

POSCO

Interim condensed separate financial statements
for the six-month period ended June 30, 2024
with the independent auditor's review report

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Report on review of interim condensed separate financial statements

(English translation of a report originally issued in Korean)

The Stockholders and Board of Directors POSCO

We have reviewed the accompanying interim condensed separate financial statements of POSCO (the “Company”), which comprise the interim condensed separate statement of financial position as of June 30, 2024, and the related interim condensed separate statement of comprehensive income for each of the three-month and six-month periods ended June 30, 2024, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the six-month period ended June 30, 2024, and a summary of material accounting policy information and other explanatory information.

Management’s responsibility for the interim condensed separate financial statements

Management is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim condensed separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on these interim condensed separate financial statements based on our review.

We conducted our review 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 information 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 (“KSA”) 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 review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matters

The interim condensed separate statement of comprehensive income for each of the three-month and six-month periods ended June 30, 2023, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the six-month period ended June 30, 2023, prepared in accordance with KIFRS 1034 and presented for comparative purposes, have been reviewed by KPMG Samjong Accounting Corp., whose review report dated August 11, 2023 expressed an unqualified review conclusion thereon.

Moreover, the separate statement of financial position as of December 31, 2023, and the related separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended (not presented herein), have been audited by KPMG Samjong Accounting Corp., in accordance with KSA, whose report dated March 12, 2024 expressed an unqualified opinion thereon. The accompanying separate statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.



August 14, 2024

This review report is effective as of August 14, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed separate financial statements and may result in modification to this review report.

POSCO

Interim condensed separate financial statements
for each of the six-month periods ended June 30, 2024 and 2023

“The accompanying interim condensed separate financial statements, including all footnotes and disclosures,
have been prepared by, and are the responsibility of, the Company.”

Si-woo Lee
Representative Director and President
POSCO

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Interim condensed separate statements of financial position as of June 30, 2024 (unaudited) and December 31, 2023

(in millions of Won)

	<u>Notes</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Assets			
Cash and cash equivalents	19	₩ 2,175,506	2,032,952
Trade accounts and notes receivable, net	4,19,22,29	5,075,486	5,043,746
Other receivables, net	5,19	512,706	382,020
Other short-term financial assets	6,19	4,927,105	5,092,954
Inventories	7,26	6,129,557	6,800,608
Current income tax assets		4,864	-
Other current assets	12	102,889	104,688
Total current assets		18,928,113	19,456,968
Long-term trade accounts and notes receivable, net	4,19,22	4,019	4,023
Other receivables, net	5,19	128,341	137,512
Other long-term financial assets	6,19	777,973	530,685
Investments in subsidiaries, associates and joint ventures	8	2,363,637	2,359,980
Investment property, net	9	71,837	83,389
Property, plant and equipment, net	10	21,172,432	20,571,292
Intangible assets, net	11	420,113	447,998
Defined benefit assets, net	17	332,572	298,442
Deferred tax assets		1,781,715	1,881,454
Other non-current assets	12	30,734	53,785
Total non-current assets		27,083,373	26,368,560
Total assets		₩ 46,011,486	45,825,528

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Interim condensed separate statements of financial position, continued as of June 30, 2024 (unaudited) and December 31, 2023

(in millions of Won)

	<u>Notes</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Liabilities			
Trade accounts and notes payable	19,29	₩ 1,602,186	2,031,173
Short-term borrowings and current installments of long-term borrowings	13,19	2,601,314	2,010,878
Other payables	14,19,29	1,396,262	1,577,020
Other short-term financial liabilities	15,19	4,515	6,336
Current income tax liabilities		-	48,723
Provisions	16	41,390	37,350
Other current liabilities	18	87,675	95,111
Total current liabilities		<u>5,733,342</u>	<u>5,806,591</u>
Long-term borrowings, excluding current installments	13,19	6,840,450	6,465,820
Other payables	14,19	328,431	350,885
Other long-term financial liabilities	15,19	4,370	59,905
Long-term provisions	16	30,982	30,138
Other non-current liabilities	18	2,862	3,261
Total non-current liabilities		<u>7,207,095</u>	<u>6,910,009</u>
Total liabilities		<u>12,940,437</u>	<u>12,716,600</u>
Equity			
Share capital	20	482,403	482,403
Capital surplus	20	24,227,088	24,212,464
Accumulated other comprehensive income	17,21	35,992	2,666
Retained earnings		8,325,566	8,411,395
Total equity		<u>33,071,049</u>	<u>33,108,928</u>
Total liabilities and equity		<u>₩ 46,011,486</u>	<u>45,825,528</u>

The accompanying notes are an integral part of the interim condensed separate financial statements.

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Interim condensed separate statements of comprehensive income

for each of the three-month and six-month periods ended June 30, 2024 and 2023

(Unaudited)

	Notes	For the three-month periods ended June 30		For the six-month periods ended June 30	
		2024	2023	2024	2023
<i>(in millions of Won, except per share informations)</i>					
Revenue	22,29	₩ 9,276,619	10,298,087	18,796,419	19,920,182
Cost of sales	7,26,29	(8,589,074)	(9,154,912)	(17,526,409)	(18,229,789)
Gross profit		687,545	1,143,175	1,270,010	1,690,393
Selling and administrative expenses					
Other administrative expenses	23,26	(205,606)	(240,215)	(423,561)	(469,123)
Selling expenses	23,26	(63,528)	(61,906)	(132,892)	(128,919)
Operating profit		418,411	841,054	713,557	1,092,351
Finance income and costs	19,24				
Finance income		363,245	263,134	868,447	941,829
Finance costs		(378,923)	(338,939)	(835,441)	(920,925)
Other non-operating income and expenses					
Other non-operating income	25	24,304	16,256	36,769	35,815
Other non-operating expenses	25,26	(75,612)	(221,596)	(184,630)	(282,389)
Profit before income tax		351,425	559,909	598,702	866,681
Income tax expense	27	(84,300)	(126,763)	(100,148)	(203,441)
Profit		267,125	433,146	498,554	663,240
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	17	2,749	515	5,404	6,397
Net changes in fair value of equity investments at fair value through other comprehensive income	19,21	4,036	3,467	33,326	10,152
Total comprehensive income		₩ 273,910	437,128	537,284	679,789
Earnings per share (in Won)	28				
Basic earnings per share (in Won)		2,769	4,475	5,167	6,843
Diluted earnings per share (in Won)		₩ 2,769	4,475	5,167	6,843

The accompanying notes are an integral part of the interim condensed separate financial statements.

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Interim condensed separate statements of changes in equity for each of the six-month periods ended June 30, 2024 and 2023 (Unaudited)

<i>(in millions of Won)</i>	Share capital	Capital surplus	Hybrid bonds	Accumulated other comprehensive income	Retained earnings	Total
Balance as of January 1, 2023	₩ 482,403	31,235,868	199,384	(2,786)	581,756	32,496,625
Comprehensive income:						
Profit	-	-	-	-	663,240	663,240
Other comprehensive income	-	-	-	-	6,397	6,397
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-
Net changes in fair value of equity investments	-	-	-	10,152	-	10,152
at fair value through other comprehensive income, net of tax	-	-	-	-	-	-
Transactions with owners of the Company, recognized directly in equity:						
Year-end dividends	-	-	-	-	(325,043)	(325,043)
Repayment of hybrid bonds	-	(453)	(199,384)	-	-	(199,837)
Interest of hybrid bonds	-	-	-	-	(4,108)	(4,108)
Shared based payments	-	(2,003)	-	-	-	(2,003)
Share premium transferred to retained earnings	-	(7,000,000)	-	-	7,000,000	-
Others	-	(13,813)	-	-	-	(13,813)
Balance as of June 30, 2023	₩ 482,403	24,219,599	-	7,366	7,922,242	32,631,610
Balance as of January 1, 2024	₩ 482,403	24,212,464	-	2,666	8,411,395	33,108,928
Comprehensive income:						
Profit	-	-	-	-	498,554	498,554
Other comprehensive income	-	-	-	-	5,404	5,404
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-
Net changes in fair value of equity investments	-	-	-	33,326	-	33,326
at fair value through other comprehensive income, net of tax	-	-	-	-	-	-
Transactions with owners of the Company, recognized directly in equity:						
Year-end dividends	-	14,623	-	-	(589,786)	(589,786)
Shared based payments	-	24,227,088	-	35,992	8,325,566	14,623
Balance as of June 30, 2024	₩ 482,403	24,227,088	-	35,992	8,325,566	33,071,049

The accompanying notes are an integral part of the interim condensed separate financial statements.

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Interim condensed separate statements of cash flows for each of the six-month periods ended June 30, 2024 and 2023 (Unaudited)

(in millions of Won)

	<u>Notes</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Cash flows from operating activities			
Profit	₩	498,554	663,240
Adjustments for :			
Expenses related to post-employment benefit		41,579	40,328
Depreciation		1,170,113	1,110,521
Amortization		52,603	48,274
Impairment loss on trade and other receivables		1,274	615
Finance income		(676,645)	(619,898)
Finance costs		640,523	619,023
Loss on valuation of inventories		27,985	6,986
Gain on disposal of property, plant and equipment		(7,113)	(4,381)
Loss on disposal of property, plant and equipment		81,167	77,914
Impairment loss on property, plant and equipment		59,707	147,879
Impairment loss on intangible assets		-	3,536
Gain on disposal of emission rights		(13,343)	(24,052)
Increase to provisions		12,707	19,301
Income tax expense		100,148	203,441
Others		(2,363)	(515)
Changes in operating assets and liabilities	31	(41,152)	(334,696)
Interest received		56,750	56,594
Interest paid		(192,927)	(151,656)
Dividends received		27,512	15,060
Income taxes paid		(69,856)	36,855
Net cash provided by operating activities	₩	<u>1,767,223</u>	<u>1,914,369</u>

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Interim condensed separate statements of cash flows, continued for each of the six-month periods ended June 30, 2024 and 2023 (Unaudited)

(in millions of Won)

