

POSCO and its subsidiaries

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

Table of Contents

	Page
Report on review of interim condensed consolidated financial statements	
Interim condensed consolidated financial statements	
Interim condensed consolidated statements of financial position.....	1
Interim condensed consolidated statements of comprehensive income.....	3
Interim condensed consolidated statements of changes in equity	4
Interim condensed consolidated statements of cash flows.....	6
Notes to the interim condensed consolidated financial statements	8

Report on review of interim condensed consolidated 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 consolidated financial statements of POSCO (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the interim condensed consolidated statement of financial position as of June 30, 2024, and the related interim condensed consolidated statements of comprehensive income for each of the three-month and six-month periods ended June 30, 2024, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2024, and a summary of material accounting policies and other explanatory information.

Management's responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated 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 consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matters

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

Moreover, the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

Ernst & Young Han Young

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 consolidated financial statements and may result in modification to this review report.

POSCO and its subsidiaries

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

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

Si-woo Lee
Representative Director and President
POSCO

POSCO and its subsidiaries

Interim condensed consolidated 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	20	₩ 2,689,260	2,426,344
Trade accounts and notes receivable, net	4,20,23,30,32	5,648,802	5,600,881
Other receivables, net	5,20,30,32	695,501	531,514
Other short-term financial assets	6,20	5,035,449	5,216,059
Inventories	7,32	8,093,292	8,547,046
Current income tax assets		19,461	18,411
Assets held for sale	8	1,035	-
Other current assets	13,32	142,269	145,873
Total current assets		22,325,069	22,486,128
Long-term trade accounts and notes receivable, net	4,20,23,32	15,703	25,278
Other receivables, net	5,20,32	143,269	154,401
Other long-term financial assets	6,20	791,546	540,171
Investments in subsidiaries, associates and joint ventures	9	76,761	74,974
Investment property, net	10	68,836	80,546
Property, plant and equipment, net	11	24,310,081	23,601,579
Intangible assets, net	12	426,168	447,620
Defined benefit assets, net	18,32	356,646	324,232
Deferred tax assets		2,027,897	2,142,437
Other non-current assets	13,32	33,494	56,930
Total non-current assets		28,250,401	27,448,168
Total assets		₩ 50,575,470	49,934,296

(continued)

POSCO and its subsidiaries

Interim condensed consolidated 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	20,30,32	₩ 2,963,828	3,334,297
Short-term borrowings and current installments of long-term borrowings	14,20,30	3,067,744	3,009,380
Other payables	15,20,30,32	1,576,829	1,712,172
Other short-term financial liabilities	16,20	671	769
Current income tax liabilities		61,609	107,089
Provisions	17,32	56,139	52,902
Other current liabilities	19,23,32	121,020	132,269
Total current liabilities		<u>7,847,840</u>	<u>8,348,878</u>
Long-term borrowings, excluding current installments	14,20	9,083,471	7,956,334
Other payables	15,20,32	619,162	633,130
Other long-term financial liabilities	16,20	900	56,076
Defined benefit liabilities, net	18,32	33,996	26,807
Deferred tax liabilities		30,164	26,696
Long-term provisions	17,32	34,704	33,755
Other non-current liabilities	19,23,32	1,399	1,651
Total non-current liabilities		<u>9,803,796</u>	<u>8,734,449</u>
Total liabilities		<u>17,651,636</u>	<u>17,083,327</u>
Equity			
Share capital	21	482,403	482,403
Capital surplus	21	22,673,781	22,659,008
Accumulated other comprehensive income	22	108,859	(22,112)
Retained earnings		8,697,352	8,753,924
Equity attributed to owners of the controlling company		<u>31,962,396</u>	<u>31,873,223</u>
Non-controlling interests		<u>961,438</u>	<u>977,746</u>
Total equity		<u>32,923,834</u>	<u>32,850,969</u>
Total liabilities and equity		<u>₩ 50,575,470</u>	<u>49,934,296</u>

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

POSCO and its subsidiaries
Interim condensed consolidated 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 information)</i>					
Revenue	23,30	₩ 11,020,516	11,117,607	22,280,621	21,598,557
Cost of sales	27,30	(10,193,245)	(9,884,210)	(20,725,961)	(19,733,580)
Gross profit		827,271	1,233,397	1,554,660	1,864,977
Selling and administrative expenses	24,27				
Other administrative expenses	24	(272,752)	(278,986)	(559,812)	(540,058)
Selling expenses	24	(68,368)	(65,099)	(141,722)	(134,176)
Operating profit		486,151	889,312	853,126	1,190,743
Share of profit of equity-accounted investees, net	9	(561)	92	(778)	117
Finance income and costs	20,25				
Finance income	25	468,058	283,686	1,055,415	968,392
Finance costs	25	(536,600)	(366,498)	(1,135,544)	(969,143)
Other non-operating income and expenses					
Other non-operating income	26	29,526	17,248	43,973	42,727
Other non-operating expenses	26,27	(79,301)	(218,371)	(186,468)	(279,936)
Profit before income tax		367,273	605,469	629,724	952,900
Income tax expense	28	(104,786)	(138,171)	(141,725)	(240,528)
Profit		262,487	467,298	487,999	712,372
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	18	2,311	(675)	5,102	5,068
Net changes in fair value of equity investments at fair value through other comprehensive income	20,22	4,036	3,687	33,326	10,371
Foreign currency translation differences		20,767	(2,814)	33,260	6,011
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		51,158	(21,264)	94,623	8,572
Capital adjustment arising from investments in equity-accounted investees	9	1,450	(1,356)	3,024	1,241
Other comprehensive income, net of tax		79,722	(22,422)	169,335	31,263
Total comprehensive income		₩ 342,209	444,876	657,334	743,635
Profit attribute to:					
Owners of the controlling company		₩ 286,105	462,158	528,026	700,753
Non-controlling interests		(23,618)	5,140	(40,027)	11,619
Profit		₩ 262,487	467,298	487,999	712,372
Total comprehensive income attribute to:					
Owners of the controlling company		₩ 345,226	443,045	664,182	726,493
Non-controlling interests		(3,017)	1,831	(6,848)	17,142
Total comprehensive income		₩ 342,209	444,876	657,334	743,635
Earnings per share (in Won)	29				
Basic earnings per share (in Won)		2,965	4,776	5,473	7,232
Diluted earnings per share (in Won)		₩ 2,965	4,776	5,473	7,232

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

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

	Attributable to owners of the controlling company							
	Share capital	Capital surplus	Hybrid bonds	Accumulated other comprehensive income	Retained earnings	Subtotal	Non-controlling interests	Total
Balance as of January 1, 2023	₩ 482,403	30,314,258	199,384	(2,503)	697,091	31,690,633	522,769	32,213,402
Profit	-	-	-	-	700,753	700,753	11,619	712,372
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
Remeasurements of defined benefit plans, net of tax	-	-	-	-	5,558	5,558	(490)	5,068
Capital adjustment arising from investments	-	-	-	-	-	-	-	-
In equity-accounted investees, net of tax	-	-	-	1,238	-	1,238	3	1,241
Net changes in fair value of equity investments	-	-	-	-	-	-	-	-
at fair value through other comprehensive income, net of tax	-	-	-	10,372	-	10,372	-	10,372
Foreign currency translation differences, net of tax	-	-	-	8,572	-	8,572	6,011	14,583
Transactions with owners of the controlling company, recognized directly in equity:								
Year-end dividends	-	-	-	-	(325,043)	(325,043)	(7,184)	(332,227)
Changes due to business combination	-	(3,516)	-	-	-	(3,516)	11,468	7,952
Shared based payments	-	(2,003)	-	-	-	(2,003)	-	(2,003)
Repayment of hybrid bonds	-	(453)	(199,384)	-	-	(199,837)	-	(199,837)
Interest of hybrid bonds	-	-	-	-	(4,108)	(4,108)	-	(4,108)
Share premium transferred to retained earnings	-	(7,000,000)	-	-	7,000,000	-	-	-
Others	-	(14,272)	-	(432)	486	(14,218)	(242)	(14,460)
Balance as of June 30, 2023	₩ 482,403	23,294,014	-	17,247	8,074,736	31,868,400	543,954	32,412,354

(continued)

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

	Attributable to owners of the controlling company						Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Accumulated other comprehensive income	Retained earnings	Subtotal		
Balance as of January 1, 2024	₩ 482,403	22,659,008	-	(22,112)	8,753,924	31,873,223	977,746	32,850,969
Comprehensive income:								
Profit	-	-	-	-	528,026	528,026	(40,027)	487,999
Other comprehensive income (loss)								
Remeasurements of defined benefit plans, net of tax	-	-	-	-	5,185	5,185	(83)	5,102
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	3,022	-	3,022	2	3,024
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	33,326	-	33,326	-	33,326
Foreign currency translation differences, net of tax	-	-	-	94,623	-	94,623	33,260	127,883
Transactions with owners of the controlling company, recognized directly in equity:								
Year-end dividends	-	-	-	-	(589,786)	(589,786)	(5,828)	(595,614)
Shared based payments	-	14,623	-	-	-	14,623	-	14,623
Others	-	150	-	-	3	153	(3,632)	(3,479)
Balance as of June 30, 2024	₩ 482,403	22,673,781	-	108,859	8,697,352	31,962,396	961,438	32,923,834

