

POSCO

Interim condensed separate financial statements
for the three-month period ended March 31, 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 Stockholder 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 March 31, 2024, and the related interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the three-month period ended March 31, 2024, and a summary of material accounting policies 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 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 matter

The interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the three-month period ended March 31, 2023, presented for comparative purposes, have been reviewed by KPMG Samjong, whose review report dated May 12, 2023 expressed that nothing has come to its attention that causes it to believe that the interim condensed separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

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, 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.

Ernst & Young Han Young

May 14, 2024

This review report is effective as of May 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.

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Interim condensed separate financial statements
for each of the three-month periods ended March 31, 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 March 31, 2024 (unaudited) and December 31, 2023

(in millions of Won)

	Notes	March 31, 2024	December 31, 2023
Assets			
Cash and cash equivalents	19	₩ 1,572,777	2,032,952
Trade accounts and notes receivable, net	4,19,22,29	5,144,286	5,043,746
Other receivables, net	5,19	509,375	382,020
Other short-term financial assets	6,19	5,327,273	5,092,954
Inventories	7,26	6,917,658	6,800,608
Current income tax assets		5,559	-
Other current assets	12	119,952	104,688
Total current assets		19,596,880	19,456,968
Long-term trade accounts and notes receivable, net	4,19,22	4,021	4,023
Other receivables, net	5,19	137,574	137,512
Other long-term financial assets	6,19	643,457	530,685
Investments in subsidiaries, associates and joint ventures	8	2,363,644	2,359,980
Investment property, net	9	78,723	83,389
Property, plant and equipment, net	10	20,798,205	20,571,292
Intangible assets, net	11	435,583	447,998
Defined benefit assets, net	17	294,001	298,442
Deferred tax assets		1,857,502	1,881,454
Other non-current assets	12	59,140	53,785
Total non-current assets		26,671,850	26,368,560
Total assets		₩ 46,268,730	45,825,528

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

(in millions of Won)

	Notes	March 31, 2024	December 31, 2023
Liabilities			
Trade accounts and notes payable	19,31	₩ 1,851,528	2,031,173
Short-term borrowings and current installments of long-term borrowings	13,19	2,335,251	2,010,878
Other payables	14,19,29	2,055,837	1,577,020
Other short-term financial liabilities	15,19	6,168	6,336
Current income tax liabilities		24,260	48,723
Provisions	18	33,431	37,350
Other current liabilities		100,361	95,111
Total current liabilities		6,406,836	5,806,591
Long-term borrowings, excluding current installments	13,19	6,689,402	6,465,820
Other payables	14,19	342,910	350,885
Other long-term financial liabilities	15,19	5,351	59,905
Long-term provisions	16	34,270	30,138
Other non-current liabilities	18	2,868	3,261
Total non-current liabilities		7,074,801	6,910,009
Total liabilities		13,481,637	12,716,600
Equity			
Share capital	20	482,403	482,403
Capital surplus	20	24,217,042	24,212,464
Accumulated other comprehensive income	21	31,956	2,666
Retained earnings		8,055,692	8,411,395
Total equity		32,787,093	33,108,928
Total liabilities and equity		₩ 46,268,730	45,825,528

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 periods ended March 31, 2024 and 2023 (unaudited)

(in millions of Won, except per share informations)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Revenue	22,29	₩ 9,519,799	9,622,095
Cost of sales	7,26,29	(8,937,335)	(9,074,877)
Gross profit		582,464	547,218
Selling and administrative expenses			
Other administrative expenses	23,26	(217,954)	(228,909)
Selling expenses	23,26	(69,364)	(67,012)
Operating profit		295,146	251,297
Finance income and costs	19,24		
Finance income		505,201	678,695
Finance costs		(456,517)	(581,986)
Other non-operating income and expenses			
Other non-operating income	25	12,465	19,559
Other non-operating expenses	25,26	(109,018)	(60,793)
Profit before income tax		247,277	306,772
Income tax expense	27	(15,849)	(76,678)
Profit		231,428	230,094
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans	17	2,655	5,883
Net changes in fair value of equity investments at fair value through other comprehensive income	19,21	29,290	6,684
Total comprehensive income		₩ 263,373	242,661
Earnings per share (in Won)	28		
Basic earnings per share (in Won)		2,399	2,368
Diluted earnings per share (in Won)		₩ 2,399	2,368

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 three-month periods ended March 31, 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	-	-	-	-	230,094	230,094
Other comprehensive income	-	-	-	-	5,883	5,883
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-
Net changes in fair value of equity investments	-	-	-	6,684	-	6,684
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)
Interest of hybrid bonds	-	-	-	-	(2,268)	(2,268)
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 March 31, 2023	₩ 482,403	24,220,052	199,384	3,898	7,490,422	32,396,159
Balance as of January 1, 2024	₩ 482,403	24,212,464	-	2,666	8,411,395	33,108,928
Comprehensive income:						
Profit	-	-	-	-	231,428	231,428
Other comprehensive income	-	-	-	-	2,655	2,655
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-
Net changes in fair value of equity investments	-	-	-	29,290	-	29,290
at fair value through other comprehensive income, net of tax	-	-	-	-	-	-
Transactions with owners of the Company, recognized directly in equity:						
Year-end dividends	-	4,578	-	-	(589,786)	(589,786)
Shared based payments	-	-	-	-	-	4,578
Balance as of March 31, 2024	₩ 482,403	24,217,042	-	31,956	8,055,692	32,787,093

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 three-month periods ended March 31, 2024 and 2023 (unaudited)

(in millions of Won)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Cash flows from operating activities			
Profit	₩	231,428	230,094
Adjustments for :			
Expenses related to post-employment benefit		21,631	23,108
Depreciation		579,879	556,557
Amortization		25,371	24,196
Impairment loss on trade and other receivables		733	444
Finance income		(410,158)	(514,125)
Finance costs		355,843	432,588
Loss on valuation of inventories		13,896	22,967
Gain on disposal of property, plant and equipment		(4,734)	(1,675)
Loss on disposal of property, plant and equipment		41,405	22,173
Impairment loss on property, plant and equipment		40,964	-
Gain on disposal of emission rights		(2,970)	(14,789)
Increase to provisions		8,611	13,120
Income tax expense		15,848	76,678
Others		-	(78)
Changes in operating assets and liabilities	31	(522,558)	(299,768)
Interest received		29,348	20,116
Interest paid		(158,991)	(106,702)
Dividends received		201	215
Income taxes paid		(31,742)	(242,679)
Net cash provided by operating activities	₩	<u>234,005</u>	<u>242,440</u>

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Interim condensed separate statements of cash flows, continued for each of the three-month periods ended March 31, 2024 and 2023 (unaudited)