	<u>Notes</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Cash flows from investing activities			
Decrease in deposits	₩	871,955	1,706,281
Proceeds from disposal of short-term financial instruments		3,666,429	24,503,823
Proceeds from disposal of current debt securities		289,510	80,000
Collection of short-term loans		-	6,639
Collection of long-term loans		5,900	-
Collection of lease receivables		5,746	319
Proceeds from disposal of emission rights		13,343	24,052
Cash inflow from insurance claim		-	720
Acquisition of deposits		292	-
Increase in deposit instruments		(1,495,700)	(3,662,515)
Acquisition of short-term financial instruments		(2,058,377)	(24,263,451)
Increase in long-term loans		(2,496)	(4,496)
Acquisition of debt securities		(910,073)	(150,000)
Acquisition of investments in subsidiaries, associates and joint ventures		(3,675)	(125,393)
Acquisition of property, plant and equipment		(1,896,603)	(1,861,392)
Payment for disposal of property, plant and equipment		(63,678)	(30,636)
Acquisition of intangible assets		(25,247)	(19,360)
Proceeds from disposal of assets held for sale		-	(1,716)
Payment for deposits		(3,148)	-
Net cash used in investing activities	₩	<u>(1,605,822)</u>	<u>(3,797,125)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,243,899	3,494,284
Increase in long-term financial liabilities		3,508	115
Proceeds from disposals of derivatives		76,360	42,850
Repayment of borrowings		(713,295)	(1,404,577)
Decrease in long-term financial liabilities		(110)	(58)
Repayment of lease liabilities		(39,513)	(19,066)
Payment of cash dividends		(589,786)	(325,043)
Repayment of hybrid bonds		-	(200,000)
Payment of interest of hybrid bonds		-	(4,587)
Net cash provided by (used in) financing activities	₩	<u>(18,937)</u>	<u>1,583,918</u>
Effect of exchange rate fluctuation on cash held		90	15
Net increase (decrease) in cash and cash equivalents		142,554	(298,823)
Cash and cash equivalents at the beginning of the period		<u>2,032,952</u>	<u>2,191,598</u>
Cash and cash equivalents at the end of the period	₩	<u><u>2,175,506</u></u>	<u><u>1,892,775</u></u>

The accompanying notes are an integral part of the interim condensed separate financial statements.

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Notes to the interim condensed separate financial statements June 30, 2024 and 2023 (Unaudited)

1. General Information

POSCO, (the “Company”), was newly established with the purpose of production and sales of steel rolled products and plates, upon a vertical spin-off of steel business of POSCO HOLDINGS INC. (“Pre-spin off Company”, known as POSCO before spin-off, the surviving company) on March 1, 2022 (the date of spin-off). As of June 30, 2024, POSCO is wholly owned by POSCO HOLDINGS INC. (100% ownership).

2. Basis of Preparation

Statement of compliance

POSCO prepares its interim condensed separate financial statements in the Korean language in accordance with Korean International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) 1034 *Interim Financial Reporting*, enacted based on the *Act on External Audit of Stock Companies*. The accompanying interim condensed separate financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The interim condensed separate financial statements do not include all the information and disclosures required in the 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 year ended December 31, 2023.

These condensed interim financial statements are separate interim financial statements prepared in accordance with KIFRS 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 interim condensed separate financial statements in conformity with KIFRS 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. If estimates and assumptions that are based on management’s best judgment at the end of the interim reporting period differ from the actual environment, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (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

A number of 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 CFO.

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 KIFRS 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 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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 interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

3. Summary of Material Accounting Policies

Except as described in KIFRS 1034 *Interim Financial Reporting* and below, the accounting policies applied by the Company in these interim condensed separate financial statements are the same as those applied by the Company in its separate financial statements as of and for year ended December 31, 2023. The changes in accounting policies described below are expected to be applied to the separate financial statements as of and for the year ended December 31, 2024 as well.

Changes in accounting policies

- 1) KIFRS 1007 *Statement of Cash Flows* and 1107 *Financial Instruments: Disclosures* amendments – Supplier Finance Arrangements

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understand the effects of supplier finance agreements on an entity's liabilities, cash flows, and exposure to liquidity risks. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company's interim condensed separate financial statements.

- 2) KIFRS 1116 Lease amendments – Lease Liability in a Sale and Leaseback

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company's interim condensed separate financial statements.

- 3) KIFRS 1001 *Presentation of Financial Statements* amendments – Classification of Liabilities as Current of Non-current

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement
- that a right to defer must exist at the end of the reporting period
- that classification is unaffected by the likelihood that an entity will exercise its deferral right and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Company's interim condensed separate financial statements.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

4. Trade Accounts and Notes Receivable

Trade accounts and notes receivable as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current			
Trade accounts and notes receivable	₩	5,075,948	5,044,245
Less: Allowance for doubtful accounts		<u>(462)</u>	<u>(499)</u>
	₩	<u>5,075,486</u>	<u>5,043,746</u>
Non-current			
Trade accounts and notes receivable	₩	5,917	5,924
Less: Present value discount		(1,385)	(1,385)
Less: Allowance for doubtful accounts		<u>(513)</u>	<u>(516)</u>
	₩	<u>4,019</u>	<u>4,023</u>

The Company discounted its trade receivables in accordance with a factoring agreement entered into with 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, 2024 and December 31, 2023, the carrying amount of such secured borrowings are ₩445,390 million and ₩34,238 million, respectively, which are presented in the statements of financial position as short-term borrowings (Note 13).

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

5. Other Receivables

Other receivables as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current			
Loans	₩	11,631	11,560
Other accounts receivable		453,630	330,287
Lease receivables		11,888	11,648
Accrued income		35,831	28,790
Others		2	6
Less: Allowance for doubtful accounts		<u>(276)</u>	<u>(271)</u>
	₩	<u>512,706</u>	<u>382,020</u>
Non-current			
Loans	₩	51,800	52,824
Other accounts receivable		13,891	18,847
Lease receivables		52,688	57,648
Others		33,205	30,161
Less: Allowance for doubtful accounts		<u>(23,243)</u>	<u>(21,968)</u>
	₩	<u>128,341</u>	<u>137,512</u>

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

6. Other Financial Assets

(a) Other financial assets as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current			
Derivative assets	₩	209,172	115,362
Debt securities		910,000	289,437
Deposit instruments		1,723,700	1,097,469
Short-term financial instruments		<u>2,084,233</u>	<u>3,590,686</u>
	₩	<u>4,927,105</u>	<u>5,092,954</u>
Non-current			
Derivative assets	₩	300,038	98,030
Equity securities		466,205	420,925
Other securities		11,708	11,708
Deposit instruments(*1)		<u>22</u>	<u>22</u>
	₩	<u>777,973</u>	<u>530,685</u>

(*1) As of June 30, 2024 and December 31, 2023, financial instruments are restricted in use for financial arrangements, pledge and others.

(b) Equity securities as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2024</u>				<u>December 31, 2023</u>		
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
Marketable equity securities							
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	₩ 14,878	15,618	740	15,618	17,471
YODOGAWA STEEL WORKS, LTD.	600,000	1.72	13,842	29,145	15,303	29,145	20,891
DONGKUK INDUSTRIES CO., LTD.	2,611,989	4.82	12,852	19,485	6,633	19,485	12,577
PT.Krakatau Steel	236,625,000	1.22	6,876	1,884	(4,992)	1,884	2,809
AJUSTEEL Co., Ltd.	510,000	1.93	4,600	2,902	(1,698)	2,902	3,621
dhSteel	782,148	7.21	4,224	3,050	(1,174)	3,050	3,113
Woori Financial Group Inc.	20,280,000	2.79	261,638	297,913	36,275	297,913	263,640
Others (5 companies)			<u>14,616</u>	<u>12,425</u>	<u>(2,191)</u>	<u>12,425</u>	<u>13,020</u>
			<u>333,526</u>	<u>382,422</u>	<u>48,896</u>	<u>382,422</u>	<u>337,142</u>
Non-marketable equity securities							
TAECHANG STEEL	99,999	10.99	8,845	8,845	-	8,845	8,845
Pinetree PosMagnesium Co., Ltd.	11,144,000	19.90	8,794	8,794	-	8,794	8,794
WINSTEEL CO.	342,577	10.00	8,060	8,060	-	8,060	8,060
KOH-A JUNG GONG CO., LTD.	490,000	19.84	7,573	7,573	-	7,573	7,573
POONGSAN SPECIAL METAL CO., LTD.	315,790	5.00	7,556	7,556	-	7,556	7,556
DK Corporation	55,000	4.91	7,446	7,446	-	7,446	7,446
DaeSung SnM Co., Ltd.	50,567	8.21	7,237	7,237	-	7,237	7,237
Others (18 companies)			<u>28,272</u>	<u>28,272</u>	<u>-</u>	<u>28,272</u>	<u>28,272</u>
			<u>83,783</u>	<u>83,783</u>	<u>-</u>	<u>83,783</u>	<u>83,783</u>
			<u>₩ 417,309</u>	<u>466,205</u>	<u>48,896</u>	<u>466,205</u>	<u>420,925</u>

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

7. Inventories

Inventories as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Finished goods	₩	1,237,187	1,291,805
Semi-finished goods		1,743,201	2,206,118
By-products		20,986	20,774
Raw materials		1,489,572	1,112,287
Fuel and materials		532,710	467,013
Materials-in-transit		1,133,180	1,730,768
Others		706	721
		<u>6,157,542</u>	<u>6,829,486</u>
Less: Allowance for inventories valuation		<u>(27,985)</u>	<u>(28,878)</u>
	₩	<u><u>6,129,557</u></u>	<u><u>6,800,608</u></u>

The amounts of loss on valuation of inventories recognized in cost of sales for the six-month period ended June 30, 2024 and for the year ended December 31, 2023 were ₩27,985 million and ₩28,878 million, respectively.