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

POSCO and its subsidiaries
Interim condensed consolidated 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	₩	487,999	712,372
Adjustments for :			
Depreciation		1,344,421	1,121,523
Amortization		49,646	47,413
Finance income		(831,361)	(628,117)
Finance costs		905,049	649,890
Income tax expense		141,725	240,528
Impairment loss on property, plant and equipment		59,430	143,375
Gain on disposal of property, plant and equipment		(7,464)	(4,529)
Loss on disposal of property, plant and equipment		77,585	78,528
Impairment loss on intangible assets		11	3,551
Share of profit of equity-accounted investees		778	(117)
Expenses related to post-employment benefit		59,843	46,075
Impairment loss on trade and other receivables		8,101	5,008
Loss on valuation of inventories		54,886	22,213
Increase to provisions		13,364	23,182
Gain on disposal of emission rights		(13,343)	(24,052)
Others, net		1,595	(5,755)
Changes in operating assets and liabilities	32	(170,197)	(197,465)
Interest received		70,860	62,523
Interest paid		(309,646)	(170,912)
Dividends received		19,917	2,199
Income taxes paid		(89,814)	28,729
Net cash provided by operating activities	₩	<u>1,873,385</u>	<u>2,156,162</u>

(continued)

POSCO and its subsidiaries

Interim condensed consolidated 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			
Acquisition of short-term financial instruments	₩	(3,564,668)	(28,042,030)
Proceeds from disposal of short-term financial instruments		4,564,230	26,263,417
Increase in loans		(11,922)	(4,944)
Collection of loans		6,798	46,560
Acquisition of securities		(914,553)	(154,364)
Proceeds from disposal of securities		293,611	83,540
Proceeds from disposal of long-term financial instruments		-	1
Acquisition of investments in associates and joint ventures		-	(12,101)
Acquisition of property, plant and equipment		(1,924,910)	(1,918,236)
Proceeds from disposal of property, plant and equipment		(56,886)	(27,646)
Acquisition of intangible assets		(28,416)	(21,183)
Proceeds from disposal of intangible assets		13,404	24,129
Collection of lease receivables		5,746	319
Proceeds from disposal of assets held for sale		-	(1,716)
Cash outflows due to business combinations, net of cash acquired		-	(19,966)
Others, net		(3,785)	5,259
Net cash used in investing activities	₩	<u>(1,621,351)</u>	<u>(3,778,961)</u>
Cash flows from financing activities			
Proceeds from borrowings		2,569,174	3,886,317
Repayment of borrowings		(1,989,875)	(1,932,457)
Payment of cash dividends		(595,614)	(331,655)
Payment of interest of hybrid bonds		-	(4,587)
Repayment of lease liabilities		(55,324)	(21,043)
Decrease in derivatives		76,360	42,850
Repayment of hybrid bonds		-	(200,000)
Others, net		(5,800)	(572)
Net cash provided by(used in) financing activities	₩	<u>(1,079)</u>	<u>1,438,853</u>
Effect of exchange rate fluctuation on cash held		11,961	4,916
Net increase(decrease) in cash and cash equivalents		262,916	(179,030)
Cash and cash equivalents at beginning of the period		<u>2,426,344</u>	<u>2,383,755</u>
Cash and cash equivalents at end of the period	₩	<u><u>2,689,260</u></u>	<u><u>2,204,725</u></u>

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2024 and 2023 (Unaudited)

1. General Information

General information about POSCO (the “Company”), the controlling company in accordance with KIFRS 1110, its 11 domestic subsidiaries including POSCO STEELEON Co., Ltd, 21 foreign subsidiaries including POSCO YAMATO VINA STEEL JOINT STOCK COMPANY and its 13 associates are as follows:

(a) The controlling company

POSCO, the controlling 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).

(b) Consolidated subsidiaries

Details of consolidated subsidiaries as of June 30, 2024 and December 31, 2023 are as follows:

Principal operations	Ownership (%)						Region
	June 30, 2024			December 31, 2023			
	POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
[Domestic]							
POSCO STEELEON Co., Ltd.(1)	56.87	-	56.87	56.87	-	56.87	Pohang
eNoB Corporation	69.32	-	69.32	69.32	-	69.32	Seoul
POSCO M-TECH(2)							
Packing materials							
PNR	48.85	-	48.85	48.85	-	48.85	Pohang
POSCO Humans(3)	70.00	-	70.00	70.00	-	70.00	Pohang
POSCO PS Tech	100.00	-	100.00	75.49	0.78	76.27	Pohang
POSCO PR Tech	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO PH Solution	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO GYS Tech	100.00	-	100.00	100.00	-	100.00	Gwangyang
POSCO GYR Tech	100.00	-	100.00	100.00	-	100.00	Gwangyang
POSCO GY Solution	100.00	-	100.00	100.00	-	100.00	Gwangyang
[Foreign]							
POSCO (Thailand) Company.Ltd	100.00	-	100.00	100.00	-	100.00	Thailand
POSCO-MKPC SDNBHD	70.00	-	70.00	70.00	-	70.00	Malaysia
POSCO-India Private Limited	100.00	-	100.00	100.00	-	100.00	India
POSCO-VIETNAM Co., Ltd.	100.00	-	100.00	100.00	-	100.00	Vietnam
POSCO-Poland Wroclaw							
Processing Center Sp. z o. o.	60.00	-	60.00	60.00	-	60.00	Poland
POSCO Thainox Public Company Limited							
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	74.56	-	74.56	74.56	-	74.56	Thailand
POSCO-Malaysia SDN. BHD.	90.00	-	90.00	90.00	-	90.00	China
Myanmar POSCO C&C Company.Limited.	81.79	-	81.79	81.79	-	81.79	Malaysia
POSCO COATED STEEL (THAILAND) CO., LTD.	-	70.00	70.00	-	70.00	70.00	Myanmar
POSCO ChengDu Processing Center(2)	100.00	-	100.00	100.00	-	100.00	Thailand
POSCO Philippine Manila Processing Center, Inc.	33.00	-	33.00	33.00	-	33.00	China
POSCO TNPC Otomotif Celik San. Ve Tic. A.S	100.00	-	100.00	100.00	-	100.00	Philippines
POSCO BRAZIL LTDA	100.00	-	100.00	100.00	-	100.00	Turkey
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	100.00	-	100.00	100.00	-	100.00	Brazil
Port Hedland Green Steel Pty Ltd	51.00	-	51.00	51.00	-	51.00	Vietnam
POSCO MEXICO S.A. DE C.V.							
PT. POSCO INDONESIA JAKARTA PROCESSING CENTER	100.00	-	100.00	100.00	-	100.00	Australia
PT. KRAKATAU POSCO(2)	83.28	-	83.28	83.28	-	83.28	Mexico
POSCO-Mexico Villagran Wire-rod Processing Center							
PT.KRAKATAU POSCO SOCIAL ENTERPRISE SERVICES INDONESIA	70.51	-	70.51	70.51	-	70.51	Indonesia
	50.00	-	50.00	50.00	-	50.00	Indonesia
	56.75	-	56.75	56.75	-	56.75	Mexico
	-	99.91	99.91	-	99.91	99.91	Indonesia

(*1) Excluding the treasury shares acquired for the year ended December 31, 2023, the ownership interest with voting rights of the controlling company is 56.96%.

(*2) As of June 30, 2024, the Group classified the entities as subsidiary, considering additional facts and circumstances, such as the relative size of the voting rights held by the Group, structure of its Board of Directors and the degree of diversification of other voting rights holders, although the Group holds less than half of the voting rights of the entities.

POSCO and its subsidiaries

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

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

(c) Details of associates

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

Investee	Category of business	Ownership (%)		Region
		June 30, 2024	December 31, 2023	
[Domestic]				
DAEHO GLOBAL MANAGEMENT CO., LTD.	Investment advisory service	35.82	35.82	Pohang
Pohang Special Welding Co., Ltd.	Welding material and tools manufacturing and sales	50.00	50.00	Pohang
[Foreign]				
POSK(Pinghu) Steel Processing Center Co., Ltd.	Steel processing and sales	20.00	20.00	China
LLP POSUK TITANIUM	Titanium raw material manufacturing and sales	33.90	33.90	Kazakhstan
POSCO SUZHOU PROCESSING CENTER CO.,LTD	Steel processing and sales	30.00	30.00	China
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	Steel processing and sales	23.82	23.82	China
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	Steel processing and sales	30.00	30.00	Slovakia
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD(*1)	Steel processing and sales	17.50	17.50	China
POSCO Vietnam Processing Center. Co.,Ltd(*1)	Steel processing and sales	9.17	9.17	Vietnam
NS-Thainox Auto Co., Ltd.	STS cold-rolled steel sales and Distribution	49.00	49.00	Thailand
POS-SeAH Steel Wire (Thailand) Co., Ltd.	Steel manufacturing and sales	25.00	25.00	Thailand
SAMH-WAN VINA CO., LTD(*1)	Steel manufacturing and sales	17.26	17.26	Vietnam
Brazil Sao Paulo Steel Processing Center	Steel processing and sales	25.00	25.00	Brazil

(*1) The Group has determined that it has significant influence even though the Group's percentage of ownership is less than 20%, considering the structure of its Board of Directors and others.