(in millions of Won)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Cash flows from investing activities			
Decrease in deposits	₩	198,955	355,606
Proceeds from disposal of short-term financial instruments		887,555	22,062,318
Proceeds from disposal of current debt securities		219,770	50,000
Proceeds from disposal of equity securities		-	-
Collection of short-term loans		-	2,769
Collection of long-term loans		2,921	-
Collection of lease receivables		2,845	161
Proceeds from disposal of emission rights		2,970	14,789
Cash inflow from insurance claim		-	77
Acquisition of deposits		229	-
Increase in deposit instruments		(724,485)	(2,670,840)
Acquisition of short-term financial instruments		(495,054)	(21,919,811)
Acquisition of debt securities		(220,074)	(100,000)
Proceeds from disposal of debt securities		-	-
Increase in long-term loans		(696)	(3,462)
Acquisition of investments in subsidiaries, associates and joint ventures		(3,675)	(23,030)
Acquisition of property, plant and equipment		(889,429)	(804,689)
Payment for disposal of property, plant and equipment		(37,136)	(9,872)
Acquisition of intangible assets		(11,846)	(10,309)
Payment for deposits		(3,148)	-
Net cash used in investing activities	₩	<u>(1,070,298)</u>	<u>(3,056,293)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,026,003	3,446,167
Increase in long-term financial liabilities		2,973	61
Proceeds from disposals of derivatives		76,360	43,669
Repayment of borrowings		(713,295)	(1,154,689)
Decrease in long-term financial liabilities		(40)	(30)
Repayment of lease liabilities		(19,667)	(9,658)
Payment for disposals of derivatives		-	(23,596)
Payment of interest of hybrid bonds		-	(2,268)
Net cash provided by (used in) financing activities	₩	<u>372,334</u>	<u>2,299,656</u>
Effect of exchange rate fluctuation on cash held		3,784	2,600
Net increase in cash and cash equivalents		(460,175)	(511,597)
Cash and cash equivalents at beginning of the period		<u>2,032,952</u>	<u>2,191,598</u>
Cash and cash equivalents at end of the period	₩	<u>1,572,777</u>	<u>1,680,001</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

March 31, 2024

(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 March 31, 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 interim condensed 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 the interim condensed separate financial statements, continued

March 31, 2024

(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 the interim condensed separate financial statements, continued

March 31, 2024

(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 ending December 31, 2024.

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 or 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 the interim condensed separate financial statements, continued

March 31, 2024

(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 the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

4. Trade Accounts and Notes Receivable

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

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current			
Trade accounts and notes receivable	₩	5,144,767	5,044,245
Less: Allowance for doubtful accounts		(481)	(499)
	₩	<u>5,144,286</u>	<u>5,043,746</u>
Non-current			
Trade accounts and notes receivable	₩	5,921	5,924
Less: Present value discount		(1,385)	(1,385)
Less: Allowance for doubtful accounts		(515)	(516)
	₩	<u>4,021</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 March 31, 2024 and December 31, 2023, the carrying amount of such secured borrowings are ₩130,409 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 the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

5. Other Receivables

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

<i>(in millions of Won)</i>		March 31, 2024	December 31, 2023
Current			
Loans	₩	11,639	11,560
Other accounts receivable		462,968	330,287
Lease receivables		11,773	11,648
Accrued income		23,266	28,790
Others		3	6
Less: Allowance for doubtful accounts		(274)	(271)
	₩	<u>509,375</u>	<u>382,020</u>
Non-current			
Loans	₩	51,930	52,824
Other accounts receivable		19,599	18,847
Lease receivables		55,703	57,648
Deposits		33,044	30,161
Less: Allowance for doubtful accounts		(22,702)	(21,968)
	₩	<u>137,574</u>	<u>137,512</u>

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

6. Other Financial Assets

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

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current			
Derivative assets	₩	161,957	115,362
Debt securities		289,741	289,437
Deposit instruments		1,623,000	1,097,469
Short-term financial instruments		<u>3,252,575</u>	<u>3,590,686</u>
	₩	<u>5,327,273</u>	<u>5,092,954</u>
Non-current			
Derivative assets	₩	171,006	98,030
Equity securities		460,721	420,925
Other securities		11,708	11,708
Deposit instruments(*1)		<u>22</u>	<u>22</u>
	₩	<u>643,457</u>	<u>530,685</u>

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

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

<i>(in millions of Won)</i>	<u>March 31, 2024</u>					<u>December 31, 2023</u>	
	<u>Number of shares</u>	<u>Ownership (%)</u>	<u>Acquisition cost</u>	<u>Fair value</u>	<u>Net changes in fair value of equity securities</u>	<u>Book value</u>	<u>Book value</u>
Marketable equity securities							
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	₩ 14,878	16,302	1,424	16,302	17,471
YODOGAWA STEEL WORKS, LTD.	600,000	1.72	13,842	24,363	10,521	24,363	20,891
DONGKUK INDUSTRIES CO., LTD.	2,611,989	4.82	12,852	23,743	10,891	23,743	12,577
PT. Krakatau Steel	236,625,000	1.22	6,876	2,852	(4,024)	2,852	2,809
AJUSTEEL Co., Ltd.	510,000	1.93	4,600	3,392	(1,209)	3,392	3,621
dhSteel	782,148	7.21	4,224	3,238	(986)	3,238	3,113
Woori Financial Group Inc.	20,280,000	2.79	261,638	290,410	28,771	290,410	263,640
Others (5 companies)			<u>14,616</u>	<u>12,639</u>	<u>(1,977)</u>	<u>12,639</u>	<u>13,020</u>
			<u>333,526</u>	<u>376,939</u>	<u>43,411</u>	<u>376,939</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 SnMCo., Ltd.	50,567	8.21	7,237	7,237	-	7,237	7,237
Others (18 companies)			<u>28,271</u>	<u>28,271</u>	<u>-</u>	<u>28,271</u>	<u>28,272</u>
			<u>83,782</u>	<u>83,782</u>	<u>-</u>	<u>83,782</u>	<u>83,783</u>
			<u>₩ 417,308</u>	<u>460,721</u>	<u>43,411</u>	<u>460,721</u>	<u>420,925</u>

POSCO

Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

7. Inventories

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

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Finished goods	₩	1,448,677	1,291,805
Semi-finished goods		1,997,745	2,206,118
By-products		20,243	20,774
Raw materials		1,290,468	1,112,287
Fuel and materials		495,487	467,013
Materials-in-transit		1,678,218	1,730,768
Others		716	721
		<u>6,931,554</u>	<u>6,829,486</u>
Less: Allowance for inventories valuation		<u>(13,896)</u>	<u>(28,878)</u>
	₩	<u><u>6,917,658</u></u>	<u><u>6,800,608</u></u>

The amounts of loss on valuation of inventories recognized in cost of sales for the three-month period ended March 31, 2024 and for the year ended December 31, 2023 were ₩13,896 million and ₩28,878 million, respectively.