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

8. Investments in Subsidiaries, Associates and Joint Ventures

(a) Details of subsidiaries and carrying amounts as of June 30, 2024 and December 31, 2023 are as follows:

(in millions of Won)

	Country	Principal operations	June 30, 2024		December 31,	
			Ownership (%)	Book value	2023 Book value	
[Domestic]						
POSCO STEELEON Co., Ltd.(*1)	Korea	Coated steel manufacturing	56.87	₩	108,421	108,421
POSCO M-TECH(*2)	Korea	Packing materials manufacturing and sales	48.85		107,278	107,278
PNR	Korea	Steel by product processing and sales	70.00		12,339	12,339
POSCO Humans(*3)	Korea	Business assistance service	100.00		11,685	8,137
eNiob Corporation	Korea	Electronic commerce	69.32		46,357	46,357
POSCO GYS Tech	Korea	Maintenance service	100.00		15,000	15,000
POSCO GY Solution	Korea	Maintenance service	100.00		15,000	15,000
POSCO GYR Tech	Korea	Maintenance service	100.00		23,300	23,300
POSCO PH Solution	Korea	Maintenance service	100.00		9,400	9,400
POSCO PS Tech	Korea	Maintenance service	100.00		15,000	15,000
POSCO PR Tech	Korea	Maintenance service	100.00		12,300	12,300
					<u>376,080</u>	<u>372,532</u>
[Foreign]						
PT.KRAKATAU POSCO(*2)	Indonesia	Steel manufacturing and sales	50.00		928,168	928,108
POSCO Thainox Public Company Limited	Thailand	STS cold-rolled steel manufacturing and sales	74.56		141,019	141,019
POSCO MEXICO S.A. DE C.V.	Mexico	Automotive steel manufacturing and sales	83.28		190,802	190,739
POSCO (Thailand) Company Limited	Thailand	Steel processing and sales	100.00		140,614	140,614
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Vietnam	Steel manufacturing and sales	51.00		77,028	77,028
POSCO COATED STEEL (THAILAND) CO., LTD.	Thailand	Automotive steel manufacturing and sales	100.00		72,225	72,225
POSCO-India Private Limited	India	Steel manufacturing and sales	99.99		69,674	69,674
PT.POSCO INDONESIA JAKARTA PROCESSING CENTER	Indonesia	Steel processing and sales	70.51		56,976	56,972
POSCO-MKPC SDN BHD	Malaysia	Steel processing and sales	70.00		56,789	56,789
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	China	Steel processing and sales	90.00		38,849	38,849
POSCO-VIETNAM Co., Ltd.	Vietnam	Steel manufacturing and sales	100.00		36,972	36,972
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	Poland	Steel processing and sales	60.00		22,929	22,929
POSCO-Mexico Villagran Wire-rod Processing Center	Mexico	Steel processing and sales	56.75		1,363	1,362
Others (6 companies)					87,067	87,068
					<u>1,920,475</u>	<u>1,920,348</u>
				₩	<u>2,296,555</u>	<u>2,292,880</u>

(*1) Excluding the treasury shares acquired during the year ended December 31, 2023, the ownership of the Company in terms of voting rights is 56.96%.

(*2) The Company classified POSCO M-TECH and PT. KRAKATAU POSCO 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 PT. KRAKATAU POSCO.

(*3) During the six-month period ended June 30, 2024, the Company additionally acquired 656,000 shares of POSCO Humans and holds 100% of the ownership.

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

(b) Details of associates and carrying amounts as of June 30, 2024 and December 31, 2023 are as follows:

(in millions of Won)

	Country	Principal operations	June 30, 2024		December 31,	
			Ownership (%)	Book value	2023	
					Book value	
[Domestic]						
DAEHO GLOBAL MANAGEMENT CO., LTD.	Korea	Investment advisory service	35.82	₩	4,108	4,108
Pohang Special Welding Co., Ltd.	Korea	Welding material and tools manufacturing and sales	50.00		3,111	3,111
					<u>7,219</u>	<u>7,219</u>
[Foreign]						
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	China	Steel processing and sales	23.82		23,489	23,489
LLP POSUK Titanium	Kazakhstan	Titanium raw material manufacturing and sales	33.90		10,106	10,124
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD>(*1)	China	Steel processing and sales	17.50		2,885	2,885
POSCO SUZHOU PROCESSING CENTER CO., LTD.	China	Steel processing and sales	30.00		2,763	2,763
POSK(Pinghu) Steel Processing Center Co., Ltd.	China	Steel processing and sales	20.00		2,313	2,313
POSCO Vietnam Processing Center. Co.,Ltd (*1)	Vietnam	Steel processing and sales	9.17		12,101	12,101
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	Slovakia	Steel processing and sales	30.00		6,206	6,206
					<u>59,863</u>	<u>59,881</u>
				₩	<u>67,082</u>	<u>67,100</u>

(*1) As of June 30, 2024, it is classified as an associate even though the Company's ownership percentage is less than 20%, considering the Company's significant influence over the investee when it comes to the structure of its Board of Directors and others.

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

9. Investment Property, Net

Changes in the carrying amount of investment property for the six-month period ended June 30, 2024 and the year ended December 31, 2023 are as follows:

1) For the six-month period ended June 30, 2024

<i>(in millions of Won)</i>		Beginning	Depreciation(*1)	Others(*2)	Ending
Land	₩	2	-	-	2
Buildings		4,215	(171)	-	4,044
Structures		1,065	(44)	-	1,021
Right-of-use assets		78,107	(13,464)	2,127	66,770
	₩	<u>83,389</u>	<u>(13,679)</u>	<u>2,127</u>	<u>71,837</u>

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

(*2) Others include reclassification resulting from changes in rental ratio of the subleased asset.

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Beginning	Depreciation(*1)	Others(*2,3)	Ending
Land	₩	3,639	-	(3,637)	2
Buildings		8,929	(1,114)	(3,600)	4,215
Structures		5,150	(486)	(3,599)	1,065
Right-of-use assets		-	-	78,107	78,107
	₩	<u>17,718</u>	<u>(1,600)</u>	<u>67,271</u>	<u>83,389</u>

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

(*2) Others include reclassification resulting from changing purpose of use.

(*3) During the year ended December 31, 2023, the Company classified the subleased right-of-use asset as investment property.

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

10. Property, Plant and Equipment, Net

(a) Changes in the carrying amount of property, plant and equipment for the six-month period ended June 30, 2024 and the year ended December 31, 2023 are as follows:

1) For the six-month period ended June 30, 2024

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Impairment(*1)</u>	<u>Depreciation</u>	<u>Others(*2)</u>	<u>Ending</u>
Land	₩	1,284,191	-	-	-	-	13,603	1,297,794
Buildings		1,902,913	67	(36)	(60)	(95,878)	162,252	1,969,258
Structures		1,972,389	37	(1,279)	(2,488)	(101,719)	481,149	2,348,089
Machinery and equipment		11,835,007	21,021	(5,219)	(41,896)	(905,070)	1,766,245	12,670,088
Vehicles		20,239	358	-	-	(6,470)	7,019	21,146
Tools		31,366	429	-	-	(6,484)	1,401	26,712
Furniture and fixtures		82,414	1,642	(5)	-	(16,272)	3,206	70,985
Right-of-use assets		348,499	4,014	-	-	(24,542)	(326)	327,645
Construction-in-progress		3,094,274	1,807,831	(829)	(15,263)	-	(2,445,298)	2,440,715
	₩	<u>20,571,292</u>	<u>1,835,399</u>	<u>(7,368)</u>	<u>(59,707)</u>	<u>(1,156,435)</u>	<u>(10,749)</u>	<u>21,172,432</u>

(*1) For the six-month period ended June 30, 2024, the Company estimated the recoverable amount based on the net fair value of individual assets including the No.4 Blast furnace production facility and others in Pohang, which were partially shut down due to renovation. The Company recognized impairment loss of ₩59,707 million since recoverable amounts are less than their carrying amounts.

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

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Impairment(*1)</u>	<u>Depreciation</u>	<u>Others(*2)</u>	<u>Ending</u>
Land	₩	1,265,810	9,359	(1,607)	-	-	10,629	1,284,191
Buildings		1,996,826	1,701	(1,328)	(26,748)	(194,621)	127,083	1,902,913
Structures		2,048,075	1,402	(7,646)	(28,581)	(188,046)	147,185	1,972,389
Machinery and equipment		11,945,072	55,080	(47,303)	(155,207)	(1,755,003)	1,792,368	11,835,007
Vehicles		18,578	213	(13)	-	(11,193)	12,654	20,239
Tools		31,416	6,807	(110)	(11)	(13,908)	7,172	31,366
Furniture and fixtures		74,497	2,823	(30)	(147)	(28,791)	34,062	82,414
Right-of-use assets		332,077	134,835	-	-	(35,111)	(83,302)	348,499
Construction-in-progress		1,951,552	3,335,246	-	-	-	(2,192,524)	3,094,274
	₩	<u>19,863,903</u>	<u>3,547,466</u>	<u>(58,037)</u>	<u>(210,694)</u>	<u>(2,226,673)</u>	<u>(144,673)</u>	<u>20,571,292</u>

(*1) The Company terminated operations of certain portion of the lithium production facilities and others located in Gwangyang and Argentina due to changes in operation plans. The Company estimated the recoverable amount of these assets at the net fair value, and recognized an impairment loss of ₩210,399 million since recoverable amounts are less than their carrying amounts.

(*2) Others represent assets transferred from construction-in-progress to property, plant and equipment, intangible assets and right-of-use assets transferred to investment properties, and others.