(d) There are no consolidated subsidiaries newly included for the six-month period ended June 30, 2024.

(e) There are no subsidiaries over which the Group has lost control for the six-month period ended June 30, 2024.

2. Basis of Preparation

Statement of compliance

POSCO and its subsidiaries (collectively referred to as the "Group") prepares its statutory interim condensed consolidated financial statements in the Korean language in accordance with 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 consolidated 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 consolidated 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

POSCO and its subsidiaries

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

position and performance of the Group since the last annual consolidated financial statements as of and for the year ended December 31, 2023.

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

The preparation of the interim condensed consolidated 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.

The significant judgments made by management in applying the Group'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 Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group 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 Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

POSCO and its subsidiaries

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

- Level 3 – inputs for the asset 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Summary of Material Accounting Policies

Except as described in KIFRS 1034 *Interim Financial Reporting* and below, the accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2023. The changes in accounting policies described below are expected to be applied to the consolidated 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 understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. 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 Group's interim condensed consolidated 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 Group's interim condensed consolidated financial statements.

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

POSCO and its subsidiaries

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

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.

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 Group's interim condensed consolidated financial statements.

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	₩	5,658,804	5,614,573
Less: Allowance for doubtful accounts		(10,002)	(13,692)
	₩	<u>5,648,802</u>	<u>5,600,881</u>
Non-current			
Trade accounts and notes receivable	₩	35,325	37,309
Less: Allowance for doubtful accounts		(19,622)	(12,031)
	₩	<u>15,703</u>	<u>25,278</u>

The Group 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 Group 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 amounts of such secured borrowings are ₩330,987 million and ₩34,238 million, respectively, which are presented in the statements of financial position as short-term borrowings.

POSCO and its subsidiaries

Notes to the interim condensed consolidated 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	₩	54,627	43,257
Other accounts receivable		589,715	443,596
Lease receivables		11,888	11,648
Accrued income		40,192	31,353
Others		2,606	1,963
Less: Allowance for doubtful accounts		<u>(3,527)</u>	<u>(303)</u>
	₩	<u>695,501</u>	<u>531,514</u>
Non-current			
Loans	₩	54,857	55,667
Other accounts receivable		9,756	16,124
Deposits		49,211	46,930
Lease receivables		52,688	57,648
Less: Allowance for doubtful accounts		<u>(23,243)</u>	<u>(21,968)</u>
	₩	<u>143,269</u>	<u>154,401</u>

POSCO and its subsidiaries

Notes to the interim condensed consolidated 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>		June 30, 2024	December 31, 2023
Current			
Derivative assets	₩	209,172	115,362
Debt securities		910,000	292,857
Deposit instruments		1,832,044	1,212,639
Short-term financial instruments		2,084,233	3,595,201
	₩	<u>5,035,449</u>	<u>5,216,059</u>
Non-current			
Derivative assets	₩	300,038	98,030
Equity securities		474,627	429,192
Debt securities		3,049	-
Other securities		13,719	12,836
Deposit instruments(*1)		113	113
	₩	<u>791,546</u>	<u>540,171</u>

(*1) As of June 30, 2024 and December 31, 2023, deposit instruments amounting to ₩113 million, respectively, 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>	June 30, 2024				December 31, 2023		
	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	19,486	6,634	19,486	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	2,901	(1,699)	2,901	3,621
dhSteel	782,148	7.21	4,224	3,051	(1,173)	3,051	3,113
Woori Financial Group Inc.	20,280,000	2.79	261,638	297,913	36,275	297,913	263,640
Others (5 companies)			14,616	12,425	(2,191)	12,425	13,020
			<u>333,526</u>	<u>382,423</u>	<u>48,897</u>	<u>382,423</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 (26 companies)			37,920	36,693	(1,227)	36,693	36,539
			<u>93,431</u>	<u>92,204</u>	<u>(1,227)</u>	<u>92,204</u>	<u>92,050</u>
			₩ <u>426,957</u>	<u>474,627</u>	<u>47,670</u>	<u>474,627</u>	<u>429,192</u>

POSCO and its subsidiaries

Notes to the interim condensed consolidated 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	₩	1,769,072	1,819,803
Merchandise		11,522	12,972
Semi-finished goods		2,044,056	2,481,107
Raw materials		2,153,283	1,650,216
Fuel and materials		767,279	685,347
Materials-in-transit		1,371,013	1,924,383
Others		33,435	31,443
		<u>8,149,660</u>	<u>8,605,271</u>
Less: Allowance for inventories valuation		<u>(56,368)</u>	<u>(58,225)</u>
	₩	<u><u>8,093,292</u></u>	<u><u>8,547,046</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 ₩56,368 million and ₩58,225 million, respectively.

POSCO and its subsidiaries

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

8. Assets Held for Sale

Assets held for sale as of June 30, 2024 and December 31, 2023 are as follows:

(in millions of Won)

	June 30, 2024			December 31, 2023		
	The controlling company	Subsidiaries(*1)	Total	The controlling company	Subsidiaries	Total
Property, plant and equipment ₩	-	1,035	1,035	-	-	-

(*1) During the six-month period ended June 30, 2024, the Group determined to dispose of the processing facilities and classified them as assets held for sale.

POSCO and its subsidiaries

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

9. Investments in Associates and Joint Ventures

(a) Details of investments in associates as of June 30, 2024 and December 31, 2023 are as follows:

(in millions of Won)	Company	June 30, 2024			December 31, 2023	
		Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
[Domestic]						
	DAEHO GLOBAL MANAGEMENT CO., LTD.	71,647	35.82	₩ 4,108	₩ 4,502	3,943
	Pohang Special Welding Co.,Ltd.	400,000	50.00	3,111	4,284	4,221
					8,786	8,164
[Foreign]						
	POSK(Pinghu) Steel Processing Center Co., Ltd.	-	20.00	2,313	717	1,041
	LLP POSUK Titanium	-	33.90	10,068	10,814	10,420
	POSCO SUZHOU PROCESSING CENTER CO.,LTD	-	30.00	2,763	2,338	2,382
	SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	-	23.82	23,489	22,082	21,998
	POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	-	30.00	6,206	4,510	4,719
	ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD(*1)	-	17.50	2,885	2,726	2,760
	POSCO Vietnam Processing Center. Co.,Ltd(*1)	6,544,366	9.17	12,101	13,502	12,255
	Others (4 companies)			12,468	11,286	11,235
					67,975	66,810
				₩	76,761	74,974

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

(b) The movements of investments in associates and joint ventures for the six-month period ended June 30, 2024 are as follows:

(in millions of Won)	Company	December 31, 2023, Book value	Share of profits (losses)	Other increase (decrease) (*1)	June 30, 2024, Book value	
[Domestic]						
	DAEHO GLOBAL MANAGEMENT CO., LTD.	₩ 3,943	460	99	4,502	
	Pohang Special Welding Co.,Ltd.	4,221	63	-	4,284	
		8,164	523	99	8,786	
[Foreign]						
	POSK(Pinghu) Steel Processing Center Co., Ltd.	1,041	(383)	59	717	
	LLP POSUK Titanium	10,420	20	374	10,814	
	POSCO SUZHOU PROCESSING CENTER CO.,LTD	2,382	(136)	92	2,338	
	SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	21,998	(964)	1,048	22,082	
	POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	4,719	(415)	206	4,510	
	ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD	2,760	(44)	10	2,726	
	POSCO Vietnam Processing Center. Co.,Ltd	12,255	441	806	13,502	
	Others (4 companies)	11,235	180	(129)	11,286	
		66,810	(1,301)	2,466	67,975	
		₩	74,974	(778)	2,565	76,761

(*1) Other increase (decrease) represents equity adjustments of investments in associates and joint ventures due to change in accumulated other comprehensive income and others for the six-month period ended June 30, 2024.