POSCO

Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

8. Investments in Subsidiaries, Associates and Joint ventures

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

(in millions of Won)

	Country	Principal operations	March 31, 2024		December 31,	
			Ownership (%)	Book value	2023	
					Book value	
[Domestic]						
POSCO STEELEON Co., Ltd. (*2)	Korea	Coated steel manufacturing	56.87	₩	108,421	108,421
POSCO MTECH(*1)	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
eNtoB Corporation	Korea	Electronic commerce	69.32		46,358	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>376,081</u>	<u>372,532</u>
[Foreign]						
PT.KRAKATAU POSCO(*1)	Indonesia	Steel manufacturing and sales	50.00		928,167	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	100.00		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-VIETNAMCo., 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>1,920,474</u>	<u>1,920,348</u>
				₩	<u>2,296,555</u>	<u>2,292,880</u>

(*1) 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 POSCO M-TECH and PT. KRAKATAU POSCO.

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

(*3) During the three-month period ended March 31, 2024, the Company additionally acquired 656,000 shares of POSCO Humans and holds 100% of the ownership.

POSCO

Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

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

(in millions of Won)

	Country	Principal operations	March 31, 2024		December 31, 2023
			Ownership (%)	Book value	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	10,113	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
POSKI(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>59,870</u>	<u>59,881</u>
				₩ <u>67,089</u>	<u>67,100</u>

(*1) As of March 31, 2024, it is classified as an associate even though the Company's ownership percentage is less than 20% but 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 the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

9. Investment Property, Net

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

1) For the three-month period ended March 31, 2024

<i>(in millions of Won)</i>		Beginning	Depreciation(*1)	Others(*2)	Ending
Land	₩	2	-	-	2
Buildings		4,215	(85)	-	4,130
Structures		1,065	(22)	-	1,043
Right-of-use assets		78,107	(6,687)	2,128	73,548
	₩	<u>83,389</u>	<u>(6,794)</u>	<u>2,128</u>	<u>78,723</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) Other 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 the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

10. Property, Plant and Equipment, Net

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

1) For the three-month period ended March 31, 2024

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Impairment(*1)	Depreciation	Others(*2)	Ending
Land	₩	1,284,191	-	-	-	-	1,552	1,285,743
Buildings		1,902,913	67	-	(35)	(47,799)	86,436	1,941,582
Structures		1,972,389	-	(1,104)	(2,488)	(49,461)	231,718	2,151,054
Machinery and equipment		11,835,007	10,555	(1,642)	(38,441)	(449,345)	652,525	12,008,659
Vehicles		20,239	-	-	-	(2,744)	369	17,864
Tools		31,366	266	-	-	(3,268)	863	29,227
Furniture and fixtures		82,414	88	-	-	(8,157)	1,866	76,211
Right-of-use assets		348,499	4,014	-	-	(12,311)	(335)	339,867
Construction-in-progress		3,094,274	827,200	-	-	-	(973,476)	2,947,998
	₩	<u>20,571,292</u>	<u>842,190</u>	<u>(2,746)</u>	<u>(40,964)</u>	<u>(573,085)</u>	<u>1,518</u>	<u>20,798,205</u>

(*1) For the three-month period ended March 31, 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 of ₩40,964 million since recoverable amounts are less than their carrying amounts.

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

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Impairment(*1)	Depreciation	Others(*2)	Ending
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>19,663,903</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 intangible assets and other property, plant and equipment, right of use assets transferred to investment properties, and others.

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(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 three-month period ended March 31, 2024 are as follows:

(in millions of Won)

		<u>Beginning</u>	<u>Acquisitions</u>	<u>Depreciation</u>	<u>Others</u>	<u>Ending</u>
Land	₩	7,353	-	(71)	-	7,282
Buildings		174,712	4,014	(11,958)	2,370	169,138
Structures		43,585	-	(1,303)	-	42,282
Machinery and equipment		1,183	-	(99)	-	1,084
Vehicles		10,499	-	(581)	-	9,918
Ships		176,688	-	(4,171)	-	172,517
Others		12,586	-	(815)	(578)	11,193
	₩	<u>426,606</u>	<u>4,014</u>	<u>(18,998)</u>	<u>1,792</u>	<u>413,414</u>

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

(in millions of Won)

		<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 the three-month periods ended March 31, 2024 and 2023 are as follows:

(in millions of Won)

		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Interest on lease liabilities	₩	3,269	2,266
Expenses relating to short-term leases		2,211	6,414
Expenses relating to leases of low-value assets		1,254	1,540
	₩	<u>6,734</u>	<u>10,220</u>

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Notes to the interim condensed separate financial statements, continued

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(unaudited)

11. Intangible Assets, Net

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

(a) For the three-month period ended March 31, 2024

(in millions of Won)

	Beginning	Acquisitions ■	Disposals	Amortization	Impairment	Transfer(*2)	Ending
Intellectual property rights	₩ 14,457	-	-	(1,480)	-	3,042	16,019
Membership(*1)	79,334	-	-	-	-	-	79,334
Development expense	121,194	-	-	(19,583)	-	6,090	107,701
Port facilities usage rights	183,092	-	-	(3,715)	-	-	179,377
Construction-in-progress	44,358	12,955	-	-	-	(9,132)	48,181
Other intangible assets	5,564	-	-	(593)	-	-	4,971
	₩ 447,999	12,955	-	(25,371)	-	-	435,583

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

(*2) Others represent assets transferred from construction-in-progress to intangible assets.

(b) For the year ended December 31, 2023

(in millions of Won)

	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
	₩ 490,638	43,441	(97)	(98,841)	(4,035)	16,892	447,998

(*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.

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

12. Other Assets

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

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current			
Advance payments	₩	3,945	3,857
Prepaid expenses		116,007	100,831
	₩	<u>119,952</u>	<u>104,688</u>
Non-current			
Long-term prepaid expenses	₩	2,973	2,994
Others		56,167	50,791
	₩	<u>59,140</u>	<u>53,785</u>

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(unaudited)

13. Borrowings

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

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Short-term borrowings			
Short-term borrowings	₩	401,282	34,238
Current portion of debentures		1,935,992	1,977,995
Less: Current portion of discount on debentures issued		(2,023)	(1,355)
	₩	<u>2,335,251</u>	<u>2,010,878</u>
Long-term borrowings			
Debentures	₩	6,733,800	6,505,536
Less: Discount on debentures issued		(44,398)	(39,716)
	₩	<u>6,689,402</u>	<u>6,465,820</u>