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

(b) 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 and investment property for the six-month period ended June 30, 2024 are as follows:

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Depreciation</u>	<u>Others</u>	<u>Ending</u>
Land	₩	7,353	-	(143)	-	7,210
Buildings		174,712	4,014	(23,913)	2,370	157,183
Structures		43,585	-	(2,606)	-	40,979
Machinery and equipment		1,183	-	(197)	-	986
Vehicles		10,499	-	(1,162)	-	9,337
Ships		176,688	-	(8,343)	-	168,345
Others		12,586	-	(1,630)	(1,061)	9,895
	₩	<u>426,606</u>	<u>4,014</u>	<u>(37,994)</u>	<u>1,309</u>	<u>393,935</u>

- ② Changes in the carrying amount of right-of-use assets presented as property, plant and equipment and investment property for the year ended December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Depreciation</u>	<u>Others</u>	<u>Ending</u>
Land	₩	7,638	-	(285)	-	7,353
Buildings		59,209	124,104	(7,197)	(1,404)	174,712
Structures		48,797	-	(5,212)	-	43,585
Machinery and equipment		1,578	-	(395)	-	1,183
Vehicles		5,254	5,745	(500)	-	10,499
Ships		193,373	-	(16,685)	-	176,688
Others		16,228	4,986	(4,837)	(3,791)	12,586
	₩	<u>332,077</u>	<u>134,835</u>	<u>(35,111)</u>	<u>(5,195)</u>	<u>426,606</u>

2) Amount recognized in profit or loss

The amount recognized in profit or loss related to leases for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	For the three-month periods ended June 30		For the six-month periods ended June 30		
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	
Interest on lease liabilities	₩	3,075	2,206	6,344	4,472
Expenses relating to short-term leases		2,212	5,956	4,423	12,370
Expenses relating to leases of low-value assets		1,252	1,651	2,506	3,191
	₩	<u>6,539</u>	<u>9,813</u>	<u>13,273</u>	<u>20,033</u>

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

11. Intangible Assets, Net

Changes in the carrying amount of intangible assets for the six-month period ended June 30, 2024 and the year ended December 31, 2023 are as follows:

(a) For the six-month period ended June 30, 2024

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Amortization	Impairment	Transfer(*2)	Ending
Intellectual property rights	₩	14,457	-	-	(4,747)	-	10,025	19,735
Membership(*1)		79,334	-	-	-	-	-	79,334
Development expense		121,194	348	-	(39,261)	-	12,661	94,942
Port facilities usage rights		183,092	-	-	(7,430)	-	-	175,662
Construction-in-progress		44,358	22,162	-	-	-	(20,479)	46,041
Other intangible assets		5,564	-	-	(1,165)	-	-	4,399
	₩	<u>447,999</u>	<u>22,510</u>	<u>-</u>	<u>(52,603)</u>	<u>-</u>	<u>2,207</u>	<u>420,113</u>

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

(*2) Others represent 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, 2023

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Amortization	Impairment	Transfer(*2)	Ending
Intellectual property rights	₩	20,548	-	-	(6,091)	-	-	14,457
Membership(*1)		79,320	14	-	-	-	-	79,334
Development expense		134,463	5,762	(97)	(75,857)	-	56,923	121,194
Port facilities usage rights		197,950	-	-	(14,858)	-	-	183,092
Construction-in-progress		50,210	36,779	-	-	-	(42,631)	44,358
Other intangible assets		8,147	886	-	(2,035)	(4,035)	2,600	5,563
	₩	<u>490,638</u>	<u>43,441</u>	<u>(97)</u>	<u>(98,841)</u>	<u>(4,035)</u>	<u>16,892</u>	<u>447,998</u>

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

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

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

12. Other Assets

Other assets as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current		
Advance payments	₩ 4,084	3,857
Prepaid expenses	98,805	100,831
	₩ <u>102,889</u>	<u>104,688</u>
Non-current		
Long-term prepaid expenses	₩ 2,874	2,994
Others	27,860	50,791
	₩ <u>30,734</u>	<u>53,785</u>

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

13. Borrowings

(a) Borrowings as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Short-term borrowings			
Short-term borrowings	₩	626,540	34,238
Current portion of debentures		1,975,848	1,977,995
Less: Current portion of discount on debentures issued		(1,074)	(1,355)
	₩	<u>2,601,314</u>	<u>2,010,878</u>
Long-term borrowings			
Debentures	₩	6,882,200	6,505,536
Less: Discount on debentures issued		(41,750)	(39,716)
	₩	<u>6,840,450</u>	<u>6,465,820</u>

(b) Short-term borrowings as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>	<u>Lenders</u>	<u>Maturity date</u>	<u>Annual interest rate (%)</u>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Transfers of account receivables that do not qualify for derecognition(*1)	Shinhan Card	-	-	₩	445,390	34,238
Borrowings in foreign trade	Bank-of-China and others	2024.8.21 ~ 2024.9.23	3.00 ~ 3.08		181,150	-
				₩	<u>626,540</u>	<u>34,238</u>

(*1) The account receivables have been discounted according to the factoring agreement and have been recognized as short-term borrowings (Note 4).

(c) Current portion of debentures as of June 30, 2024 and December 31, 2023 is as follows:

<i>(in millions of Won)</i>	<u>Lenders</u>	<u>Maturity date</u>	<u>Annual interest rate (%)</u>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Debentures	309-2nd Non-guaranteed bonds and others	2024.7.17 ~ 2025.1.10	1.64 ~ 3.96	₩	669,859	619,653
Foreign debentures	Global debentures 5 and the other	2024.7.15 ~ 2025.1.17	2.5 ~ 2.75		1,304,915	1,356,987
				₩	<u>1,974,774</u>	<u>1,976,640</u>

(d) Long-term borrowings, excluding current portion as of June 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Won)</i>	<u>Lenders</u>	<u>Maturity date</u>	<u>Annual interest rate (%)</u>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Debentures	309-3rd Non-guaranteed bonds and others	2025.7.7 ~ 2029.10.16	1.72 ~ 4.11	₩	2,017,249	2,066,441
Foreign debentures	Global debentures 8-1st and others	2025.8.4 ~ 2033.1.17	4.38 ~ 5.88		4,823,201	4,399,379
				₩	<u>6,840,450</u>	<u>6,465,820</u>

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

14. Other Payables

Other payables as of June 30, 2024 and December 31, 2023 are as follows:

(in millions of Won)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current		
Accounts payable	₩ 630,507	862,707
Accrued expenses	666,835	621,287
Lease liabilities	81,192	78,756
Withholdings	17,728	14,270
	₩ <u>1,396,262</u>	<u>1,577,020</u>
Non-current		
Long-term accrued expenses	₩ 13	11
Lease liabilities	328,198	350,594
Long-term withholdings	220	280
	₩ <u>328,431</u>	<u>350,885</u>

15. Other Financial Liabilities

Other financial liabilities as of June 30, 2024 and December 31, 2023 are as follows:

(in millions of Won)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current		
Financial guarantee liabilities	₩ <u>4,515</u>	<u>6,336</u>
Non-current		
Derivative liabilities	₩ -	54,956
Financial guarantee liabilities	4,370	4,949
	₩ <u>4,370</u>	<u>59,905</u>

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

16. Provisions

(a) Provisions as of June 30, 2024 and December 31, 2023 are as follows:

(in millions of Won)

	June 30, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Provision for bonus payments(*1,2)	₩ 13,650	26,512	13,684	26,511
Provision for restoration(*3)	3,340	-	5,442	-
Provision for legal contingencies and claims(*4)	4,431	-	-	-
Provision for product warranties(*5)	19,969	4,470	18,224	3,627
	₩ <u>41,390</u>	<u>30,982</u>	<u>37,350</u>	<u>30,138</u>

(*1) Represents the provision for bonuses limited to 100% of annual salaries for executives.

(*2) During the six-month period ended June 30, 2024, the Company measured the present value of the estimated future payments based on actuarial evaluations of the long-service benefits, and provisions were recognized at ₩29,590 million.

(*3) As of June 30, 2024, due to contamination of certain factory sites in the Company's Pohang works, the Company recognized present value of the estimated cost for recovery as provisions for restoration. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials which are currently available to recover the land. In addition, the Company has applied the discount rate of 3.58% to calculate the present value of costs.

(*4) As of June 30, 2024, the Company recognized the expected sales incentives payable to customers as a provision.

(*5) As of June 30, 2024, the Company recognized the expected claim cost to be charged as a provision.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

(b) Changes in provisions for the six-month period ended June 30, 2024 and the year ended December 31, 2023 are as follows:

1) For the six-month period ended June 30, 2024

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Increase</u>	<u>Reversal</u>	<u>Utilization</u>	<u>Ending</u>
Provision for bonus payments	₩	40,195	7,783	-	(7,816)	40,162
Provision for restoration		5,442	79	(1,640)	(541)	3,340
Provision for legal contingencies and claims		-	4,431	-	-	4,431
Provision for product warranties		21,851	9,830	-	(7,242)	24,439
	₩	<u>67,488</u>	<u>22,123</u>	<u>(1,640)</u>	<u>(15,599)</u>	<u>72,372</u>

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Increase</u>	<u>Reversal</u>	<u>Utilization</u>	<u>Ending</u>
Provision for bonus payments	₩	36,149	24,288	-	(20,242)	40,195
Provision for restoration		6,176	348	-	(1,082)	5,442
Provision for legal contingencies and claims		21,202	2,257	(380)	(23,079)	-
Provision for product warranties		37,805	32,619	(13,885)	(34,688)	21,851
	₩	<u>101,332</u>	<u>59,512</u>	<u>(14,265)</u>	<u>(79,091)</u>	<u>67,488</u>

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

17. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	For the three-month periods ended June 30		For the six-month periods ended June 30		
	2024	2023	2024	2023	
Expense related to post-employment benefit plans under defined contribution plans	₩	10,491	10,608	23,688	24,028

(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, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		June 30, 2024	December 31, 2023
Present value of funded obligations	₩	1,216,697	1,259,340
Fair value of plan assets		(1,549,269)	(1,557,782)
Net defined benefit assets	₩	<u>(332,572)</u>	<u>(298,442)</u>

- 2) Changes in present value of defined benefit obligations for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		June 30, 2024	June 30, 2023
Defined benefit obligation at the beginning of period	₩	1,259,340	1,193,500
Current service costs		49,052	48,695
Interest costs		23,928	24,565
Amount transferred from associate		2,399	1,831
Amount transferred to associate		(2,979)	(8,900)
Benefits paid		(115,043)	(65,880)
Defined benefit obligation at the end of period	₩	<u>1,216,697</u>	<u>1,193,811</u>