POSCO and its subsidiaries

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

(c) The summarized financial information of associates and joint ventures as of and for the six-month period ended June 30, 2024 and the year ended December 31, 2023 is as follows:

1) June 30, 2024

(in millions of Won)

Company		Assets	Liabilities	Equity	Sales	Net income (loss)
[Domestic]						
DAEHO GLOBAL MANAGEMENT CO., LTD.	₩	18,400	269	18,131	-	1,284
Pohang Special Welding Co.,Ltd.		11,301	3,249	8,052	3,564	125
[Foreign]						
POSK(Pinghu) Steel Processing Center Co., Ltd.		5,892	1,317	4,575	280	(1,913)
LLP POSUK Titanium		66,932	50,794	16,138	14,029	58
POSCO SUZHOU PROCESSING CENTER CO.,LTD		8,326	2,559	5,767	11,301	(452)
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.		149,219	64,421	84,798	60,194	(4,046)
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD		27,709	8,626	19,083	28,559	(254)
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER		42,308	26,438	15,870	39,527	(1,815)
POSCO Vietnam Processing Center. Co.,Ltd		280,648	155,107	125,541	323,305	5,093

2) December 31, 2023

(in millions of Won)

Company		Assets	Liabilities	Equity	Sales	Net income (loss)
[Domestic]						
DAEHO GLOBAL MANAGEMENT CO., LTD.	₩	16,838	269	16,569	-	(195)
Pohang Special Welding Co., Ltd.		11,443	3,517	7,926	7,322	465
[Foreign]						
POSK(Pinghu) Steel Processing Center Co., Ltd.		10,214	4,016	6,198	9,058	(4,208)
LLP POSUK Titanium		59,690	44,766	14,924	33,633	865
POSCO SUZHOU PROCESSING CENTER CO.,LTD		12,089	6,175	5,914	27,609	(1,221)
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.		137,098	52,652	84,446	114,447	(5,945)
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD		24,755	5,482	19,273	40,390	86
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER		54,431	37,433	16,998	104,126	443
POSCO Vietnam Processing Center. Co.,Ltd		238,694	127,038	111,656	577,064	7,003

POSCO and its subsidiaries

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

10. Investment Property, Net

Changes in the carrying amounts of investment property 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	Depreciation(*1)	Others(*2)	Ending
Land	₩	81	-	-	81
Buildings		4,328	(176)	-	4,152
Structures		1,065	(44)	-	1,021
Right-of-use assets		75,072	(13,463)	1,973	63,582
	₩	<u>80,546</u>	<u>(13,683)</u>	<u>1,973</u>	<u>68,836</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 assets.

(b) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Beginning	Depreciation(*1)	Others(*2)	Ending
Land	₩	3,718	-	(3,637)	81
Buildings		9,048	(1,120)	(3,600)	4,328
Structures		5,150	(486)	(3,599)	1,065
Right-of-use assets		-	-	75,072	75,072
	₩	<u>17,916</u>	<u>(1,606)</u>	<u>64,236</u>	<u>80,546</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.

POSCO and its subsidiaries

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

11. Property, Plant and Equipment, Net

(a) Changes in the carrying amounts 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>		Beginning	Acquisitions	Disposals	Depreciation	Impairment	Others(*1)	Ending
Land	₩	1,780,406	-	(29)	-	-	49,847	1,830,224
Buildings		2,454,512	322	(86)	(117,727)	(60)	201,517	2,538,478
Structures		2,330,140	551	(1,928)	(115,540)	(2,488)	510,575	2,721,310
Machinery and equipment		13,132,289	26,190	(5,656)	(1,015,770)	(41,619)	1,884,024	13,979,458
Vehicles		40,918	1,927	(341)	(10,165)	-	9,621	41,960
Tools		52,893	1,906	(60)	(9,935)	-	3,205	48,009
Furniture and fixtures		95,364	3,385	(306)	(18,347)	-	5,479	85,575
Right-of-use assets		637,589	10,569	(616)	(43,254)	-	16,141	620,429
Construction-in-progress		3,077,468	1,824,089	(1,245)	-	(15,263)	(2,440,411)	2,444,638
	₩	23,601,579	1,868,939	(10,267)	(1,330,738)	(59,430)	239,998	24,310,081

(*1) Others represent assets transferred from construction-in-progress to property, plant and equipment, reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Beginning	Acquisitions	Business Combination	Disposals	Depreciation	Impairment	Others(*1)	Ending
Land	₩	1,306,119	14,718	470,650	(1,607)	-	-	(9,474)	1,780,406
Buildings		2,112,378	5,076	462,255	(1,341)	(206,607)	(26,340)	109,091	2,454,512
Structures		2,030,737	2,998	390,814	(7,654)	(190,107)	(28,181)	131,533	2,330,140
Machinery and equipment		11,852,921	75,195	1,527,526	(49,581)	(1,808,050)	(145,404)	1,679,682	13,132,289
Vehicles		20,974	21,243	2,313	(169)	(15,592)	-	12,149	40,918
Tools		41,130	18,105	5,638	(221)	(20,658)	(11)	8,910	52,893
Furniture and fixtures		78,174	10,713	6,002	(273)	(31,889)	(133)	32,770	95,364
Right-of-use assets		391,776	147,620	238,258	-	(50,948)	-	(89,117)	637,589
Construction-in-progress		1,833,679	3,367,117	6,095	-	-	-	(2,129,423)	3,077,468
	₩	19,667,888	3,662,785	3,109,551	(60,846)	(2,323,851)	(200,069)	(253,879)	23,601,579

(*1) Others represent assets transferred from construction-in-progress to property, plant and equipment, reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

June 30, 2024 and 2023 (Unaudited)

(b) Changes in the carrying amounts of right-of-use assets presented as property, plant and equipment and 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	Acquisitions	Depreciation	Others	Ending
Land	₩	52,186	-	(823)	3,163	54,526
Buildings and structures		236,687	10,751	(30,565)	(202)	216,671
Machinery and equipment		224,120	10	(12,865)	13,478	224,743
Vehicles		10,361	1,301	(2,482)	23	9,203
Ships		176,687	-	(8,344)	-	168,343
Furniture and fixtures		12,620	634	(1,639)	(1,091)	10,524
	₩	<u>712,661</u>	<u>12,696</u>	<u>(56,718)</u>	<u>15,371</u>	<u>684,010</u>

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Beginning	Acquisitions	Business Combination	Depreciation	Others	Ending
Land	₩	53,277	-	-	(1,598)	507	52,186
Buildings and structures		115,408	132,357	7,834	(18,005)	(907)	236,687
Machinery and equipment		11,697	160	229,518	(7,743)	(9,512)	224,120
Vehicles		1,634	10,117	870	(1,963)	(297)	10,361
Ships		193,373	-	-	(16,686)	-	176,687
Furniture and fixtures		16,387	4,986	36	(4,953)	(3,836)	12,620
	₩	<u>391,776</u>	<u>147,620</u>	<u>238,258</u>	<u>(50,948)</u>	<u>(14,045)</u>	<u>712,661</u>

(c) The amounts 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	
		2024	2023	2024	2023
Interest on lease liabilities	₩	12,770	2,447	25,753	4,951
Expenses relating to short-term leases		4,689	6,377	9,241	13,272
Expenses relating to leases of low-value assets		2,209	1,701	4,253	3,291
	₩	<u>19,668</u>	<u>10,525</u>	<u>39,247</u>	<u>21,514</u>

POSCO and its subsidiaries

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

12. Intangible Assets, Net

Changes in the carrying amounts 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	Others(*2)	Ending
Intellectual property rights	₩	15,782	120	-	(4,994)	-	10,110	21,018
Membership(*1)		85,803	61	(46)	-	(11)	39	85,846
Development expense		100,261	1,935	-	(34,139)	-	12,724	80,781
Port facilities usage rights		182,173	-	-	(7,400)	-	-	174,773
Construction-in-progress		47,954	23,156	(34)	-	-	(24,691)	46,385
Other intangible assets		15,647	440	4	(3,113)	-	4,387	17,365
	₩	<u>447,620</u>	<u>25,712</u>	<u>(76)</u>	<u>(49,646)</u>	<u>(11)</u>	<u>2,569</u>	<u>426,168</u>

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

(*2) Others represent assets transferred from construction-in-progress to intangible assets and adjustments of foreign currency translation difference and others.

(b) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Beginning	Acquisitions	Business Combination	Disposals	Amortization	Impairment	Others(*2)	Ending
Intellectual property rights	₩	20,850	89	1,252	(4)	(6,376)	-	(29)	15,782
Membership(*1)		84,844	1,116	-	(114)	-	(29)	(14)	85,803
Development expense		101,961	13,129	1,194	(97)	(65,534)	-	49,608	100,261
Port facilities usage rights		196,973	-	-	-	(14,800)	-	-	182,173
Construction-in-progress		51,105	41,275	-	(2)	-	-	(44,424)	47,954
Other intangible assets		13,155	7,127	186	(20)	(4,918)	(4,028)	4,145	15,647
	₩	<u>468,888</u>	<u>62,736</u>	<u>2,632</u>	<u>(237)</u>	<u>(91,628)</u>	<u>(4,057)</u>	<u>9,286</u>	<u>447,620</u>

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

(*2) Others represent assets transferred from construction-in-progress to intangible assets and adjustments of foreign currency translation difference and others.