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

<i>(in millions of Won)</i>		<u>Maturity date</u>	<u>Annual interest rate (%)</u>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
	<u>Lenders</u>					
Transfers of account receivables that do not qualify for derecognition (*1)	Shinhan Card	-	-	₩	130,409	34,238
Borrowings in foreign trade	Bank-of-China and others	2024.4.25 ~ 2024.6.18	3.25 ~ 3.53		270,873	-
				₩	<u>401,282</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 March 31, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>Maturity date</u>	<u>Annual interest rate (%)</u>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
	<u>Lenders</u>					
Debentures	309-2nd Non-guaranteed bonds and others	2024.7.17 ~ 2025.1.10	1.64 ~ 3.96	₩	669,713	619,653
Foreign debentures	Global debentures 5 and others	2024.7.15 ~ 2025.1.17	2.5 ~ 2.75		1,264,256	1,356,987
				₩	<u>1,933,969</u>	<u>1,976,640</u>

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

<i>(in millions of Won)</i>		<u>Maturity date</u>	<u>Annual interest rate (%)</u>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
	<u>Lenders</u>					
Debentures	309-3rd Non-guaranteed bonds and others	2025.1.10 ~ 2029.10.16	1.72 ~ 4.11	₩	2,016,878	2,066,441
Foreign debentures	Global debentures 5 and others	2025.8.4 ~ 2033.1.17	4.375 ~ 5.88		4,672,524	4,399,379
				₩	<u>6,689,402</u>	<u>6,465,820</u>

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14. Other Payables

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

(in millions of Won)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current		
Accounts payable	₩ 1,357,720	862,707
Accrued expenses	599,835	621,287
Lease liabilities	81,037	78,756
Withholdings	17,245	14,270
	₩ <u>2,055,837</u>	<u>1,577,020</u>
Non-current		
Long-term accrued expenses	₩ 12	11
Lease liabilities	342,660	350,594
Long-term withholdings	238	280
	₩ <u>342,910</u>	<u>350,885</u>

15. Other Financial Liabilities

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

(in millions of Won)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current		
Financial guarantee liabilities	₩ <u>6,168</u>	<u>6,336</u>
Non-current		
Derivative liabilities	₩ 1,543	54,956
Financial guarantee liabilities	3,808	4,949
	₩ <u>5,351</u>	<u>59,905</u>

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(unaudited)

16. Provisions

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

(in millions of Won)

	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Provision for bonus payments(*1,2)	₩ 11,210	26,512	13,684	26,511
Provision for restoration(*3)	269	3,305	5,442	-
Provision for legal contingencies and claims	1,240	-	-	-
Provision for product warranties(*4)	20,712	4,453	18,224	3,627
	₩ <u>33,431</u>	<u>34,270</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 three-month period ended March 31, 2024, the Company measured the present value of the estimated future payments based on actuarial evaluations of the Long Term Service Rewards in operation, and provisions were recognized at ₩29,590 million.

(*3) As of March 31, 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 3.69% to calculate the present value of costs.

(*4) As of March 31, 2024, the Company recognized the expected claim cost to be charged as a provision.

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

1) For the three-month period ended March 31, 2024

(in millions of Won)

	Beginning	Increase	Reversal	Utilization	Ending
Provision for bonus payments	₩ 40,195	4,218	-	(6,691)	37,722
Provision for restoration	5,442	43	(1,640)	(271)	3,574
Provision for legal contingencies and claims	-	1,240	-	-	1,240
Provision for product warranties	21,851	8,968	-	(5,654)	25,165
	₩ <u>67,488</u>	<u>14,469</u>	<u>(1,640)</u>	<u>(12,616)</u>	<u>67,701</u>

2) For the year ended December 31, 2023

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(unaudited)

<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)	-
Emission liabilities		-	4	(4)	-	-
Provision for product warranties		<u>37,805</u>	<u>32,619</u>	<u>(13,885)</u>	<u>(34,688)</u>	<u>21,851</u>
	₩	<u>101,332</u>	<u>59,516</u>	<u>(14,269)</u>	<u>(79,091)</u>	<u>67,488</u>

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 periods ended March 31, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Expense related to post-employment benefit plans under defined contribution plans	₩	13,196	13,420

(b) Defined benefit plans

1) The amounts recognized in relation to net defined benefit liabilities in the statements of financial position as of March 31, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Present value of funded obligations	₩	1,249,252	1,259,340
Fair value of plan assets		(1,543,253)	(1,557,782)
Net defined benefit liabilities	₩	<u>(294,001)</u>	<u>(298,442)</u>

2) Changes in present value of defined benefit obligations for the three-month period ended March 31, 2024 and the year ended December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Defined benefit obligation at the beginning of period	₩	1,259,340	1,193,500
Current service costs		25,368	93,126
Interest costs		11,964	49,130
Remeasurement :		-	46,087
- Loss (gain) from change in financial assumptions		-	62,497
- Loss (gain) from change in demographic assumptions		-	(4,277)
- Loss from change in others		-	(12,133)
Amount transferred from associate		1,487	2,164
Amount transferred to associate		(2,185)	(12,126)
Benefits paid		(46,722)	(112,541)
Defined benefit obligation at the end of period	₩	<u>1,249,252</u>	<u>1,259,340</u>

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(unaudited)

- 3) Changes in the fair value of plan assets for the three-month period ended March 31, 2024 and the year ended December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Fair value of plan assets at the beginning of period	₩	1,557,782	1,475,606
Interest on plan assets		15,701	65,864
Remeasurement of plan assets		3,608	17,725
Contributions to plan assets		-	100,000
Amount transferred from associate		1,486	2,164
Amount transferred to associate		(2,185)	(11,723)
Benefits paid		(33,139)	(91,854)
Fair value of plan assets at the end of period	₩	<u>1,543,253</u>	<u>1,557,782</u>

- 4) The amounts related to net defined benefit plans recognized in the statements of income and expenses for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Current service costs	₩	25,368	27,291
Net interest costs		(3,737)	(4,183)
	₩	<u>21,631</u>	<u>23,108</u>

18. Other Liabilities

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

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current			
Advances received	₩	9,907	16,059
Withholdings		28,420	29,829
Unearned revenue		62,034	49,223
	₩	<u>100,361</u>	<u>95,111</u>
Non-current			
Unearned revenue	₩	2,868	3,261

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Notes to the interim condensed separate financial statements, continued

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(unaudited)

19. Financial Instruments

(a) Classification and fair value of financial instruments

- 1) The carrying amounts and the fair values of financial assets and financial liabilities by fair value hierarchy as of March 31, 2024 and December 31, 2023 are as follows:

