)	573,418	565,690	1,146,592	1,126,547
Amortization	27,667	25,235	54,868	50,851
Electricity and water	87,612	49,901	159,467	116,551
Service fees	61,386	61,282	113,519	119,628
Rental	19,438	20,162	44,170	42,908
Advertising	15,985	14,490	28,829	29,384
Freight and custody	238,873	164,813	439,675	380,504
Sales commissions	17,349	19,535	34,013	64,788
Loss on disposal of property, plant and equipment	22,514	42,935	46,270	94,234
Impairment loss on property, plant and equipment	-	22,687	3,113	22,687
Other	335,150	229,607	577,258	397,217
	₩ 7,711,492	6,090,389	14,491,600	12,681,316

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

(*2) Includes depreciation of investment property.

30. Income Taxes

The effective tax rates of the Company for the six-month periods ended June 30, 2021 and 2020 were 27.62% and 18.82%, respectively.

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

31. 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 share information)

		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2021	2020	2021	2020
Profit for the period	₩	1,318,159,603,103	6,645,986,027	2,270,335,106,310	459,666,301,329
Interests of hybrid bonds, net of tax		(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	₩	17,408	62	29,921	5,700

(*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.

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

32. Related Party Transactions

(a) Significant transactions with 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
Subsidiaries(*3)						
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 Theinox 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>
Associates and joint ventures(*3)						
SNIC	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 are mainly consist of sales of steel products to subsidiaries, associates and joint ventures.

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

(*3) As of June 30, 2021, the Company provided guarantees to related companies (Note 20).

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

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Notes to the Condensed Separate 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
Subsidiaries						
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
Associates and joint ventures						
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

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Notes to the Condensed Separate Interim Financial Statements, Continued

As of June 30, 2021

(Unaudited)

(b) Significant transactions with 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
Subsidiaries						
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
Associates and joint ventures						
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

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
Subsidiaries						
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
Associates and joint ventures						
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

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

(c) The related account balances of significant transactions with 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
Subsidiaries							
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
	<u>2,428,848</u>	<u>30,842</u>	<u>2,459,690</u>	<u>149,955</u>	<u>234,942</u>	<u>146,069</u>	<u>530,966</u>
Associates and joint ventures							
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
	<u>841</u>	<u>167,297</u>	<u>168,138</u>	<u>224,044</u>	<u>287</u>	<u>-</u>	<u>224,331</u>
₩	<u>2,429,689</u>	<u>198,139</u>	<u>2,627,828</u>	<u>373,999</u>	<u>235,229</u>	<u>146,069</u>	<u>755,297</u>

2) December 31, 2020

(in millions of Won)

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

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

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

<i>(in millions of Won)</i>	June 30, 2021	June 30, 2020
Short-term benefits	₩ 21,991	21,409
Long-term benefits	2,956	2,172
Retirement benefits	6,938	4,836
	<u>₩ 31,885</u>	<u>28,417</u>

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

33. Commitments and Contingencies

(a) Commitments

- 1) The Company entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than three years and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of June 30, 2021, 49 million tons of iron ore and 7 million tons of coal remained to be purchased under such long-term contracts.
- 2) The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.
- 3) The Company entered into consecutive voyage charter (CVC) contract for the transportation of raw materials. As of June 30, 2021, there are 38 vessels under contract and the average remaining contract period is about 9 years.
- 4) As of June 30, 2021, the Company entered into commitments with KOREA ENERGY AGENCY for long-term foreign currency borrowing, which is limited up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowing depends on the success of the project. The Company is not liable for the repayment of full or part of the money borrowed if the respective project fail. The Company has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of June 30, 2021, the ending balance of the borrowing amounts to USD 1.02 million.
- 5) The Company has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to the construction of new power plant by POSCO ENERGY CO., LTD.

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

(b) As of June 30, 2021, the Company has provided three blank checks to KOREA ENERGY AGENCY as collateral for long-term foreign currency borrowings.

(c) Litigation in progress

The Company is involved in 32 lawsuits aggregating to ₩62.4 billion as defendant as of June 30, 2021, which arise from the ordinary course of business such as claim for confirmation of employee status. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company does not believe it has a present obligation as of June 30, 2021.

34. Cash Flows from Operating Activities

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

<i>(in millions of Won)</i>	June 30, 2021	June 30, 2020
Trade accounts and notes receivable, net	₩ (1,225,365)	830,252
Other accounts receivable	(304)	(5,207)
Accrued revenues	948	-
Inventories	(1,225,946)	740,396
Prepaid expenses	(13,783)	(1,924)
Other current assets	(559)	(3,652)
Long-term guarantee deposits	265	(448)
Derivative assets	(3,575)	4,898
Other non-current assets	(18,359)	444
Trade accounts and notes payable	53,076	193,651
Other accounts payable	(99,328)	(89,951)
Accrued expenses	28,984	(16,670)
Advances received	4,484	381
Withholdings	4,214	2,303
Unearned revenue	11,387	(5,227)
Other current liabilities	(20,395)	(14,429)
Derivative liabilities	8,572	5,692
Payments of severance benefits	(87,606)	(89,031)
Plan assets	72,901	29,417
Other non-current liabilities	1,085	(7,971)
	₩ <u>(2,509,304)</u>	<u>1,572,924</u>

35. Events after the Reporting Period

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).