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

- 3) Changes in the fair value of plan assets for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>June 30, 2023</u>
Fair value of plan assets at the beginning of period	₩	1,557,782	1,475,606
Interest on plan assets		31,401	32,932
Remeasurement of plan assets		7,342	8,692
Contributions to plan assets		50,000	-
Amount transferred from associate		2,399	1,831
Amount transferred to associate		(2,979)	(8,900)
Benefits paid		(96,676)	(40,481)
Fair value of plan assets at the end of period	₩	<u>1,549,269</u>	<u>1,469,680</u>

- 4) The amounts related to net defined benefit plans recognized in the interim condensed separate statements of income and expenses for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	<u>For the three-month periods ended June 30</u>		<u>For the six-month periods ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current service costs	₩ 23,684	21,404	49,052	48,695
Net interest costs	(3,736)	(4,184)	(7,473)	(8,367)
	₩ <u>19,948</u>	<u>17,220</u>	<u>41,579</u>	<u>40,328</u>

18. Other Liabilities

Other liabilities as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current			
Advances received	₩	5,534	16,059
Withholdings		29,198	29,829
Unearned revenue		52,943	49,223
	₩	<u>87,675</u>	<u>95,111</u>
Non-current			
Unearned revenue	₩	2,862	3,261

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

19. Financial Instruments

(a) Classification and fair value of financial instruments

- 1) The carrying amount and the fair values in fair value hierarchy of financial assets and financial liabilities as of June 30, 2024 and December 31, 2023 are as follows:

① June 30, 2024

(in millions of Won)

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Fair value through profit or loss					
Derivate assets	₩ 509,210	-	509,210	-	509,210
Short term financial instruments	2,084,233	-	2,084,233	-	2,084,233
Other securities	11,708	-	-	11,708	11,708
Equity securities	1,376	-	-	1,376	1,376
Fair value through other comprehensive income					
Equity securities	464,829	382,422	-	82,407	464,829
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	2,175,506	-	-	-	-
Trade accounts and notes receivable	5,076,605	-	-	-	-
Debt securities	910,000	-	-	-	-
Other receivables	368,130	-	-	-	-
Deposit instruments	1,723,722	-	-	-	-
₩	13,325,319	382,422	2,593,443	95,491	3,071,356
Financial liabilities					
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	1,602,186	-	-	-	-
Borrowings	9,441,764	-	9,589,037	-	9,589,037
Financial guarantee liabilities	8,885	-	-	-	-
Others	1,592,296	-	-	-	-
₩	12,645,131	-	9,589,037	-	9,589,037

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

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

② December 31, 2023

(in millions of Won)

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Fair value through profit or loss					
Derivate assets	₩ 213,392	-	213,392	-	213,392
Short term financial instruments	3,590,686	-	3,590,686	-	3,590,686
Other securities	11,708	-	-	11,708	11,708
Equity securities	1,376	-	-	1,376	1,376
Fair value through other comprehensive income					
Equity securities	419,549	337,142	-	82,407	419,549
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	2,032,952	-	-	-	-
Trade accounts and notes receivable	5,042,943	-	-	-	-
Debt securities	289,437	-	-	-	-
Other receivables	282,577	-	-	-	-
Deposit instruments	1,097,491	-	-	-	-
	₩ 12,982,111	337,142	3,804,078	95,491	4,236,711
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 54,955	-	54,955	-	54,955
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	2,031,173	-	-	-	-
Borrowings	8,476,698	-	8,616,285	-	8,616,285
Financial guarantee liabilities	11,286	-	-	-	-
Others	1,824,728	-	-	-	-
	₩ 12,398,840	-	8,671,240	-	8,671,240

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

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

2) Financial guarantee contracts recognized as financial liabilities as of June 30, 2024 are as follows:

		Guarantee limit		Guarantee amount		
		Foreign currency	Won equivalent	Foreign currency	Won equivalent	
<i>(in millions of Won)</i>						
Guarantee beneficiary	Financial institution					
[Subsidiaries]						
POSCO MEXICO S.A. DE C.V.	Citi BANAMEX	USD	20,000,000	27,784	20,000,000	27,784
	BOA	USD	20,000,000	27,784	20,000,000	27,784
	BNP Paribas	USD	20,000,000	27,784	20,000,000	27,784
POSCO-VIETNAM Co., Ltd.	Shinhan Bank	USD	45,000,000	62,514	32,727,273	45,465
	HSBC	USD	40,000,000	55,568	29,090,909	40,413
	Citi	USD	25,000,000	34,730	18,181,818	25,258
POSCO COATED STEEL (THAILAND) CO., LTD.	Citi	THB	800,000,000	30,168	576,000,000	21,721
	Mizuho	THB	800,000,000	30,168	576,000,000	21,721
	SMBC	THB	800,000,000	30,168	576,000,000	21,721
	SC	THB	800,000,000	30,168	576,000,000	21,721
	HSBC	THB	800,000,000	30,168	576,000,000	21,721
PT.KRAKATAU POSCO	Bank of Ayudhya	THB	800,000,000	30,168	576,000,000	21,721
	SMBC	USD	150,000,000	208,380	150,000,000	208,380
	HSBC	USD	130,000,000	180,596	130,000,000	180,596
	SC	USD	90,000,000	125,028	90,000,000	125,028
	BOA	USD	80,000,000	111,136	80,000,000	111,136
	MUFG	USD	60,000,000	83,352	60,000,000	83,352
	Mizuho	USD	70,000,000	97,244	70,000,000	97,244
ANZ	USD	100,000,000	138,920	100,000,000	138,920	
[Associates]						
LLP POSUK Titanium	Shinhan Bank	USD	13,050,000	18,129	13,050,000	18,129
[Others]						
POSCO ASSAN TST STEEL INDUSTRY	Citi	USD	42,145,620	58,549	42,145,620	58,549
	Shinhan Bank	USD	40,352,190	56,057	40,352,190	56,057
	Woori Bank	USD	40,352,190	56,057	40,352,190	56,057
POSCO Maharashtra Steel Private Limited	DBS	USD	40,000,000	55,568	20,000,000	27,784
		USD	1,025,900,000	1,425,180	975,900,000	1,355,720
		THB	4,800,000,000	181,008	3,456,000,000	130,326

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

- 3) Finance income and costs by category of financial instrument for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

① For the six-month period ended June 30, 2024

(in millions of Won)

		Finance income and costs						Other comprehensive income	
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain on disposal	Gain on valuation	Others		Total
Financial assets at fair value through profit or loss	₩	-	-	-	55,988	428,248	(662)	483,574	-
Financial assets at fair value through other comprehensive income		-	19,040	-	-	-	-	19,040	33,326
Financial assets measured at amortized cost		62,377	-	152,439	-	-	-	214,816	-
Financial liabilities at fair value through profit or loss		-	-	-	373	54,955	-	55,328	-
Financial liabilities measured at amortized cost		(178,171)	-	(571,833)	-	-	1,779	(748,225)	-
	₩	(115,794)	19,040	(419,394)	56,361	483,203	1,117	24,533	33,326

- (*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩8,473 million for the six-month period ended June 30, 2024.

② For the six-month period ended June 30, 2023

(in millions of Won)

		Finance income and costs						Other comprehensive income	
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain on valuation	Others		Total
Financial assets at fair value through profit or loss	₩	-	-	(371)	57,956	329,442	(450)	386,577	-
Financial assets at fair value through other comprehensive income		-	2,198	-	-	-	-	2,198	10,152
Financial assets measured at amortized cost		84,867	-	79,558	-	-	-	164,425	-
Financial liabilities at fair value through profit or loss		-	-	60	(4,394)	33,794	-	29,460	-
Financial liabilities measured at amortized cost		(202,350)	-	(374,525)	-	-	748	(576,127)	-
	₩	(117,483)	2,198	(295,278)	53,562	363,236	298	6,533	10,152

- (*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩14,371 million for the six-month period ended June 30, 2023.

- 4) Finance income and costs by category of financial instrument for each of the three-month periods ended June 30, 2024 and 2023 are as follows:

① For the three-month period ended June 30, 2024

(in millions of Won)

		Finance income and costs						Other comprehensive income	
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain on disposal	Gain on valuation	Others		Total
Financial assets at fair value through profit or loss	₩	-	-	-	32,976	190,481	(482)	222,975	-
Financial assets at fair value through other comprehensive income		-	4,704	-	-	-	-	4,704	4,036
Financial assets measured at amortized cost		32,153	-	69,443	-	-	-	101,596	-
Financial liabilities at fair value through profit or loss		-	-	-	-	1,543	-	1,543	-
Financial liabilities measured at amortized cost		(86,279)	-	(260,540)	-	-	157	(346,662)	-
	₩	(54,126)	4,704	(191,097)	32,976	192,024	(325)	(15,844)	4,036

- (*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩166 million for the three-month period ended June 30, 2024.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

② For the three-month period ended June 30, 2023

(in millions of Won)

	Finance income and costs						Total	Other comprehensive income
	Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain on disposal	Gain and loss on valuation	Others		
Financial assets at fair value through profit or loss	₩ (39)	-	(520)	32,153	22,823	(450)	53,967	-
Financial assets at fair value through other comprehensive income	-	421	-	-	-	-	421	3,468
Financial assets measured at amortized cost	45,510	-	(33,113)	-	-	-	12,397	-
Financial liabilities at fair value through profit or loss	-	-	60	-	(937)	-	(877)	-
Financial liabilities measured at amortized cost	(99,683)	-	(48,034)	-	-	540	(147,177)	-
	₩ (54,212)	421	(81,607)	32,153	21,886	90	(81,269)	3,468

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩5,464 million for the three-month period ended June 30, 2023.