① March 31, 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	₩ 332,963	-	332,963	-	332,963
Short term financial instruments	3,252,575	-	3,252,575	-	3,252,575
Other securities	11,708	-	-	11,708	11,708
Equity securities	1,376	-	-	1,376	1,376
Fair value through other comprehensive income					
Equity securities	459,345	376,938	-	82,407	459,345
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	1,572,777	-	-	-	-
Trade accounts and notes receivable	5,145,489	-	-	-	-
Debt securities	289,741	-	-	-	-
Other receivables	312,226	-	-	-	-
Deposit instruments	1,623,022	-	-	-	-
₩	<u>13,001,222</u>	<u>376,938</u>	<u>3,585,538</u>	<u>95,491</u>	<u>4,057,967</u>
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	₩ 1,543	-	1,543	-	1,543
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	1,851,528	-	-	-	-
Borrowings	9,024,653	-	8,642,276	-	8,642,276
Financial guarantee liabilities	9,976	-	-	-	-
Others	2,273,634	-	-	-	-
₩	<u>13,161,334</u>	<u>-</u>	<u>8,643,819</u>	<u>-</u>	<u>8,643,819</u>

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

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(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 the interim condensed separate financial statements, continued

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(unaudited)

- 2) Financial liabilities were recognized in connection with financial guarantee contracts as of March 31, 2024. The details of the amount of guarantees provided are as follows:

(in millions of Won)

Guarantee beneficiary	Financial institution	Guarantee limit		Guarantee amount		
		Foreign currency	Won equivalent	Foreign currency	Won equivalent	
[Subsidiaries]						
POSCO MEXICO S.A. DE C.V.	BNP Paribas	USD	20,000,000	26,936	20,000,000	26,936
	BOA	USD	20,000,000	26,936	20,000,000	26,936
	Citi BANAMEX	USD	20,000,000	26,936	20,000,000	26,936
POSCO-VIETNAM Co., Ltd.	Citi	USD	25,000,000	33,670	18,181,818	24,487
	HSBC	USD	40,000,000	53,872	29,090,909	39,180
	Shinhan Bank	USD	45,000,000	60,606	32,727,273	44,077
POSCO COATED STEEL (THAILAND) CO., LTD.	Citi	THB	800,000,000	29,528	656,000,000	24,213
	HSBC	THB	800,000,000	29,528	656,000,000	24,213
	Mizuho	THB	800,000,000	29,528	656,000,000	24,213
	MJFG	THB	800,000,000	29,528	656,000,000	24,213
	SC	THB	800,000,000	29,528	656,000,000	24,213
	SMBC	THB	800,000,000	29,528	656,000,000	24,213
PT.KRAKATAU POSCO	ANZ	USD	173,500,000	233,670	117,400,174	158,115
	BOA	USD	115,000,000	154,882	88,034,783	118,565
	Credit Suisse	USD	91,000,000	122,559	20,890,435	28,135
	HSBC	USD	221,000,000	297,643	150,890,435	203,219
	KEXIM	USD	567,000,000	763,636	132,096,290	170,325
	Mizuho	USD	175,000,000	235,690	94,104,348	126,740
	MJFG	USD	179,000,000	241,077	87,318,261	117,600
	SC	USD	227,800,000	306,801	145,274,261	195,655
	SMBC	USD	290,000,000	390,572	182,666,261	246,015
	The Tokyo Star Bank	USD	21,000,000	28,283	4,820,870	6,493
[Associates]						
LLP POSUK Titanium	Shinhan Bank	USD	13,250,000	17,845	13,250,000	17,845
[Others]						
POSCO ASSAN TST STEEL INDUSTRY	Citi	USD	46,900,000	63,165	46,900,000	63,165
	Shinhan Bank	USD	44,800,000	60,337	44,800,000	60,337
	Woori Bank	USD	44,800,000	60,337	44,800,000	60,337
POSCO Maharashtra Steel Private Limited	DBS	USD	40,000,000	53,872	40,000,000	53,872
		USD	2,420,050,000	3,259,325	1,353,246,118	1,814,970
	THB	4,800,000,000	177,168	3,936,000,000	145,278	

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

- 3) Finance income and costs by category of financial instrument for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

- ① For the three-month period ended March 31, 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 and loss on disposal	Gain and loss on valuation	Others		Total
Financial assets at fair value through profit or loss	₩ -	-	-	23,013	237,767	(180)	260,600	-
Financial assets at fair value through other comprehensive income	-	14,336	-	-	-	-	14,336	29,290
Financial assets measured at amortized cost	30,224	-	82,995	-	-	-	113,219	-
Financial liabilities at fair value through profit or loss	-	-	-	373	53,412	-	53,785	-
Financial liabilities measured at amortized cost	(91,892)	-	(311,293)	-	-	1,622	(401,563)	-
	₩ (61,668)	14,336	(228,298)	23,386	291,179	1,442	40,377	29,290

- (* 1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩8,307 million for the three-month period ended March 31, 2024.

- ① For the three-month period ended March 31, 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 and loss on valuation	Others		Total
Financial assets at fair value through profit or loss	₩ 39	-	149	25,803	306,619	-	332,610	-
Financial assets at fair value through other comprehensive income	-	1,777	-	-	-	-	1,777	6,684
Financial assets measured at amortized cost	39,357	-	112,671	-	-	-	152,028	-
Financial liabilities at fair value through profit or loss	-	-	-	(4,394)	34,731	-	30,337	-
Financial liabilities measured at amortized cost	(102,667)	-	(326,491)	-	-	208	(428,950)	-
	₩ (63,271)	1,777	(213,671)	21,409	341,350	208	87,802	6,684

- (* 1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries of ₩8,907 million for the three-month period ended March 31, 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 the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

20. Share Capital and Capital Surplus

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

<i>(share, in Won)</i>		March 31, 2024	December 31, 2023
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 March 31, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		March 31, 2024	December 31, 2023
Share premium	₩	24,222,056	24,222,056
Other capital surplus		(5,014)	(9,592)
	₩	<u>24,217,042</u>	<u>24,212,464</u>

21. Accumulated Other Comprehensive Income

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

<i>(in millions of Won)</i>		March 31, 2024	December 31, 2023
Changes in fair value of equity investments at fair value through other comprehensive income	₩	31,956	2,666

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

22. Revenue

(a) Details of revenues disaggregated by types of revenue and timing of revenue recognition for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Types of revenue		
Revenue from sales of goods	₩ 9,174,205	9,271,204
Revenue from services	267,791	256,381
Others	77,803	94,510
	<u>₩ 9,519,799</u>	<u>9,622,095</u>
Timing of revenue recognition		
Revenue recognized at a point in time	₩ 9,228,482	9,352,150
Revenue recognized over time	291,317	269,945
	<u>₩ 9,519,799</u>	<u>9,622,095</u>

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

<i>(in millions of Won)</i>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Receivables		
Account receivables	₩ 5,145,813	5,042,943
Contract assets		
Account receivables	2,494	4,826
Contract liabilities		
Advance received	9,907	16,059
Unearned income	64,902	52,484

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Notes to the interim condensed separate financial statements, continued

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(unaudited)