POSCO and its subsidiaries

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

13. 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	₩	23,267	40,364
Prepaid expenses		118,568	105,138
Others		434	371
	₩	<u>142,269</u>	<u>145,873</u>
Non-current			
Long-term advance payments	₩	-	1,109
Long-term prepaid expenses		5,634	5,030
Others		27,860	50,791
	₩	<u>33,494</u>	<u>56,930</u>

POSCO and its subsidiaries

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

14. Borrowings

(a) Short-term borrowings and current portion of long-term borrowings and others 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>Interest rate (%)</u>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Short-term borrowings						
Bank overdrafts	JP Morgan	July, 2024– May, 2025	3.65–6.53	₩	35,791	32,901
Short-term borrowings	SC and others	July, 2024– June, 2025	1.66 ~ 62.1		1,051,987	706,128
					<u>1,087,778</u>	<u>739,029</u>
Current portion of long-term liabilities						
Current portion of long-term borrowings	SMBC and others	April, 2025– September, 2025	5.16 ~ 6.38		5,192	293,711
Current portion of debentures	Global debentures 7-2nd and others	July, 2024– January, 2025	1.64 ~ 3.96		1,975,848	1,977,995
Less: Current portion of discount on debentures issued					(1,074)	(1,355)
					<u>1,979,966</u>	<u>2,270,351</u>
				₩	<u>3,067,744</u>	<u>3,009,380</u>

(b) Long-term borrowings, excluding current portion and others, 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>Interest rate (%)</u>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Long-term borrowings	SC and others	September, 2025– June, 2029	3.6 ~ 6.78	₩	1,279,854	1,494,110
Less: Present value discount Bonds					(6,411)	(3,596)
Debentures	Global debentures 8-1st and others	July, 2025– January, 2033	1.72 ~ 6.38		7,854,640	6,505,536
Less: Discount on debentures issued					(44,612)	(39,716)
				₩	<u>9,083,471</u>	<u>7,956,334</u>

(c) Assets pledged as collateral with regards to the borrowings as of June 30, 2024 are as follows:

<i>(in millions of Won)</i>	<u>Lenders</u>	<u>Book value</u>	<u>Pledged amount</u>
Property, plant and equipment	Export-Import Bank of Korea and others	₩ 654,224	730,581
Trade accounts and notes receivable	Shinhan Card	445,390	445,390
		<u>₩ 1,099,614</u>	<u>1,175,971</u>

POSCO and its subsidiaries

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

15. 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	₩	701,846	925,976
Accrued expenses		745,766	655,507
Dividend payable		8	9
Lease liabilities		109,589	108,638
Withholdings		19,620	22,042
	₩	<u>1,576,829</u>	<u>1,712,172</u>
Non-current			
Accounts payable	₩	1,351	1,619
Accrued expenses		1,287	1,287
Lease liabilities		616,249	629,924
Long-term withholdings		275	300
	₩	<u>619,162</u>	<u>633,130</u>

16. 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			
Derivative liabilities		-	-
Financial guarantee liabilities	₩	671	769
	₩	<u>671</u>	<u>769</u>
Non-current			
Derivative liabilities	₩	-	54,955
Financial guarantee liabilities		900	1,121
	₩	<u>900</u>	<u>56,076</u>

POSCO and its subsidiaries

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

17. 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	₩ 25,474	29,285	26,470	29,159
Provision for legal contingencies and claims	4,933	-	467	49
Provision for restoration(*1)	3,357	948	5,442	920
Emission liabilities(*2)	573	-	370	-
Provision for product warranties(*3)	21,802	4,471	20,153	3,627
	₩ <u>56,139</u>	<u>34,704</u>	<u>52,902</u>	<u>33,755</u>

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

(*2) The Group has recognized liabilities for the amount of GHG emissions expected to exceed its GHG quotas.

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

(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

(in millions of Won)

	Beginning	Increase	Utilization	Reversal	Others	Ending
Provision for bonus payments	₩ 55,629	18,204	(19,654)	(177)	757	54,759
Provision for legal contingencies and claims	516	4,431	(48)	-	34	4,933
Provision for restoration	6,362	125	(542)	(1,640)	-	4,305
Emission liabilities	370	209	(6)	-	-	573
Provision for product warranties	23,780	10,239	(7,746)	-	-	26,273
	₩ <u>86,657</u>	<u>33,208</u>	<u>(27,996)</u>	<u>(1,817)</u>	<u>791</u>	<u>90,843</u>

2) For the year ended December 31, 2023

(in millions of Won)

	Beginning	Increase	Utilization	Reversal	Business Combination	Others	Ending
Provision for bonus payments	₩ 43,199	41,126	(30,733)	(948)	3,101	(116)	55,629
Provision for legal contingencies and claims	21,444	2,795	(23,083)	(615)	-	(25)	516
Provision for restoration	7,044	400	(1,082)	-	-	-	6,362
Emission liabilities	776	431	(837)	-	-	-	370
Provision for product warranties	39,193	37,238	(38,767)	(13,884)	-	-	23,780
	₩ <u>111,656</u>	<u>81,990</u>	<u>(94,502)</u>	<u>(15,447)</u>	<u>3,101</u>	<u>(141)</u>	<u>86,657</u>

POSCO and its subsidiaries

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

18. 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	₩ 11,809	11,280	26,121	25,374

(b) Defined benefit plans

1) The amounts recognized in relation to net defined benefit assets in the consolidated 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	₩	1,343,605	1,357,578
Fair value of plan assets(*1)		(1,678,672)	(1,681,398)
Present value of non-funded obligations		12,418	26,395
Net defined benefit assets	₩	<u>(322,649)</u>	<u>(297,425)</u>

(*1) As of June 30, 2024 and December 31, 2023, the Group recognized net defined benefit assets amounting to ₩356,646 million and ₩324,232 million, respectively, since there are consolidated entities whose fair value of plan assets exceeded the present value of defined benefit obligations.

2) Changes in present value of defined benefit obligations for 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	₩	1,383,973	1,288,252
Current service costs		67,534	55,114
Interest costs		26,418	26,636
Remeasurement		265	1,684
Benefits paid		(122,102)	(71,410)
Others		(65)	(6,880)
Defined benefit obligation at the end of period	₩	<u>1,356,023</u>	<u>1,293,396</u>

POSCO and its subsidiaries

Notes to the interim condensed consolidated 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	₩	1,681,398	1,586,314
Interest on plan assets		34,109	35,675
Remeasurement of plan assets		7,183	8,523
Contributions to plan assets		58,360	2,000
Benefits paid		(101,766)	(45,355)
Others		(612)	(7,108)
Fair value of plan assets at the end of period	₩	<u>1,678,672</u>	<u>1,580,049</u>

- 4) The amounts related to net defined benefit plans recognized in the interim condensed consolidated statements of comprehensive income 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	₩ 32,491	25,073	67,534	55,114
Net interest costs	(3,280)	(4,013)	(7,691)	(9,039)
	₩ <u>29,211</u>	<u>21,060</u>	<u>59,843</u>	<u>46,075</u>

19. 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	₩	20,448	34,023
Unearned revenue		56,869	52,288
Withholdings		43,672	45,929
Others		31	29
	₩	<u>121,020</u>	<u>132,269</u>
Non-current			
Unearned revenue	₩	1,339	1,640
Others		60	11
	₩	<u>1,399</u>	<u>1,651</u>

POSCO and its subsidiaries

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

20. Financial Instruments

(a) Classification and fair value of financial instruments

- 1) The carrying amounts 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
Debt securities	3,049	-	-	3,049	3,049
Equity securities	1,376	-	-	1,376	1,376
Other securities	13,719	-	-	13,719	13,719
Fair value through other comprehensive income					
Equity securities	473,251	382,423	-	90,828	473,251
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	2,689,260	-	-	-	-
Trade accounts and notes receivable	5,661,606	-	-	-	-
Other receivables	513,173	-	-	-	-
Debt securities	910,000	-	-	-	-
Deposit instruments	1,832,157	-	-	-	-
₩	14,691,034	382,423	2,593,443	108,972	3,084,838
Financial liabilities					
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	2,963,828	-	-	-	-
Borrowings	12,151,215	-	12,298,487	-	12,298,487
Financial guarantee liabilities	1,571	-	-	-	-
Others	2,036,427	-	-	-	-
₩	17,153,041	-	12,298,487	-	12,298,487

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated 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	3,595,201	-	3,595,201	-	3,595,201
Debt securities	3,420	-	-	3,420	3,420
Equity securities	1,526	-	-	1,526	1,526
Other securities	12,836	-	-	12,836	12,836
Fair value through other comprehensive income					
Equity securities	427,666	337,142	-	90,524	427,666
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	2,426,344	-	-	-	-
Trade accounts and notes receivable	5,621,333	-	-	-	-
Debt securities	341,685	-	-	-	-
Other receivables	289,437	-	-	-	-
Deposit instruments	1,212,752	-	-	-	-
₩	14,145,592	337,142	3,808,593	108,306	4,254,041
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	3,334,297	-	-	-	-
Borrowings	10,965,714	-	11,064,231	-	11,064,231
Financial guarantee liabilities	1,890	-	-	-	-
Others	2,225,836	-	-	-	-
₩	16,582,692	-	11,119,186	-	11,119,186