(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, 2023.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

20. Share Capital and Capital Surplus

(a) Details of share capital as of June 30, 2024 and December 31, 2023 are as follows:

<i>(share, in Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Authorized shares		200,000,000	200,000,000
Par value	₩	5,000	5,000
Issued shares		96,480,625	96,480,625
Shared capital	₩	482,403,125,000	482,403,125,000

(b) Details of capital surplus as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Share premium	₩	24,222,056	24,222,056
Other capital surplus		5,032	(9,592)
	₩	<u>24,227,088</u>	<u>24,212,464</u>

21. Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Changes in fair value of equity investments at fair value through other comprehensive income	₩	35,992	2,666

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

22. Revenue

- (a) Details of revenues disaggregated by types of revenue and timing of revenue recognition for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Types of revenue				
Revenue from sales of goods	₩ 8,891,927	9,932,480	18,066,132	19,203,683
Revenue from services	290,678	287,490	558,468	543,872
Others	94,014	78,117	171,819	172,627
	₩ 9,276,619	10,298,087	18,796,419	19,920,182
Timing of revenue recognition				
Revenue recognized at a point in time	₩ 8,968,013	9,992,412	18,196,495	19,344,562
Revenue recognized over time	308,606	305,675	599,924	575,620
	₩ 9,276,619	10,298,087	18,796,419	19,920,182

- (b) Details of contract assets and liabilities from contracts with customers as of June 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>	June 30, 2024	December 31, 2023
Receivables		
Account receivables	₩ 5,074,444	5,042,943
Contract assets		
Account receivables	5,061	4,826
Contract liabilities		
Advance received	5,534	16,059
Unearned income	55,805	52,484

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

23. Selling and Administrative Expenses

(a) Other administrative expenses

Other administrative expenses for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
	Wages and salaries	₩ 53,332	58,446	115,290
Expenses related to post-employment benefits	4,888	7,620	11,748	20,388
Other employee benefits	14,363	14,213	28,317	27,772
Travel	2,203	2,536	4,442	4,825
Depreciation	8,691	5,112	17,515	10,584
Amortization	7,992	5,929	14,204	11,972
Rental	12,924	17,993	31,803	40,434
Repairs	2,494	2,288	4,173	4,038
Advertising	14,662	11,933	25,373	23,343
Research & development	6,948	6,064	13,732	13,088
Service fees	60,150	90,426	124,920	152,586
Supplies	91	107	257	305
Vehicles maintenance	1,063	1,489	2,499	2,828
Industry association fee	1,487	2,266	2,033	3,089
Training	6,124	5,448	11,700	11,838
Conference	1,075	1,071	2,094	2,263
Others	7,119	7,274	13,461	12,877
	₩ <u>205,606</u>	<u>240,215</u>	<u>423,561</u>	<u>469,123</u>

(b) Selling expenses

Selling expenses for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
	Freight and custody expenses	₩ 37,030	36,036	76,500
Operating expenses for distribution center	1,397	2,921	2,448	4,151
Sales commissions	22,240	21,127	48,033	48,474
Sales advertising	116	324	250	919
Sales promotion	967	796	1,630	1,347
Sample	103	224	377	392
Sales insurance premium	1,675	478	3,654	2,757
	₩ <u>63,528</u>	<u>61,906</u>	<u>132,892</u>	<u>128,919</u>

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

24. Finance Income and Costs

Details of finance income and costs for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

(in millions of Won)	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Finance income				
Interest income(*1)	₩ 32,153	45,471	62,377	84,867
Dividend income	4,869	5,885	27,513	16,569
Gain on foreign currency transactions	96,758	157,361	189,648	321,931
Gain on foreign currency translations	4,290	(25,772)	44,557	48,528
Gain on valuation of derivatives	177,791	18,929	425,864	245,080
Gain on transactions of derivatives	-	-	15,072	-
Gain on valuation of financial assets at fair value through profit or loss	14,233	28,785	57,339	150,619
Gain on disposal of financial assets at fair value through profit or loss	32,976	32,153	44,260	73,447
Others	175	322	1,817	788
	₩ <u>363,245</u>	<u>263,134</u>	<u>868,447</u>	<u>941,829</u>
Finance costs				
Interest expenses	₩ 86,279	99,683	178,171	202,350
Loss on foreign currency transactions	93,744	143,421	191,247	291,784
Loss on foreign currency translations	198,401	69,775	462,352	373,953
Loss on valuation of derivatives	-	-	-	1,529
Loss on transactions of derivatives	-	-	2,971	19,885
Loss on valuation of financial assets at fair value through profit or loss	-	25,828	-	30,934
Others	499	232	700	490
	₩ <u>378,923</u>	<u>338,939</u>	<u>835,441</u>	<u>920,925</u>

(*1) Interest income calculated using the effective interest method for each of the six-month periods ended June 30, 2024 and 2023 is ₩53,975 million and ₩79,296 million, respectively.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

25. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Other non-operating income				
Gain on disposals of property, plant and equipment	₩ 2,378	2,706	7,113	4,381
Premium income	308	645	391	1,311
Gain on disposals of emission rights	10,373	9,263	13,343	24,052
Others	11,245	3,642	15,922	6,071
	₩ <u>24,304</u>	<u>16,256</u>	<u>36,769</u>	<u>35,815</u>
Other non-operating expenses				
Loss on disposals of property, plant and equipment	₩ 39,762	55,741	81,167	77,914
Impairment loss on property, plant and equipment	18,743	147,879	59,707	147,879
Impairment loss on intangible assets	-	3,536	-	3,536
Other amortization expense	541	178	1,274	646
Donations	10,004	2,000	28,541	28,296
Idle tangible asset expenses	787	5,770	2,258	12,075
Others	5,775	6,492	11,683	12,043
	₩ <u>75,612</u>	<u>221,596</u>	<u>184,630</u>	<u>282,389</u>

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

26. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses and other non-operating expenses in the interim condensed separate statements of comprehensive income for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows (excluding finance costs and income tax expense):

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
<i>(in millions of Won)</i>				
Changes in inventories(*1)	₩ 479,380	43,600	529,138	434,565
Raw materials and consumables used	5,745,427	6,841,368	12,284,359	13,278,223
Employee benefits expenses	458,596	447,018	933,067	939,136
Outsourced processing cost	704,650	692,625	1,393,918	1,367,319
Depreciation(*2)	590,235	553,964	1,170,114	1,110,521
Amortization	27,232	24,078	52,603	48,274
Electricity and water expenses	118,210	131,156	293,210	295,176
Service fees	85,522	113,937	171,903	196,371
Rental	23,369	28,350	54,089	62,213
Advertising	14,662	11,933	25,373	23,343
Freight and custody expenses	324,819	312,688	637,263	584,438
Sales commissions	22,240	21,127	48,035	48,474
Loss on disposal of property, plant and equipment	39,762	55,741	81,167	77,914
Impairment loss on property, plant and equipment	18,743	147,879	59,707	147,879
Other expenses	280,973	253,164	533,546	496,373
	₩ <u>8,933,820</u>	<u>9,678,628</u>	<u>18,267,492</u>	<u>19,110,219</u>

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

(*2) Includes depreciation of investment property.

27. Income Taxes

Income tax expenses were calculated by adjusting current income tax expenses for changes made in the current six-month period to the current income tax expenses of prior periods, deferred tax expenses (benefits) due to the accrual and reversal of temporary differences, and income tax expenses (benefits) related to items not recognized in profit or loss. The effective tax rates of the Company for each of the six-month periods ended June 30, 2024 and 2023 were 16.7% and 23.5%, respectively.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

28. Earnings Per Share

Basic earnings per share for each of the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
<i>(in Won, except share information)</i>				
Profit for the period	₩ 267,125,467,707	433,146,349,068	498,553,816,363	663,240,190,321
Interests of hybrid bonds, net of tax	-	(1,354,240,000)	-	(3,023,850,958)
Weighted-average number of common shares outstanding(*1)	96,480,625	96,480,625	96,480,625	96,480,625
Basic earnings per share	₩ 2,769	4,475	5,167	6,843

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

	For the three-month period ended June 30		For the six-month period ended June 30	
	2024	2023	2024	2023
<i>(shares)</i>				
Total number of common shares issued	96,480,625	96,480,625	96,480,625	96,480,625
Weighted-average number of common shares outstanding	96,480,625	96,480,625	96,480,625	96,480,625

The Company does not have any dilutive potential common shares as of June 30, 2024 and 2023, so diluted earnings per share are the same as basic earnings per share.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

29. Related Party Transactions

(a) The Company's related parties as of June 30, 2024 are as follows:

	<u>Company</u>
The parent company	POSCO HOLDINGS INC.
Subsidiaries	POSCO STEELEON Co., Ltd, POSCO M-TECH, PNR, POSCO Humans, eNtoB Corporation, PT.KRAKATAU POSCO, POSCO (Thailand) Company.Ltd, POSCO-MKPC SDN BHD, POSCO-VIETNAM Co., Ltd., POSCO Thainox Public Company Limited, POSCO COATED STEEL (THAILAND) CO.,LTD., POSCO Philippine Manila Processing Center, Inc., POSCO MEXICO S.A. DE C.V. and others
Associates and joint ventures	DAEHO GLOBAL MANAGEMENT CO., LTD., Pohang Special Welding Co., Ltd., POSK(Pinghu) Steel Processing Center Co., Ltd., LLP POSUK TITANIUM, POSCO SUZHOU PROCESSING CENTER CO.,LTD, SUZHOU POSCO-CORE TECHNOLOGY CO., LTD., ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD, POSCO Vietnam Processing Center. Co.,Ltd, POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER
Other related parties(*1)	POSCO Eco & Challenge Co., Ltd., POSCO DX, POSCO WIDE Co., Ltd., POSCO FUTURE MCO., LTD., POSCO FLOW CO., LTD., SNNC, POSCO Mobility Solution Corporation, eSteel4U, POSCO INTERNATIONAL Corporation, POSCO Canada Ltd., POSCO Maharashtra Steel Private Limited, POSCO(Guangdong) Automotive Steel Co., Ltd., POSCO VST CO., LTD., POSCO INTERNATIONAL SINGAPORE PTE LTD., POSCO ASSAN TST STEEL INDUSTRY, Roy Hill Holdings Pty Ltd, POSCO Asia CO.,LTD., POSCO-China Holding Corp., POSCO-India Pune Processing Center. Pvt. Ltd., POSCO INDIA PROCESSING CENTER PRIVATE and others

(*1) Other related parties are the subsidiaries, associates and joint ventures of POSCO HOLDINGS INC., the parent company of the Company.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

(b) Significant transactions with the Company's related parties for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