23. Selling and Administrative Expenses

(a) Other administrative expenses

Other administrative expenses for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Wages and salaries	₩ 61,957	68,447
Expenses related to post-employment benefits	6,860	12,768
Other employee benefits	13,955	13,559
Travel	2,239	2,288
Depreciation	8,824	5,472
Amortization	6,212	6,042
Rental	18,880	22,440
Repairs	1,679	1,750
Advertising	10,711	11,410
Research & development	6,784	7,024
Service fees	64,770	62,159
Supplies	166	198
Vehicles maintenance	1,436	1,339
Industry association fee	546	822
Training	5,576	6,391
Conference	1,020	1,192
Reversal of allowance for doubtful accounts	-	(24)
Others	6,339	5,632
	<u>₩ 217,954</u>	<u>228,909</u>

(b) Selling expenses

Selling expenses for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Freight and custody expenses	₩ 39,468	34,843
Operating expenses for distribution center	1,051	1,230
Sales commissions	25,795	27,347
Sales advertising	134	595
Sales promotion	663	551
Sample	274	167
Sales insurance premium	1,979	2,279
	<u>₩ 69,364</u>	<u>67,012</u>

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

24. Finance Income and Costs

Details of finance income and costs for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Finance income			
Interest income(*1)	₩	30,224	39,396
Dividend income		22,643	10,684
Gain on foreign currency transactions		92,890	164,570
Gain on foreign currency translations		40,267	74,300
Gain on valuation of derivatives		248,073	226,151
Gain on transactions of derivatives		15,072	-
Gain on valuation of financial assets at fair value through profit or loss		43,106	121,834
Gain on disposal of financial assets at fair value through profit or loss		11,285	41,294
Others		1,641	466
	₩	<u>505,201</u>	<u>678,695</u>
Finance costs			
Interest expenses	₩	91,892	102,667
Loss on foreign currency transactions		97,503	148,363
Loss on foreign currency translations		263,951	304,178
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		-	5,106
Others		200	258
	₩	<u>456,517</u>	<u>581,986</u>

(*1) Interest income calculated using the effective interest method for each of the three-month periods ended March 31, 2024 and 2023 is ₩10,232 million and ₩39,357 million, respectively.

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Notes to the interim condensed separate financial statements, continued

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25. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

(in millions of Won)

		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Other non-operating income			
Gain on disposals of property, plant and equipment	₩	4,734	1,675
Premium income		83	667
Gain on disposals of emission rights		2,970	14,788
Others		4,678	2,429
	₩	<u>12,465</u>	<u>19,559</u>
Other non-operating expenses			
Loss on disposals of property, plant and equipment	₩	41,405	22,173
Impairment loss on property, plant and equipment		40,964	-
Donations		18,537	26,296
Idle tangible asset expenses		1,471	6,306
Other amortization expense		733	468
Others		5,908	5,550
	₩	<u>109,018</u>	<u>60,793</u>

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Notes to the interim condensed separate financial statements, continued

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(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 statements of comprehensive income for each of the three-month periods ended March 31, 2024 and 2023 are as follows (excluding finance costs and income tax expense):

<i>(in millions of Won)</i>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Changes in inventories(*1)	₩ 49,758	390,965
Raw materials and consumables used	6,538,932	6,436,855
Employee benefits expenses	474,471	492,118
Outsourced processing cost	689,268	674,694
Depreciation(*2)	579,879	556,557
Amortization	25,371	24,196
Electricity and water expenses	175,000	164,020
Service fees	86,381	82,434
Rental	30,720	33,863
Advertising	10,711	11,410
Freight and custody expenses	312,444	271,750
Sales commissions	25,795	27,347
Loss on disposals of property, plant and equipment	41,405	22,173
Impairment loss on property, plant and equipment	40,964	-
Other expenses	252,573	243,209
	<u>₩ 9,333,672</u>	<u>9,431,591</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 deferred tax expenses (income) due to the accrual and reversal of temporary differences in current tax expenses and income tax expenses (income) related to items not recognized in profit or loss. The effective tax rates of the Company for each of the three-month periods ended March 31, 2024 and 2023 were 6.41% and 25.00%, respectively.

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

28. Earnings Per Share

Basic earnings per share for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

<i>(in Won, except share information)</i>		March 31, 2024	March 31, 2023
Profit attributable to controlling interest	₩	231,428,348,656	230,093,841,253
Interests of hybrid bonds, net of tax		-	(1,669,610,958)
Weighted-average number of common shares outstanding(*1)		96,480,625	96,480,625
Basic earnings per share	₩	<u>2,399</u>	<u>2,368</u>

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

<i>(shares)</i>		March 31, 2024	March 31, 2023
Total number of common shares issued		96,480,625	96,480,625
Weighted-average number of common shares outstanding		96,480,625	96,480,625

The Company does not have any dilutive potential common shares as of March 31, 2024 and 2023, so diluted earnings per share are the same as basic earnings per share.

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Notes to the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

29. Related Party Transactions

(a) The Company's related parties as of March 31, 2024 are as follows:

	<u>Company</u>
The parent company	POSCO HOLDINGS INC.
Subsidiaries	POSCO STEELEON Co., Ltd, POSCO MTECH, PNR, POSCO Humans, eNtoB Corporation, 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. 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-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 Mbbility Solution Corporation, eSteel4U, POSCO INTERNATIONAL Corporation, POSCO Canada Ltd., POSCO Vietnam Processing Center. Co.,Ltd, POSCO MEXICO S.A. DE C.V., 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 the interim condensed separate financial statements, continued

March 31, 2024

(unaudited)

(b) Significant transactions with the Company's related parties for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

