

# **POSCO and its subsidiaries**

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

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## 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 September 30, 2024, and the related interim condensed consolidated statements of comprehensive income for each of the three-month and nine-month periods ended September 30, 2024, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period ended September 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 nine-month periods ended September 30, 2023, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period ended September 30, 2023, presented for comparative purposes, have been reviewed by KPMG Samjong Accounting Corp., whose review report dated November 14, 2023 expressed an unqualified review conclusion thereon.

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*

November 14, 2024

This review report is effective as of November 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 nine-month periods ended September 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  
Chief Executive Officer  
POSCO

## POSCO and its subsidiaries

### Interim condensed consolidated statements of financial position as of September 30, 2024 (unaudited) and December 31, 2023

(in millions of Won)

	<u>Notes</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Assets</b>			
Cash and cash equivalents	19	₩ 2,974,054	2,426,344
Trade accounts and notes receivable, net	4,19,22,29,31	5,312,924	5,600,881
Other receivables, net	5,19,29,31	739,006	531,514
Other short-term financial assets	6,19	3,750,457	5,216,059
Inventories	7,31	8,347,426	8,547,046
Current income tax assets		16,447	18,411
Other current assets	12,31	184,024	145,873
<b>Total current assets</b>		<u>21,324,338</u>	<u>22,486,128</u>
Long-term trade accounts and notes receivable, net	4,19,22,31	15,120	25,278
Other receivables, net	5,19,31	139,304	154,401
Other long-term financial assets	6,19	627,485	540,171
Investments in subsidiaries, associates and joint ventures	8	74,781	74,974
Investment property, net	9	61,949	80,546
Property, plant and equipment, net	10	23,984,543	23,601,579
Intangible assets, net	11	409,937	447,620
Defined benefit assets, net	17,31	341,518	324,232
Deferred tax assets		2,039,371	2,142,437
Other non-current assets	12,31	33,004	56,930
<b>Total non-current assets</b>		<u>27,727,012</u>	<u>27,448,168</u>
<b>Total assets</b>		<u>₩ 49,051,350</u>	<u>49,934,296</u>

(continued)

## POSCO and its subsidiaries

### Interim condensed consolidated statements of financial position, continued as of September 30, 2024 (unaudited) and December 31, 2023

(in millions of Won)

	<u>Notes</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Liabilities</b>			
Trade accounts and notes payable	19,29,31	₩ 3,217,977	3,334,297
Short-term borrowings and current installments of long-term borrowings	13,19,29	4,004,371	3,009,380
Other payables	14,19,29,31	1,450,999	1,712,172
Other short-term financial liabilities	15,19	1,627	769
Current income tax liabilities		124,731	107,089
Provisions	16,31	53,010	52,902
Other current liabilities	18,22,31	183,479	132,269
<b>Total current liabilities</b>		<u>9,036,194</u>	<u>8,348,878</u>
Long-term borrowings, excluding current installments	13,19	6,476,680	7,956,334
Other payables	14,19,31	579,582	633,130
Other long-term financial liabilities	15,19	10,260	56,076
Defined benefit liabilities, net	17,31	41,163	26,807
Deferred tax liabilities		29,090	26,696
Long-term provisions	16,31	34,692	33,755
Other non-current liabilities	18,22,31	1,442	1,651
<b>Total non-current liabilities</b>		<u>7,172,909</u>	<u>8,734,449</u>
<b>Total liabilities</b>		<u>16,209,103</u>	<u>17,083,327</u>
<b>Equity</b>			
Share capital	20	482,403	482,403
Capital surplus	20	22,673,781	22,659,008
Accumulated other comprehensive income	21	111,779	(22,112)
Retained earnings		8,658,303	8,753,924
<b>Equity attributed to owners of the controlling company</b>		31,926,266	31,873,223
<b>Non-controlling interests</b>		<u>915,981</u>	<u>977,746</u>
<b>Total equity</b>		<u>32,842,247</u>	<u>32,850,969</u>
<b>Total liabilities and equity</b>		<u>₩ 49,051,350</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 nine-month periods ended September 30, 2024 and 2023 (Unaudited)