1) For the six-month period ended June 30, 2024

(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
The parent company							
POSCO HOLDINGS INC. (*4)	₩	6,765	251	-	-	-	664,448
Subsidiaries(*9)							
POSCO STEELEON Co., Ltd		313,632	5,510	96	54	19,918	135
eNtoB Corporation		7	1,176	189,371	31,536	664	7,634
POSCO M-TECH		31	726	37,309	-	92,083	-
PNR		324	-	-	-	23,656	-
POSCO Humans		542	-	-	-	3,257	12,969
POSCO (Thailand) Company.Ltd		44,063	-	-	-	-	30
POSCO-MKPC SDN BHD		5,772	909	-	-	-	202
POSCO VIETNAM Co., Ltd.		116,685	142	-	-	-	24
POSCO MEXICO S.A. DE C.V. (*5)		301,569	114	-	-	-	869
POSCO-Poland Wroclaw Processing Center Sp. z o. o. (*5)		2,965	-	-	-	-	-
POSCO Thainox Public Company Limited		95,780	-	-	-	-	157
POSCO COATED STEEL (THAILAND) CO., LTD.		127,647	122	-	-	-	692
POSCO Chengdu Processing Center Co.,LTD		35	-	-	-	-	-
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S		40,115	-	-	-	-	256
POSCO-INDONESIA JAKARTA PROCESSING CENTER (*5)		1,102	-	-	-	-	1,719
POSCO PS Tech (*6)		34	-	-	6,150	61,589	850
POSCO PR Tech (*6)		-	24	-	13,237	50,105	215
POSCO PH Solution (*6)		-	39	-	4,345	23,753	3,336
POSCO GYS Tech (*6)		56	12	-	5,734	57,011	479
POSCO GYR Tech (*6)		51	-	1	3,765	52,220	335
POSCO GY Solution (*6)		42	15	-	3,244	26,058	9
PT. KRAKATAU POSCO (*5)		4,779	2,184	-	-	-	-
Others		6,849	-	-	-	-	420
		<u>1,062,080</u>	<u>10,973</u>	<u>226,777</u>	<u>68,065</u>	<u>410,314</u>	<u>30,331</u>
Associates and joint ventures(*9)							
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER		21,312	-	-	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd		33,648	-	-	-	-	181
Others		148	-	-	-	-	-
		<u>55,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181</u>
Other related party(*3,9)							
POSCO Eco & Challenge Co., Ltd.		147	-	-	650,278	63	33,780
POSCO DX (*7)		955	17	-	242,530	32,889	92,886
POSCO WIDE Co., Ltd.		4,849	23	385	-	10,429	23,134
POSCO FUTURE M CO., LTD.		207,568	96	269,316	33,338	113,309	8,610
POSCO FLOW CO., LTD. (*8)		6,281	20	355,673	2	8,001	601,586
SNNC		4,182	3	164,827	-	-	-
POSCO Mobility Solution Corporation		410,721	-	-	2,230	26,299	239
eSteel4U		304,930	-	-	-	-	-
POSCO INTERNATIONAL Corporation		5,260,293	-	515,616	-	-	13,124
POSCO Canada Ltd.		-	-	26,700	-	-	1,320
POSCO Maharashtra Steel Private Limited		461,252	60	-	-	-	728
POSCO (Guangdong) Automotive Steel Co.,Ltd		127,289	-	-	-	-	-
POSCO VST CO., LTD.		76,556	-	-	-	-	31
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	3	978,858	-	-	-
POSCO ASSAN TST STEEL INDUSTRY		186,150	1,969	-	-	-	-
Roy Hill Holdings Pty Ltd		-	-	932,882	-	-	-
Others		320,844	264	83,742	38,065	12	41,717
		<u>7,372,017</u>	<u>2,455</u>	<u>3,327,999</u>	<u>966,443</u>	<u>191,002</u>	<u>817,155</u>
₩		<u>8,495,970</u>	<u>13,679</u>	<u>3,554,776</u>	<u>1,034,508</u>	<u>601,316</u>	<u>1,512,115</u>

(*1) Sales and others mainly consist of sales of steel products to the parent company, associates and other related parties and joint ventures.

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

(*3) Other related parties are subsidiaries, associates and joint ventures of POSCO HOLDINGS INC., the parent company of the Company.

(*4) Others (purchase) mainly consist of service fees for brand usage and rentals.

(*5) During the year period ended December 31, 2023, the entities were newly included in subsidiaries due to acquisition from POSCO HOLDINGS INC.

(*6) Newly established during the year ended December 31, 2023.

(*7) Others (purchase) mainly consist of maintenance expenses for the ERP System.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

(*8) Others (purchase) mainly consist of freight expenses.

(*9) As of June 30, 2024, the Company has provided financial guarantees to related parties (Note 19-(a)-2)).

2) For the six-month period ended June 30, 2023

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<i>(in millions of Won)</i>						
The parent company						
POSCO HOLDINGS INC. (*5)	₩ 7,257	18	-	-	-	79,246
Subsidiaries						
POSCO STEELEON Co., Ltd	293,959	2,986	-	-	19,262	546
eNtoB Corporation	7	3,660	208,192	39,368	23	8,234
POSCO M-TECH	32	767	34,180	13,538	107,230	121
PNR	347	2	-	39	21,221	17
POSCO Humans	180	-	-	-	3,132	11,876
POSCO (Thailand) Company.Ltd	46,018	-	-	-	-	99
POSCO-MKPC SDN BHD	7,078	1,509	-	-	-	220
POSCO-VIETNAM Co., Ltd.	153,960	237	-	-	-	15
POSCO-Poland Wroclaw Processing Center Sp. z o. o. (*6)	2,186	-	-	-	-	-
POSCO Thainox Public Company Limited	127,376	5,463	-	-	-	25
POSCO COATED STEEL (THAILAND) CO., LTD.	132,216	244	-	-	-	511
POSCO ChengDu Processing Center	3,979	-	-	-	-	-
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	34,533	-	-	-	-	-
POSCO PS Tech(*7)	-	-	-	-	5,773	61
POSCO PR Tech(*7)	-	-	-	-	6,662	-
POSCO PH Solution(*7)	-	-	-	-	2,896	144
POSCO GYS Tech(*7)	-	-	-	56	5,906	1
POSCO GYR Tech(*7)	6	-	-	7	7,021	11
POSCO GY Solution(*7)	6	-	-	12	3,380	16
Others	5,715	-	-	-	-	103
	<u>807,598</u>	<u>14,868</u>	<u>242,372</u>	<u>53,020</u>	<u>182,506</u>	<u>22,000</u>
Associates and joint ventures						
SUZHOU POSCO-CORE TECHNOLOGY CO.,LTD.	282	-	-	-	-	-
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	26,799	-	-	-	-	-
POSCO Vietnam Processing Center.Co.,Ltd(*10)	30,682	-	-	-	-	233
Others	-	-	-	-	-	5
	<u>57,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238</u>
Other related party(*3,4)						
POSCO Eco & Challenge Co., Ltd.	104	26	-	501,937	-	6,562
POSCO DX(*8)	12	18	1,356	213,045	33,243	90,286
POSCO WIDE Co., Ltd.	2,795	9	397	98	13,136	16,384
POSCO FUTURE M CO., LTD.	225,546	83	287,438	43,202	118,113	7,411
POSCO FLOW CO., LTD. (*9)	9,545	32	283,426	-	12,607	556,525
SNNC	5,251	4	249,700	-	-	44
POSCO Mobility Solution Corporation	501,256	-	-	-	17,076	749
eSteel4U	267,831	-	-	-	-	118
POSCO INTERNATIONAL Corporation	5,558,458	2	738,166	-	3,826	12,033
POSCO Canada Ltd.	-	-	222,985	-	-	-
POSCO MEXICO S.A. DE C.V.	265,384	291	-	-	-	909
POSCO Maharashtra Steel Private Limited	437,697	-	-	-	-	655
POSCO(Guangdong) Automotive Steel Co.,Ltd	97,922	-	-	-	-	-
POSCO VST CO., LTD.	92,555	-	-	-	-	21
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	8	984,893	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	109,598	295	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	815,990	-	-	-
Others	287,739	71	94,527	25,635	-	51,132
	<u>7,861,693</u>	<u>839</u>	<u>3,678,878</u>	<u>783,917</u>	<u>198,001</u>	<u>742,829</u>
₩	<u>8,734,311</u>	<u>15,725</u>	<u>3,921,250</u>	<u>836,937</u>	<u>380,507</u>	<u>844,313</u>

(*1) Sales and others mainly consist of sales of steel products to the parent company, associates and other related parties and joint ventures.

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

(*3) Other-related parties are subsidiaries, associates and joint ventures of POSCO HOLDINGS INC., the parent company of the Company.

(*4) As of June 30, 2023, the Company has provided financial guarantees to related parties.

(*5) Others (purchase) mainly consist of service fees for brand usage and rentals.

(*6) During the six-month period ended June 30, 2023, the entity was newly included in subsidiaries due to acquisition from POSCO HOLDINGS INC., and the transactions occurred

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

prior to the inclusion are included.

(*7) Newly established during the six-month period ended June 30, 2023.

(*8) Others (purchase) mainly consist of maintenance expenses for the ERP System.

(*9) Others (purchase) mainly consist of freight expenses.

(*10) Includes transactions that occurred before the entity was included in associates.