1) For the three-month period ended March 31, 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)	₩ 3,799	232	57	-	-	629,505
Subsidiaries						
POSCO STEELEON Co., Ltd	166,664	5,510	96	54	9,340	133
eNtoB Corporation	4	1,176	96,232	16,119	6	3,585
POSCO MTECH	15	726	19,786	-	9,232	-
PNR	162	-	-	-	13,071	-
POSCO Humans	269	-	-	-	1,632	6,465
POSCO (THAILAND) COMPANY LIMITED	22,585	-	-	-	-	28
POSCO-MKPC SDN BHD	3,598	909	-	-	-	100
POSCO VIETNAMCO., LTD.	48,028	86	-	-	-	12
POSCO MEXICO S. A. DE C. V.(*5)	156,508	58	-	-	-	464
POSCO-Poland Wroclaw Processing Center Sp. z o. o.(*5)	1,294	-	-	-	-	-
POSCO Thainox Public Company Limited	46,996	-	-	-	-	157
POSCO COATED STEEL (THAILAND) CO., LTD.	65,793	122	-	-	-	294
POSCO Chengdu Processing Center Co.,LTD	35	-	-	-	-	-
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	26,078	-	-	-	-	175
POSCO-Indonesia Jakarta Processing Center(*5)	153	-	-	-	-	702
POSCO PS Tech(*6)	17	-	-	2,087	29,455	394
POSCO PR Tech(*6)	-	24	-	3,517	23,961	68
POSCO PH Solution(*6)	-	39	-	1,117	11,406	2,425
POSCO GYS Tech(*6)	28	12	-	2,442	27,954	-
POSCO GYR Tech(*6)	26	-	-	1,223	25,329	121
POSCO GY Solution(*6)	21	15	-	1,764	12,738	3
PT. KRAKATAU POSCO(*5)	1,177	1,184	-	-	-	-
Others	2,149	-	-	-	-	279
	541,600	9,861	116,114	28,323	164,124	15,405
Associates and joint ventures						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	12,968	-	-	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	15,436	-	-	-	-	137
Others	52	-	-	-	-	-
	28,446	-	-	-	-	137
Other related party(*3)						
POSCO Eco & Challenge Co., Ltd.	68	-	-	350,062	-	22,335
POSCO DX (*7)	473	17	-	125,460	16,414	50,802
POSCO WIDE Co., Ltd.	2,626	4	235	-	5,982	12,171
POSCO FUTURE MCO., LTD.	111,872	52	147,729	10,396	54,335	2,230
POSCO FLOW CO., LTD.(*8)	2,815	3	205,620	1	2,720	301,796
SNNC	2,067	3	102,500	-	-	-
POSCO Mobility Solution Corporation	211,185	-	-	2,230	12,620	99
eSteel4U	149,491	-	-	-	-	30
POSCO INTERNATIONAL Corporation	2,662,576	-	269,395	-	-	5,618
POSCO Canada Ltd.	-	-	26,700	-	-	-
POSCO Maharashtra Steel Private Limited	219,386	44	-	-	-	506
POSCO(Guangdong) Automotive Steel Co.,Ltd	-	-	-	-	-	-
POSCO VST CO., LTD.	33,873	-	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	598,848	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	111,539	650	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	414,105	-	-	-
Others	166,430	254	52,004	15,916	3	21,843
	3,674,401	1,027	1,817,136	504,065	92,074	417,430
₩	4,248,246	11,120	1,933,307	532,388	256,198	1,062,477

(*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.

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

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(unaudited)

2) For the three-month period ended March 31, 2023

(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)	₩ 5,637	16	-	-	-	31,396
Subsidiaries						
POSCO STEELEON Co., Ltd	152,271	2,986	-	-	8,834	196
eNtoB Corporation	4	3,660	106,281	17,558	-	3,899
POSCO MTECH	16	767	17,338	2,040	11,617	73
PNR	173	2	-	-	10,802	-
POSCO Humans	90	-	-	-	1,562	5,954
POSCO (Thailand) Company, Ltd	20,862	-	-	-	-	282
POSCO-MKPC SDN BHD	3,236	1,509	-	-	-	109
POSCO-VIETNAM Co., Ltd.	64,166	-	-	-	-	8
POSCO-Poland Wroclaw Processing Center Sp. z o. o. (*5)	1,262	-	-	-	-	-
POSCO Thainox Public Company Limited	59,975	-	-	-	-	25
POSCO COATED STEEL (THAILAND) CO., LTD.	60,905	-	-	-	-	30
POSCO ChengDu Processing Center	2,020	-	-	-	-	-
POSCO TNPC Otomotiv Celik San. Ve Tic. AS	22,436	-	-	-	-	-
Others	2,325	-	-	-	-	97
	<u>389,741</u>	<u>8,924</u>	<u>123,619</u>	<u>19,598</u>	<u>32,615</u>	<u>10,673</u>
Associates and joint ventures						
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	282	-	-	-	-	-
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	11,494	-	-	-	-	-
Others	92	-	-	-	-	-
	<u>11,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other related party(*3)						
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO., LTD.)	55	26	-	226,319	-	2,487
POSCO DX (formerly, POSCO ICT)(*6)	6	18	1,287	76,291	16,158	48,923
POSCO WIDE Co., Ltd. (formerly, POSCO O&M Co., Ltd.)	1,561	1	217	-	4,619	8,694
POSCO FUTURE MCO., LTD. (formerly, POSCO CHEMICAL CO., LTD.)	123,665	50	137,537	17,609	58,021	2,092
POSCO FLOW CO., LTD. (*7)	4,734	28	201,220	-	7,058	260,347
SNNC	3,221	3	124,368	-	-	12
POSCO Mobility Solution Corporation	240,131	-	-	-	6,221	471
eSteel4U	106,239	-	-	-	-	15
POSCO INTERNATIONAL Corporation	2,632,239	-	322,089	-	3,112	6,457
POSCO Canada Ltd.	-	-	56,821	-	-	-
POSCO Vietnam Processing Center. Co., Ltd	13,283	-	-	-	-	116
POSCO MEXICO S.A. DE C.V.	108,800	163	-	-	-	451
POSCO Maharashtra Steel Private Limited	210,269	-	-	-	-	623
POSCO(Guangdong) Automotive Steel Co., Ltd	56,972	-	-	-	-	-
POSCO VST CO., LTD.	36,071	-	-	-	-	21
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	2	500,900	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	47,220	295	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	463,600	-	-	-
Others	163,970	71	39,678	13,091	-	26,798
	<u>3,748,436</u>	<u>657</u>	<u>1,847,717</u>	<u>333,310</u>	<u>95,189</u>	<u>357,507</u>
	<u>₩ 4,155,682</u>	<u>9,597</u>	<u>1,971,336</u>	<u>352,908</u>	<u>128,004</u>	<u>399,576</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., and the following transaction details occurred prior to the inclusion.

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

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

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Notes to the interim condensed separate financial statements, continued