	Notes	For the three-month periods ended September 30		For the nine-month periods ended September 30		
		2024	2023	2024	2023	
<i>(in millions of Won, except per share information)</i>						
<b>Revenue</b>	22,29	W	11,206,871	10,496,931	33,487,492	32,095,488
<b>Cost of sales</b>	26,29		(10,356,432)	(9,387,283)	(31,082,393)	(29,120,863)
<b>Gross profit</b>			850,439	1,109,648	2,405,099	2,974,625
Selling and administrative expenses	23,26					
Other administrative expenses	23		(299,112)	(281,814)	(858,924)	(821,872)
Selling expenses	23		(74,128)	(62,831)	(215,850)	(197,008)
<b>Operating profit</b>			477,199	765,003	1,330,325	1,955,745
Share of loss of associates and joint ventures under equity method	8		(1,295)	(507)	(2,074)	(390)
Finance income and costs	19,24					
Finance income	24		389,689	273,836	1,445,104	1,242,228
Finance costs	24		(367,639)	(297,220)	(1,503,183)	(1,266,362)
Other non-operating income and expenses						
Other non-operating income	25		(8,214)	8,096	35,760	50,178
Other non-operating expenses	25,26		(154,748)	(48,889)	(341,216)	(328,180)
<b>Profit before income tax</b>			334,992	700,319	964,716	1,653,219
Income tax expense	27		(104,703)	(172,546)	(246,428)	(413,074)
<b>Profit</b>			230,289	527,773	718,288	1,240,145
<b>Other comprehensive income</b>						
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements of defined benefit plans	17		1,749	554	6,851	5,622
Net changes in fair value of equity investments at fair value through other comprehensive income	19,21		9,777	(7,187)	43,104	3,185
Foreign currency translation differences			(18,378)	11,934	14,882	17,945
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences	8		(6,013)	(132)	88,610	8,439
Capital adjustment arising from investments in associates and joint ventures under equity method			(799)	797	2,224	2,038
<b>Other comprehensive income, net of tax</b>			(13,664)	5,966	155,671	37,229
<b>Total comprehensive income</b>		W	216,625	533,739	873,959	1,277,374
<b>Profit attribute to:</b>						
Owners of the controlling company		W	257,353	521,596	785,379	1,222,349
Non-controlling interests			(27,064)	6,177	(67,091)	17,796
<b>Profit</b>		W	230,289	527,773	718,288	1,240,145
<b>Total comprehensive income attribute to:</b>						
Owners of the controlling company		W	262,087	515,759	926,270	1,242,252
Non-controlling interests			(45,462)	17,980	(52,311)	35,122
<b>Total comprehensive income</b>		W	216,625	533,739	873,959	1,277,374
<b>Earnings per share (in Won)</b>	28					
Basic earnings per share (in Won)			2,667	5,406	8,140	12,638
Diluted earnings per share (in Won)		W	2,667	5,406	8,140	12,638

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 nine-month periods ended September 30, 2024 and 2023**  
**(Unaudited)**

(in millions of Won)