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

June 30, 2024 and 2023 (Unaudited)

- 2) Contingent liabilities on outstanding guarantees provided by the Group as of June 30, 2024 are as follows:

<i>(in millions of Won)</i>		Guarantee limit				Guarantee amount		
Guarantor	Guarantee beneficiary	Financial institution	Foreign currency	Won equivalent	Foreign currency	Won equivalent		
[The company]								
POSCO	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	
POSCO-VIETNAM Co., Ltd.		BNP Paribas	USD	20,000,000	27,784	20,000,000	27,784	
		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	
		Bank of Ayudhya	THB	800,000,000	30,168	576,000,000	21,721	
		SC	THB	800,000,000	30,168	576,000,000	21,721	
		SMBC	THB	800,000,000	30,168	576,000,000	21,721	
		Mizuho	THB	800,000,000	30,168	576,000,000	21,721	
		HSBC	THB	800,000,000	30,168	576,000,000	21,721	
		ANZ	USD	100,000,000	138,920	100,000,000	138,920	
PT. KRAKATAU POSCO		BOA	USD	80,000,000	111,136	80,000,000	111,136	
		HSBC	USD	130,000,000	180,596	130,000,000	180,596	
		Mizuho	USD	70,000,000	97,244	70,000,000	97,244	
		MUFG	USD	60,000,000	83,352	60,000,000	83,352	
		SC	USD	90,000,000	125,028	90,000,000	125,028	
		SMBC	USD	150,000,000	208,380	150,000,000	208,380	
POSCO STEELEON CO.,LTD.	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd.	USD	13,986,947	19,431	9,952,170	13,826	
[Associates]								
POSCO	LLP POSUK Titanium	Shinhan Bank	USD	13,050,000	18,129	13,050,000	18,129	
[Others]								
POSCO	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	1,039,886,947	1,444,611	985,852,170	1,369,546	
	THB	4,800,000,000	181,008	3,456,000,000	130,326			

POSCO and its subsidiaries

Notes to the interim condensed consolidated 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)	Gain on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Dividend income	Others		Total
Financial assets at fair value through profit or loss	₩ 75	57,339	-	44,277	-	(662)	101,029	-
Derivative assets	-	370,909	-	11,728	-	-	382,637	-
Financial assets at fair value through other comprehensive income	-	-	-	-	19,032	-	19,032	33,326
Financial assets measured at amortized cost	76,370	-	257,859	(30)	-	-	334,199	-
Derivative liabilities	-	54,955	-	373	-	-	55,328	-
Financial liabilities measured at amortized cost	(289,829)	-	(680,446)	-	-	(2,074)	(972,349)	-
₩	(213,384)	483,203	(422,587)	56,348	19,032	(2,736)	(80,124)	33,326

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

(in millions of Won)

	Finance income and costs						Other comprehensive income	
	Interest income (expense)	Gain on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Dividend income	Others		Total
Financial assets at fair value through profit or loss	₩ 76	329,442	(371)	58,010	-	(450)	386,707	-
Financial assets at fair value through other comprehensive income	-	-	-	-	2,198	-	2,198	10,372
Financial assets measured at amortized cost	91,403	-	96,610	-	-	-	188,013	-
Financial liabilities at fair value through profit or loss	-	33,794	60	(4,394)	-	-	29,460	-
Financial liabilities measured at amortized cost	(221,852)	-	(384,639)	-	-	(638)	(607,129)	-
₩	(130,373)	363,236	(288,340)	53,616	2,198	(1,088)	(751)	10,372

- 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)	Gain on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Dividend income	Others		Total
Financial assets at fair value through profit or loss	₩ 37	14,233	-	32,973	-	(482)	46,761	-
Derivative assets	-	176,247	-	-	-	-	176,247	-
Financial assets at fair value through other comprehensive income	-	-	-	-	4,692	-	4,692	4,036
Financial assets measured at amortized cost	38,988	-	144,077	(30)	-	-	183,035	-
Derivative liabilities	-	1,543	-	-	-	-	1,543	-
Financial liabilities measured at amortized cost	(144,281)	-	(335,079)	-	-	(1,461)	(480,821)	-
₩	(105,256)	192,023	(191,002)	32,943	4,692	(1,943)	(68,543)	4,036

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

(in millions of Won)

	Finance income and costs						Other comprehensive income	
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain on disposal	Dividend income	Others		Total
Financial assets at fair value through profit or loss	₩ 37	22,823	(520)	32,207	-	(450)	54,097	-
Financial assets at fair value through other comprehensive income	-	-	-	-	421	-	421	3,688
Financial assets measured at amortized cost	48,931	-	(11,881)	-	-	-	37,050	-
Financial liabilities at fair value through profit or loss	-	(937)	60	-	-	-	(877)	-
Financial liabilities measured at amortized cost	(109,621)	-	(63,676)	-	-	(206)	(173,503)	-
₩	(60,653)	21,886	(76,017)	32,207	421	(656)	(82,812)	3,688

- (b) Financial risk management

POSCO and its subsidiaries

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

The Group is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2023.

POSCO and its subsidiaries

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

21. 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		(1,548,275)	(1,563,048)
	₩	<u>22,673,781</u>	<u>22,659,008</u>

22. 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>
Accumulated comprehensive income of investments in associates	₩	3,734	712
Changes in fair value of equity investments at fair value through other comprehensive income		34,771	1,445
Foreign currency translation differences		70,354	(24,269)
	₩	<u>108,859</u>	<u>(22,112)</u>

POSCO and its subsidiaries

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

23. Revenue

(a) Details of revenues disaggregated by types of revenue and timing of revenue recognition 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>
Types of revenue		
Revenue from sales of goods	₩ 21,484,563	20,900,063
Revenue from services	682,156	594,146
Others	113,902	104,348
	<u>₩ 22,280,621</u>	<u>21,598,557</u>
Timing of revenue recognition		
Revenue recognized at a point in time	₩ 21,593,405	21,001,502
Revenue recognized over time	687,216	597,055
	<u>₩ 22,280,621</u>	<u>21,598,557</u>

(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>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Receivables		
Account receivables	₩ 5,659,444	5,621,333
Contract assets		
Account receivables	5,061	4,826
Contract liabilities		
Advance received	20,508	34,034
Unearned income	58,208	53,928

POSCO and its subsidiaries

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

24. 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	₩ 84,217	77,481	178,570	163,382
Expenses related to post-employment benefits	7,313	8,602	15,809	22,261
Other employee benefits	23,509	19,707	45,997	37,150
Travel	3,244	3,097	6,443	5,851
Depreciation	13,278	7,296	26,552	14,760
Amortization	8,786	6,730	15,705	13,554
Communication	2,670	2,496	5,281	4,857
Electricity	1,004	633	2,001	1,270
Taxes and public dues	4,052	2,146	7,383	3,894
Rental	15,237	19,030	36,589	42,454
Repairs	3,216	2,580	5,723	4,474
Entertainment	616	851	1,573	1,771
Advertising	14,783	12,024	25,813	23,542
Research & development	7,123	6,093	13,993	13,230
Service fees	67,524	92,863	139,629	157,382
Vehicles maintenance	530	780	1,332	1,396
Industry association fee	1,651	2,385	2,408	3,303
Conference	1,734	1,311	3,302	2,730
Impairment loss on trade and other receivables	1,016	3,770	3,700	4,362
Others	11,249	9,111	22,009	18,435
	₩ <u>272,752</u>	<u>278,986</u>	<u>559,812</u>	<u>540,058</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	₩ 38,863	37,370	79,878	73,599
Operating expenses for distribution center	1,397	2,921	2,448	4,151
Sales commissions	22,472	22,693	48,025	50,326
Sales advertising	200	381	358	1,087
Sales promotion	1,135	842	2,071	1,496
Sample	366	311	787	567
Sales insurance premium	1,745	519	3,790	2,841
Contract cost	218	-	218	-
Others	1,972	62	4,147	109
	₩ <u>68,368</u>	<u>65,099</u>	<u>141,722</u>	<u>134,176</u>

POSCO and its subsidiaries

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

25. 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)	₩ 39,025	48,968	76,444	91,479
Gain on foreign currency transactions	113,560	165,889	221,900	340,275
Gain on foreign currency translations	85,683	(11,835)	195,193	64,728
Gain on transactions of derivatives	-	-	15,072	-
Gain on valuation of derivatives	177,791	18,929	425,864	245,080
Gain on disposal of financial assets at fair value through profit or loss	32,975	32,207	44,277	73,501
Gain on valuation of financial assets at fair value through profit or loss	14,233	28,785	57,339	150,619
Others	4,791	743	19,326	2,710
	₩ <u>468,058</u>	<u>283,686</u>	<u>1,055,415</u>	<u>968,392</u>
Finance costs				
Interest expenses	₩ 144,281	109,621	289,829	221,852
Loss on foreign currency transactions	113,012	149,743	224,465	308,025
Loss on foreign currency translations	277,232	80,328	615,216	385,318
Loss on transactions of derivatives	-	-	2,971	19,885
Loss on valuation of derivatives	-	-	-	1,529
Loss on valuation of financial assets at fair value through profit or loss	-	25,828	-	30,934
Others	2,075	978	3,063	1,600
	₩ <u>536,600</u>	<u>366,498</u>	<u>1,135,544</u>	<u>969,143</u>

(*1) Interest income calculated using the effective interest method for each of the six-month periods ended June 30, 2024 and 2023 is ₩67,755 million and ₩85,908 million, respectively.