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

1) March 31, 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.	₩ 307	40,873	41,180	-	134,198	606,824	741,022
Subsidiaries							
POSCO STEELEON Co., Ltd	86,464	5,515	91,979	-	1	5,431	5,432
eNtoB Corporation	-	1,176	1,176	26	7,048	22	7,096
POSCO MTECH	-	712	712	-	17,299	19,652	36,951
PNR	-	-	-	-	2,313	5,144	7,457
POSCO Humans	15	1	16	-	1,092	2,877	3,969
POSCO (THAILAND) COMPANY LIMITED	19,359	-	19,359	-	-	-	-
POSCO-MKPC SDN BHD	-	909	909	-	-	-	-
POSCO VIETNAMCO., LTD.	48,283	2,092	50,375	-	-	12	12
POSCO MEXICO S.A. DE C.V.	247,584	1,357	248,941	-	-	471	471
POSCO Thainox Public Company Limited	50,534	679	51,213	-	-	-	-
POSCO COATED STEEL (THAILAND) CO., LTD.	66,667	1,616	68,283	-	-	283	283
POSCO-Indonesia Jakarta Processing Center	-	-	-	-	-	712	712
POSCO PS Tech	-	2	2	-	5,478	10,712	16,190
POSCO PR Tech	-	3	3	-	5,285	9,493	14,778
POSCO PH Solution	-	2	2	-	2,847	4,169	7,016
POSCO GYS Tech	-	2	2	-	4,423	10,534	14,957
POSCO GYR Tech	-	2	2	-	3,890	9,697	13,587
POSCO GY Solution	-	1	1	-	2,226	4,788	7,014
PT. KRAKATAU POSCO	2,331	13,409	15,740	-	-	-	-
Others	28	117	145	-	-	8	8
	<u>521,265</u>	<u>27,595</u>	<u>548,860</u>	<u>26</u>	<u>51,902</u>	<u>84,005</u>	<u>135,933</u>
Associates and joint ventures							
Pohang Special Welding Co., Ltd.	-	44	44	-	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	5,028	-	5,028	-	-	139	139
	<u>5,028</u>	<u>44</u>	<u>5,072</u>	<u>-</u>	<u>-</u>	<u>139</u>	<u>139</u>
Other related party							
POSCO Eco & Challenge Co., Ltd.	-	55,162	55,162	-	153,763	254	154,017
POSCO DX	38	1	39	-	113,978	21,466	135,444
POSCO WIDE Co., Ltd.	401	527	928	-	2,341	5,495	7,836
POSCO FUTURE MCO., LTD.	71,185	4,461	75,646	54,371	23,928	21,123	99,422
POSCO FLOW CO., LTD.	753	185	938	95,989	3,970	46,524	146,483
SNNC	500	83	583	13,016	-	23	13,039
POSCO Ivibility Solution Corporation	213,310	-	213,310	-	1,787	5,153	6,940
eSteel4U	164,461	-	164,461	-	-	-	-
POSCO INTERNATIONAL Corporation	872,556	1,462	874,018	26,181	3,760	2,928	32,869
POSCO Maharashtra Steel Private Limited	456,068	2,545	458,613	-	21	11	32
POSCO(Guangdong) Automotive Steel Co., Ltd.	64,267	-	64,267	-	-	-	-
POSCO VST CO., LTD.	34,274	764	35,038	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	168,842	-	-	168,842
POSCO ASSAN TST STEEL INDUSTRY	237,256	2,205	239,461	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	-	204,058	-	-	204,058
Others	23,399	18,945	42,344	74,812	11,267	12,582	98,661
	<u>2,138,468</u>	<u>86,340</u>	<u>2,224,808</u>	<u>637,269</u>	<u>314,815</u>	<u>115,559</u>	<u>1,067,643</u>
₩	<u>2,665,068</u>	<u>154,852</u>	<u>2,819,920</u>	<u>637,295</u>	<u>500,915</u>	<u>806,527</u>	<u>1,944,737</u>

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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 MTECH	-	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 LIMITED	19,284	-	19,284	-	-	-	-
POSCO VIETNAMCO., 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	-	-	-	-
	<u>484,659</u>	<u>17,682</u>	<u>502,341</u>	<u>926</u>	<u>55,305</u>	<u>80,105</u>	<u>136,336</u>
Associates and joint ventures							
Pohang Special Welding Co., Ltd.	-	41	41	-	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd	6,096	-	6,096	-	-	-	-
	<u>6,096</u>	<u>41</u>	<u>6,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other related party							
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO., LTD.)	-	22	22	512	111,956	215	112,683
POSCO DX (formerly, POSCO ICT)	38	4	42	59	191,911	23,686	215,656
POSCO WIDE Co., Ltd. (formerly, POSCO O&MCo., Ltd.)	380	699	1,079	-	2,832	5,823	8,655
POSCO FUTURE MCO., LTD. (formerly, POSCO CHEMCAL 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 Irbility 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
	<u>2,181,922</u>	<u>91,411</u>	<u>2,273,333</u>	<u>734,709</u>	<u>351,094</u>	<u>110,626</u>	<u>1,196,429</u>
₩	<u>2,672,992</u>	<u>145,657</u>	<u>2,818,649</u>	<u>735,635</u>	<u>517,433</u>	<u>327,544</u>	<u>1,580,612</u>

(d) Guarantees provided to related parties

- 1) As of March 31, 2024, the Company has entered into financial guarantee contracts for its related parties and recognizes the related guarantee obligations as financial guarantee liabilities (Note 19-(a)-2).
- 2) As of March 31, 2024, the Company provides performance guarantees for the LNG purchase agreement (SPA) of POSCO International Corporation, its related party (Note 30-(a)-4).

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(e) For each of the three-month periods ended March 31, 2024 and 2023, details of compensation to the Company's key management officers are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Short-term benefits(*1)	₩	12,800	13,968
Retirement benefits		<u>3,687</u>	<u>8,364</u>
	₩	<u>16,487</u>	<u>22,332</u>

(*1) The parent company of POSCO, POSCO HOLDINGS INC. has the right to grant treasury shares of POSCO HOLDINGS INC. to key management officers as compensation for labor or services, and POSCO is obligated to settle the fair value of these share-based payments with POSCO HOLDINGS INC. in cash. As of March 31, 2024, POSCO has recognized ₩16,014 million of liabilities related to the share-based payments.

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.

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 three years and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of March 31, 2024, 54 million tons of iron ore and 13 million tons of coal remained to be purchased under such long-term contracts.
- 2) The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.
- 3) The Company entered into consecutive voyage charter (CVC) contract for the transportation of raw materials. As of March 31, 2024, there are 36 vessels under contract and the average remaining contract period is about 7 years.

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- 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 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 producer, 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 March 31, 2024, the Company has entered into supply chain finance 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 75 lawsuits collectively amounting to ₩ 317 billion as defendant as of March 31, 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 March 31, 2024.

- (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*.

POSCO

Notes to the interim condensed separate financial statements, continued

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31. Statements of Cash Flows

Changes in operating assets and liabilities for each of the three-month periods ended March 31, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Trade accounts and notes receivable, net	₩	(73,685)	(420,953)
Other accounts receivable		(110,126)	106,971
Accrued revenue		5,870	(22,794)
Inventories		(128,382)	611,596
Prepaid expenses		(15,189)	(10,515)
Other current assets		(86)	(2,816)
Long-term guarantee deposits		(291)	150
Derivative assets		11,649	8,890
Other non-current assets		(5,341)	(5,264)
Trade accounts and notes payable		(196,297)	(174,280)
Other accounts payable		(28,440)	(370,672)
Accrued expenses		34,883	15,415
Advances received		(6,152)	803
Withholdings		(1,408)	(7,016)
Unearned revenue		12,418	7,058
Other current liabilities		(9,209)	(12,191)
Derivative liabilities		-	(834)
Payments of severance benefits		(46,721)	(43,377)
Plan assets ■		33,139	20,061
Other non-current liabilities		810	-
	₩	<u>(522,558)</u>	<u>(299,768)</u>