(c) The related account balances of significant transactions with the Company's related parties as of June 30, 2024 and December 31, 2023 are as follows:

1) June 30, 2024

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
The parent company							
POSCO HOLDINGS INC.	₩ 320	38,627	38,947	-	52,269	105,026	157,295
Subsidiaries							
POSCO STEELEON Co., Ltd	71,554	153	71,707	-	-	5,289	5,289
eNtoB Corporation	-	-	-	3,336	4,617	339	8,292
POSCO M-TECH	-	-	-	1,106	15,938	19,685	36,729
PNR	-	59	59	-	2,016	3,370	5,386
POSCO Humans	16	-	16	-	1,197	2,679	3,876
POSCO (Thailand) Company.Ltd	18,458	-	18,458	-	-	-	-
POSCO-MKPC SDN BHD	-	-	-	-	-	213	213
POSCO-VIETNAM Co., Ltd.	72,917	1,567	74,484	-	-	10	10
POSCO MEXICO S.A. DE C.V.	227,203	1,124	228,327	-	-	905	905
POSCO Thainox Public Company Limited	49,118	196	49,314	-	-	-	-
POSCO COATED STEEL (THAILAND) CO., LTD.	62,350	1,529	63,879	-	-	687	687
POSCO-INDONESIA JAKARTA PROCESSING CENTER	-	-	-	-	-	827	827
POSCO PS Tech	-	2	2	-	6,516	11,118	17,634
POSCO PR Tech	-	2	2	-	7,744	8,911	16,655
POSCO PH Solution	-	1	1	-	2,479	4,289	6,768
POSCO GYS Tech	-	2	2	-	6,850	10,321	17,171
POSCO GYR Tech	-	2	2	-	5,053	10,085	15,138
POSCO GY Solution	-	1	1	-	2,380	4,682	7,062
PT. KRAKATAU POSCO	1,672	8,566	10,238	-	-	-	-
Others	39	60	99	-	-	8	8
	<u>503,327</u>	<u>13,264</u>	<u>516,591</u>	<u>4,442</u>	<u>54,790</u>	<u>83,418</u>	<u>142,650</u>
Associates and joint ventures							
Pohang Special Welding Co., Ltd.	-	27	27	-	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	6,258	-	6,258	-	-	189	189
	<u>6,258</u>	<u>27</u>	<u>6,285</u>	<u>-</u>	<u>-</u>	<u>189</u>	<u>189</u>
Other related party							
POSCO Eco & Challenge Co., Ltd.	-	29,744	29,744	-	99,764	268	100,032
POSCO DX	40	-	40	-	69,779	20,239	90,018
POSCO WIDE Co., Ltd.	255	538	793	-	2,390	4,958	7,348
POSCO FUTURE M CO., LTD.	62,971	3,548	66,519	42,257	32,273	19,968	94,498
POSCO FLOW CO., LTD.	1,231	195	1,426	104,897	1,920	46,057	152,874
SNNC	428	70	498	12,742	-	6	12,748
POSCO Mobility Solution Corporation	159,849	-	159,849	-	2,167	4,299	6,466
eSteel4U	171,060	-	171,060	-	-	-	-
POSCO INTERNATIONAL Corporation	936,754	1,187	937,941	434	5,761	5,443	11,638
POSCO Maharashtra Steel Private Limited	469,535	821	470,356	-	21	12	33
POSCO (Guangdong) Automotive Steel Co., Ltd.	44,151	-	44,151	-	-	-	-
POSCO VST CO., LTD.	45,528	303	45,831	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	169,925	-	-	169,925
POSCO ASSAN TST STEEL INDUSTRY	245,211	116	245,327	-	-	-	-
Roy Hill Holdings Pty Ltd	-	1,359	1,359	287,688	-	-	287,688
Others	16,507	19,478	35,985	2,234	11,314	15,270	28,818
	<u>2,153,520</u>	<u>57,359</u>	<u>2,210,879</u>	<u>620,177</u>	<u>225,389</u>	<u>116,520</u>	<u>962,086</u>
₩	<u>2,663,425</u>	<u>109,277</u>	<u>2,772,702</u>	<u>624,619</u>	<u>332,448</u>	<u>305,153</u>	<u>1,262,220</u>

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

2) December 31, 2023

(in millions of Won)

	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
The parent company							
POSCO HOLDINGS INC.	₩ 315	36,523	36,838	-	111,034	136,813	247,847
Subsidiaries							
POSCO STEELEON Co., Ltd	56,447	2	56,449	-	49	5,542	5,591
eNtoB Corporation	-	-	-	926	7,929	21	8,876
POSCO M-TECH	-	1	1	-	17,532	20,358	37,890
PNR	-	22	22	-	2,589	5,091	7,680
POSCO Humans	16	1	17	-	767	3,271	4,038
POSCO (Thailand) Company.Ltd	19,284	-	19,284	-	-	-	-
POSCO-VIETNAM Co., Ltd.	66,599	1,760	68,359	-	-	-	-
POSCO MEXICO S.A. DE C.V.	208,369	1,118	209,487	-	156	-	156
POSCO Thainox Public Company Limited	67,969	543	68,512	-	-	-	-
POSCO COATED STEEL (THAILAND) CO., LTD.	64,659	1,461	66,120	-	-	-	-
POSCO PS Tech	-	3	3	-	6,641	10,048	16,689
POSCO PR Tech	-	6	6	-	5,281	6,874	12,155
POSCO PH Solution	-	3	3	-	2,132	3,296	5,428
POSCO GYS Tech	-	3	3	-	5,290	11,000	16,290
POSCO GYR Tech	-	2	2	-	4,896	9,085	13,981
POSCO GY Solution	-	2	2	-	2,043	5,519	7,562
PT. KRAKATAU POSCO	1,299	12,661	13,960	-	-	-	-
Others	17	94	111	-	-	-	-
	484,659	17,682	502,341	926	55,305	80,105	136,336
Associates and joint ventures							
Pohang Special Welding Co., Ltd.	-	41	41	-	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	6,096	-	6,096	-	-	-	-
	6,096	41	6,137	-	-	-	-
Other related party							
POSCO Eco & Challenge Co., Ltd.	-	22	22	512	111,956	215	112,683
POSCO DX	38	4	42	59	191,911	23,686	215,656
POSCO WIDE Co., Ltd.	380	699	1,079	-	2,832	5,823	8,655
POSCO FUTURE M CO., LTD.	72,348	63,930	136,278	56,535	21,983	18,652	97,170
POSCO FLOW CO., LTD.	3,020	446	3,466	156,240	2,562	47,014	205,816
SNNC	427	60	487	25,480	-	16	25,496
POSCO Mobility Solution Corporation	167,203	-	167,203	-	2,090	4,843	6,933
eSteel4U	120,010	-	120,010	-	-	-	-
POSCO INTERNATIONAL Corporation	1,014,938	132	1,015,070	38,119	5,278	6,561	49,958
POSCO Maharashtra Steel Private Limited	486,828	2,060	488,888	-	21	-	21
POSCO (Guangdong) Automotive Steel Co., Ltd.	59,646	-	59,646	-	-	-	-
POSCO VST CO., LTD.	61,422	611	62,033	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	147,273	-	-	147,273
POSCO ASSAN TST STEEL INDUSTRY	177,085	3,807	180,892	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	-	260,830	-	-	260,830
Others	18,577	19,640	38,217	49,661	12,461	3,816	65,938
	2,181,922	91,411	2,273,333	734,709	351,094	110,626	1,196,429
₩	2,672,992	145,657	2,818,649	735,635	517,433	327,544	1,580,612

(d) For each of the six-month periods ended June 30, 2024 and 2023, details of compensation to the Company's key management officers are as follows:

(in millions of Won)

		<u>June 30, 2024</u>	<u>June 30, 2023</u>
Short-term benefits	₩	19,433	28,563
Retirement benefits		5,691	10,840
	₩	<u>25,124</u>	<u>39,403</u>

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

POSCO

Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

30. 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 two years and three years, respectively, 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, 2024, 40 million tons of iron ore and 11 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. The purchase contract period and volume are 550 thousand tons of LNG annually for 20 years commencing in August 2005 and 190 thousand tons from September 2025 to December 2026. 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 a consecutive voyage charter (CVC) contract for the transportation of raw materials. As of June 30, 2024, there are 36 vessels under contract and the average remaining contract period is about 7 years.
- 4) The Company entered into an agreement (LNG SPA) with POSCO INTERNATIONAL SINGAPORE PTE LTD. to purchase 370 thousand tons of LNG annually for 15 years commencing in November 2026. The purchase price is subject to change based on changes of U.S. Henry Hub Natural Gas Spot Price. The Company has extension option of extending the purchase contract by five years. Meanwhile, POSCO INTERNATIONAL Corporation has signed an LNG SPA with producer, Cheniere Marketing, LLC for the purpose of supplying LNG to the Company. As an actual buyer of LNG, the Company provides performance guarantee for POSCO INTERNATIONAL Corporation's SPA to Cheniere Marketing, LLC. The performance guarantee contract period is from September 30, 2022 to the date of expiration of SPA contract which is September 30, 2046, or the date of termination of payment obligation under the guarantee contract.
- 5) As of June 30, 2024, the Company has entered into supplier finance agreements which have a limit of USD 1,570 million with SMBC and three other financial institutions.

(b) Litigation in progress

The Company is involved in 147 lawsuits collectively amounting to ₩ 390.6 billion as defendant as of June 30, 2024, 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 claim since the Company believes that it does not have a present obligation as of June 30, 2024.

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Notes to interim condensed separate financial statements, continued June 30, 2024 and 2023 (Unaudited)

(c) The Company was newly incorporated on the date of spin-off, and the Company is jointly liable for the liabilities of POSCO HOLDINGS INC. under Article 530(9)(1) of the *Commercial Act of the Republic of Korea*.

31. Statements of Cash Flows

Changes in operating assets and liabilities for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Trade accounts and notes receivable, net	₩ 45	(374,771)
Other accounts receivable	(117,602)	76,941
Accrued revenue	(2,513)	(9,037)
Inventories	649,974	552,139
Prepaid expenses	1,996	(15,777)
Other current assets	(223)	(2,900)
Long-term guarantee deposits	(508)	637
Derivative assets	11,649	11,214
Other non-current assets	23,080	(5,716)
Trade accounts and notes payable	(444,289)	(71,779)
Other accounts payable	(121,082)	(487,243)
Accrued expenses	42,345	50,268
Advances received	(10,525)	3,190
Withholdings	(630)	(6,337)
Unearned revenue	3,321	2,640
Other current liabilities	(7,823)	(15,681)
Derivative liabilities	-	(17,085)
Payments of severance benefits	(115,043)	(65,880)
Plan assets	46,676	40,481
	<u>₩ (41,152)</u>	<u>(334,696)</u>