POSCO and its subsidiaries

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

26. Other Non-Operating Income and Expenses

Details of other non-operating 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>	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	₩ 2,686	2,749	7,464	4,529
Gain on disposals of emission rights	10,373	9,264	13,343	24,052
Reversal of other provisions	-	(4)	1,640	140
Premium income	311	5,244	394	5,911
Others	16,156	(5)	21,132	8,095
	₩ <u>29,526</u>	<u>17,248</u>	<u>43,973</u>	<u>42,727</u>
Other non-operating expenses				
Loss on disposals of property, plant and equipment	₩ 38,239	56,409	77,585	78,528
Impairment loss on property, plant and equipment	18,660	143,375	59,430	143,375
Impairment loss on intangible assets	-	3,540	11	3,551
Idle tangible asset expenses	746	5,766	2,180	12,072
Donations	10,160	2,145	28,923	28,638
Other amortization expense	3,665	178	4,402	646
Others	7,831	6,958	13,937	13,126
	₩ <u>79,301</u>	<u>218,371</u>	<u>186,468</u>	<u>279,936</u>

POSCO and its subsidiaries

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

27. 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 consolidated 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):

<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
Raw material used, changes in inventories and others ₩	7,080,282	7,434,860	14,691,094	14,800,277
Employee benefits expenses	631,117	525,935	1,282,196	1,074,506
Outsourced processing cost	815,417	714,029	1,599,829	1,407,146
Electricity and water expenses	156,541	153,799	371,039	339,914
Service fees	97,527	121,098	195,367	210,739
Depreciation(*1)	686,628	562,119	1,344,421	1,121,523
Amortization	25,763	23,751	49,646	47,413
Freight and custody expenses	386,181	331,202	744,753	619,693
Sales commissions	22,472	22,693	48,025	50,326
Loss on disposal of property, plant and equipment	38,238	56,409	77,585	78,528
Impairment loss on property, plant and equipment	18,660	143,375	59,430	143,375
Impairment loss on intangible assets	-	3,540	11	3,551
Donations	10,160	2,145	28,923	28,638
Other expenses	644,680	351,711	1,121,644	762,122
₩	<u>10,613,666</u>	<u>10,446,666</u>	<u>21,613,963</u>	<u>20,687,751</u>

(*1) Includes depreciation of investment property.

28. 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 Group for each of the six-month periods ended June 30, 2024 and 2023 were 22.51% and 25.24%, respectively.

POSCO and its subsidiaries

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

29. 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 attributable to controlling interest	₩ 286,105,128,795	462,157,638,238	528,026,228,859	700,753,137,937
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	₩ 2,965	4,776	5,473	7,232

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

	For the three-month periods ended June 30		For the six-month periods 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 Group 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.

POSCO and its subsidiaries

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

30. Related Party Transactions

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

	<u>Company</u>
The parent company	POSCO HOLDINGS INC.
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 and others
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 Inc., 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 LIMITED and others

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

June 30, 2024 and 2023 (Unaudited)

(b) Significant transactions with the Group'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

	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)	₩	12,700	251	-	-	665,093
Associates and joint ventures						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER		21,350	13	782	-	-
POSCO Vietnam Processing Center. Co., Ltd		76,597	-	660	-	182
POS-SeAH Steel Wire (Thailand) Co., Ltd.		12,028	-	121	-	-
Others		1,196	-	250	-	-
		111,171	13	1,813	-	182
Other related party(*3,4)						
POSCO Eco & Challenge Co., Ltd.		80,123	3	-	650,278	63
POSCO DX (*6)		24,554	63	549	244,068	32,889
POSCO WIDE Co., Ltd.		7,795	23	385	17	10,429
POSCO FUTURE M CO., LTD.		256,652	96	271,662	33,338	114,380
POSCO FLOW CO., LTD. (*7)		8,030	20	355,673	2	8,062
SNMC		10,346	3	164,827	-	-
POSCO Mobility Solution Corporation		413,468	-	2,682	2,230	26,299
eSteel4U		305,228	-	116	-	-
POSCO INTERNATIONAL Corporation		5,605,200	5	1,722,934	-	14,131
POSCO Canada Ltd.		-	-	26,700	-	1,320
POSCO Maharashtra Steel Private Limited		463,021	60	-	-	728
POSCO (Guangdong) Automotive Steel Co., Ltd		127,289	-	1,326	-	-
POSCO VST CO., LTD.		83,780	-	1,956	-	31
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	3	1,009,483	-	-
POSCO ASSAN TST STEEL INDUSTRY		186,150	1,969	-	-	-
Roy Hill Holdings Pty Ltd		-	-	958,544	-	-
Others		741,704	2,170	374,660	42,097	6,980
		8,313,340	4,415	4,891,497	972,030	199,102
	₩	8,437,211	4,679	4,893,310	972,030	199,102
						874,714
						1,539,989

(*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, 2024, the Group has provided financial guarantees to related parties (Note 20-(a)-2)).

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

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

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

POSCO and its subsidiaries

Notes to the interim condensed consolidated financial statements, continued

June 30, 2024 and 2023 (Unaudited)

2) For the six-month period ended June 30, 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. (*5)	₩ 9,740	26	-	-	-	81,513
Associates and joint ventures						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	27,026	-	26	-	-	-
POSCO Vietnam Processing Center. Co., Ltd (*8)	75,521	-	540	-	-	233
POS-SeAH Steel Wire (Thailand) Co., Ltd.	12,678	-	31	-	-	-
Others	2,856	-	222	-	-	5
	<u>118,081</u>	<u>-</u>	<u>819</u>	<u>-</u>	<u>-</u>	<u>238</u>
Other related party(*3,4)						
POSCO Eco & Challenge Co., Ltd.	127,198	26	-	501,937	-	6,590
POSCO DX (*6)	8,262	18	1,802	214,255	33,243	94,247
POSCO WIDE Co., Ltd.	5,791	9	397	1,377	13,136	17,157
POSCO FUTURE M CO., LTD.	253,391	83	290,525	43,203	119,183	8,718
POSCO FLOW CO., LTD. (*7)	10,585	32	283,426	-	12,618	571,251
SNNC	10,455	4	249,700	-	-	44
POSCO Mobility Solution Corporation	504,513	-	1,325	-	17,076	749
eSteel4U	267,894	-	-	-	-	118
POSCO INTERNATIONAL Corporation	5,799,375	34	1,287,577	-	3,826	13,278
POSCO Canada Ltd.	-	-	222,985	-	-	-
POSCO MEXICO S.A. DE C.V.	265,991	291	-	-	-	909
POSCO Maharashtra Steel Private Limited	441,489	-	-	-	-	655
POSCO(Guangdong) Automotive Steel Co.,Ltd	97,922	-	504	-	-	-
POSCO VST CO., LTD.	92,603	-	-	-	-	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	390,399	937	204,262	25,635	300	57,021
	<u>8,385,466</u>	<u>1,737</u>	<u>4,343,386</u>	<u>786,407</u>	<u>199,382</u>	<u>770,758</u>
₩	<u>8,513,287</u>	<u>1,763</u>	<u>4,344,205</u>	<u>786,407</u>	<u>199,382</u>	<u>852,509</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 Group has provided financial guarantees to related parties.

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

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

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

(*8) Includes transaction that occurred before the inclusion of newly acquired associates.

POSCO and its subsidiaries
Notes to the interim condensed consolidated financial statements, continued
June 30, 2024 and 2023 (Unaudited)

(c) The related account balances of significant transactions with the Group'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	Loans	Others	Total	Trade accounts and notes receivable	Accounts payable	Others	Total
The parent company								
POSCO HOLDINGS INC.	₩ 956	-	38,631	39,587	-	52,294	105,587	157,881
Associates and joint ventures								
POSCO Vietnam Processing Center. Co.,Ltd	13,355	-	4	13,359	47	-	189	236
POS-SeAH Steel Wire (Thailand) Co., Ltd.	6,888	-	-	6,888	43	-	-	43
Others	612	-	40	652	32	-	-	32
	<u>20,855</u>	<u>-</u>	<u>44</u>	<u>20,899</u>	<u>122</u>	<u>-</u>	<u>189</u>	<u>311</u>
Other related party								
POSCO Eco & Challenge Co., Ltd.	27,543	-	29,744	57,287	-	99,773	3,845	103,618
POSCO DX	11,910	-	63	11,973	812	72,360	20,552	93,724
POSCO WIDE Co., Ltd.	922	-	1,329	2,251	-	2,564	4,958	7,522
POSCO FUTURE M CO., LTD.	72,237	-	3,548	75,785	43,035	32,821	19,968	95,824
POSCO FLOW CO., LTD.	1,712	-	195	1,907	105,008	4,989	46,057	156,054
SNNC	2,731	-	70	2,801	12,742	-	6	12,748
POSCO Mobility Solution Corporation	160,577	-	-	160,577	1,928	2,167	4,299	8,394
eSteel4U	171,199	-	-	171,199	-	-	-	-
POSCO INTERNATIONAL Corporation	975,519	-	2,461	977,980	710,652	5,761	5,443	721,856
POSCO Maharashtra Steel Private Limited	470,502	-	821	471,323	-	21	12	33
POSCO(Guangdong) Automotive Steel Co., Ltd.	44,151	-	-	44,151	254	-	-	254
POSCO VST CO., LTD.	51,279	-	303	51,582	1,166	-	-	1,166
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	-	188,885	-	-	188,885
POSCO ASSAN TST STEEL INDUSTRY	245,211	-	116	245,327	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	1,359	1,359	287,688	-	-	287,688
Others	67,486	42,643	19,844	129,973	91,224	44,857	267,909	403,990
	<u>2,302,979</u>	<u>42,643</u>	<u>59,853</u>	<u>2,405,475</u>	<u>1,443,394</u>	<u>265,313</u>	<u>373,049</u>	<u>2,081,756</u>
₩	<u>2,324,790</u>	<u>42,643</u>	<u>98,528</u>	<u>2,465,961</u>	<u>1,443,516</u>	<u>317,607</u>	<u>478,825</u>	<u>2,239,948</u>

2) December 31, 2023

(in millions of Won)

	Receivables				Payables			
	Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
The parent company								
POSCO HOLDINGS INC.	₩ 1,432	-	36,538	37,970	3,582	111,082	137,876	252,540
Associates and joint ventures								
POSCO Vietnam Processing Center. Co.,Ltd	15,240	-	4	15,244	31	-	-	31
POS-SeAH Steel Wire (Thailand) Co., Ltd.	4,240	-	-	4,240	21	-	-	21
Others	861	-	41	902	60	-	-	60
	<u>20,341</u>	<u>-</u>	<u>45</u>	<u>20,386</u>	<u>112</u>	<u>-</u>	<u>-</u>	<u>112</u>
Other related party								
POSCO Eco & Challenge Co., Ltd.	27,063	-	22	27,085	512	111,973	215	112,700
POSCO DX	9,881	-	42	9,923	3,199	196,446	23,978	223,623
POSCO WIDE Co., Ltd.	1,163	-	1,435	2,598	-	3,220	5,823	9,043
POSCO FUTURE M CO., LTD.	81,230	-	63,930	145,160	57,867	22,006	18,797	98,670
POSCO FLOW CO., LTD.	3,350	-	446	3,796	156,249	5,069	47,278	208,596
SNNC	4,230	-	60	4,290	25,480	-	16	25,496
POSCO Mobility Solution Corporation	167,747	-	-	167,747	1,270	2,090	4,843	8,203
eSteel4U	120,023	-	-	120,023	-	-	-	-
POSCO INTERNATIONAL Corporation	1,043,928	-	4,492	1,048,420	847,907	5,278	6,561	859,746
POSCO Maharashtra Steel Private Limited	487,618	-	2,060	489,678	-	21	-	21
POSCO(Guangdong) Automotive Steel Co., Ltd.	59,646	-	-	59,646	59	-	-	59
POSCO VST CO., LTD.	61,609	-	611	62,220	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	-	-	166,754	-	-	166,754
POSCO ASSAN TST STEEL INDUSTRY	177,085	-	3,807	180,892	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	-	-	260,830	-	-	260,830
Others	53,051	31,548	19,897	104,496	109,297	35,096	223,441	367,834
	<u>2,297,624</u>	<u>31,548</u>	<u>96,802</u>	<u>2,425,974</u>	<u>1,629,424</u>	<u>381,199</u>	<u>330,952</u>	<u>2,341,575</u>
₩	<u>2,319,397</u>	<u>31,548</u>	<u>133,385</u>	<u>2,484,330</u>	<u>1,633,118</u>	<u>492,281</u>	<u>468,828</u>	<u>2,594,227</u>

POSCO and its subsidiaries

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

(d) Significant borrowing transactions with the Group's related parties 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	Increase	Decrease	Others(*1)	Ending
Other related party							
POSCO Asia CO., LTD.	Short-term borrowings	₩	203,886	110,489	(42,395)	(48,225)	223,755
POSCO-China Holding Corp.	Short-term borrowings		17,798	47,194	(17,798)	(26,267)	20,927
POSCO MPPC S.A. de C.V.	Short-term borrowings		6,785	17,462	(6,785)	(15,554)	1,908
		₩	<u>228,469</u>	<u>175,145</u>	<u>(66,978)</u>	<u>(90,046)</u>	<u>246,590</u>

(*1) Others include adjustments of foreign currency translation differences.

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>			Beginning	Increase	Decrease	Others(*1)	Ending
Other related party							
POSCO Asia CO., LTD.	Short-term borrowings	₩	98,449	192,112	(86,319)	(356)	203,886
POSCO-China Holding Corp.	Short-term borrowings		32,387	109,837	(124,426)	-	17,798
POSCO MPPC S.A. de C.V.	Short-term borrowings		-	6,785	-	-	6,785
		₩	<u>130,836</u>	<u>308,734</u>	<u>(210,745)</u>	<u>(356)</u>	<u>228,469</u>

(*1) Others include adjustments of foreign currency translation differences.

(e) Significant loan transactions with the Group's related parties 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	Increase	Decrease	Others(*1)	Ending
Other related party							
POSCO-India Pune Processing Center. Pvt. Ltd.	Short-term loans	₩	31,069	71,934	(31,069)	(46,691)	25,243
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	Short-term loans		171	17,543	(171)	(143)	17,400
POSCO-China Holding Corp.	Short-term loans		308	5,038	(308)	(5,038)	-
		₩	<u>31,548</u>	<u>94,515</u>	<u>(31,548)</u>	<u>(51,872)</u>	<u>42,643</u>

(*1) Others include adjustments of foreign currency translation differences.

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>			Beginning	Increase	Decrease	Ending
Other related party						
POSCO-India Pune Processing Center. Pvt. Ltd.	Short-term loans	₩	39,859	43,447	(52,237)	31,069
POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	Short-term loans		5,067	3,404	(8,300)	171
POSCO-China Holding Corp.	Short-term loans		-	308	-	308
		₩	<u>44,926</u>	<u>47,159</u>	<u>(60,537)</u>	<u>31,548</u>

POSCO and its subsidiaries

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

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

<i>(in millions of Won)</i>		June 30, 2024	June 30, 2023
Short-term benefits	₩	30,251	34,312
Long-term benefits		299	185
Retirement benefits		7,177	11,568
	₩	<u>37,727</u>	<u>46,065</u>

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

POSCO and its subsidiaries

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

31. Commitments and Contingencies

(a) Other commitments

Details of other commitments of the Group as of June 30, 2024 are as follows:

Company	Description
POSCO	<p>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.</p> <p>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.</p> <p>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.</p> <p>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 a 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.</p> <p>As of June 30, 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.</p>

POSCO and its subsidiaries

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

(b) Litigation in progress

The Group is involved in 155 lawsuits collectively amounting to ₩ 390.9 billion as defendant as of June 30, 2024, which arise from the ordinary course of business such as claim for confirmation of employee status. The Group has not recognized any provisions for the lawsuits and claims since the Group believes that it does not have a present obligation as of June 30, 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.

32. 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	₩	43,106	(341,920)
Other receivables		(138,008)	44,043
Inventories		506,180	594,291
Other current assets		8,338	(12,026)
Other non-current assets		33,871	7,349
Trade accounts and notes payable		(478,461)	(66,539)
Other payables		(33,101)	(361,746)
Other current liabilities		(13,694)	3,156
Provisions		(9,964)	(18,556)
Payments of severance benefits		(122,102)	(71,410)
Plan assets		43,406	43,355
Other non-current liabilities		(9,768)	(17,462)
	₩	<u>(170,197)</u>	<u>(197,465)</u>

33. Operating Segments

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker. Operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Group is organized of a single segment, the steel segment.