	Attributable to owners of the controlling company							Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Accumulated other comprehensive income	Retained earnings	Subtotal			
<b>Balance as of January 1, 2023</b>	W 482,403	30,314,258	199,384	(2,503)	697,091	31,690,633	522,769	32,213,402	
<b>Comprehensive income:</b>									
Profit	-	-	-	-	1,222,349	1,222,349	17,796	1,240,145	
Other comprehensive income (loss)	-	-	-	-	-	-	(623)	5,622	
Remeasurements of defined benefit plans, net of tax	-	-	-	-	6,245	6,245	-	-	
Capital adjustments arising from investments in associates and joint ventures under equity method	-	-	-	2,034	-	2,034	4	2,038	
Net changes in fair value of equity investments	-	-	-	-	-	-	-	-	
at fair value through other comprehensive income, net of tax	-	-	-	3,185	-	3,185	-	3,185	
Foreign currency translation differences, net of tax	-	-	-	8,439	-	8,439	17,945	26,384	
<b>Transactions with owners of the controlling company, recognized directly in equity:</b>									
Year-end dividends	-	-	-	-	(325,043)	(325,043)	(7,184)	(332,227)	
Changes due to business combination	-	(624,202)	-	-	-	(624,202)	459,581	(164,621)	
Shared based payments	-	(8,512)	-	-	-	(8,512)	-	(8,512)	
Repayment of hybrid bonds	-	-	-	-	(4,108)	(4,108)	-	(4,108)	
Interest of hybrid bonds	-	(453)	(199,384)	-	-	(199,837)	-	(199,837)	
Share premium transferred to retained earnings	-	(7,000,000)	-	-	7,000,000	-	-	-	
Others	-	(14,844)	-	-	(14,205)	(29,049)	(1,431)	(30,480)	
<b>Balance as of September 30, 2023</b>	W 482,403	22,666,247	-	11,155	8,582,329	31,742,134	1,008,857	32,750,991	

(continued)

**POSCO and its subsidiaries**  
**Interim condensed consolidated statements of changes in equity, continued**  
**for each of the nine-month periods ended September 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		
<b>Balance as of January 1, 2024</b>	W 482,403	22,659,008	-	(22,112)	8,753,924	31,873,223	977,746	32,850,969
<b>Comprehensive income:</b>								
Profit	-	-	-	-	785,379	785,379	(67,091)	718,288
Other comprehensive income (loss)								
Remeasurements of defined benefit plans, net of tax	-	-	-	-	6,999	6,999	(148)	6,851
Capital adjustments arising from investments in associates and joint ventures under equity method	-	-	-	2,177	-	2,177	47	2,224
Net changes in fair value of equity investments	-	-	-	43,104	-	43,104	-	43,104
at fair value through other comprehensive income, net of tax	-	-	-	88,610	-	88,610	14,882	103,492
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-
<b>Transactions with owners of the controlling company,</b>								
<b>recognized directly in equity:</b>								
Year-end dividends	-	-	-	-	(589,786)	(589,786)	(5,828)	(595,614)
Interim dividends	-	-	-	-	(298,222)	(298,222)	-	(298,222)
Shared based payments	-	14,623	-	-	-	14,623	-	14,623
Others	-	150	-	-	9	159	(3,627)	(3,468)
<b>Balance as of September 30, 2024</b>	W 482,403	22,673,781	-	111,779	8,658,303	31,926,266	915,981	32,842,247

**POSCO and its subsidiaries**  
**Interim condensed consolidated statements of cash flows**  
**for each of the nine-month periods ended September 30, 2024 and 2023**  
**(Unaudited)**

(in millions of Won)

	<u>Notes</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<b>Cash flows from operating activities</b>			
Profit	W	718,288	1,240,145
Adjustments for :			
Depreciation		2,026,101	1,682,038
Amortization		73,825	73,232
Finance income		(1,063,782)	(781,608)
Finance costs		1,126,865	807,194
Income tax expense		246,428	413,073
Impairment loss on property, plant and equipment		180,546	147,640
Gain on disposal of property, plant and equipment		(8,776)	(6,093)
Loss on disposal of property, plant and equipment		103,011	105,576
Impairment loss on intangible assets		11	3,551
Loss on disposal of intangible assets		20	-
Gain on disposal of intangible assets		-	(366)
Share of loss of associates and joint ventures under equity method		2,074	390
Gain on disposal of assets held for sale		(705)	-
Expenses related to post-employment benefit		89,394	71,181
Impairment loss on trade and other receivables		17,999	4,908
Loss on valuation of inventories		55,897	19,708
Increase in provisions		15,884	21,857
Gain on disposal of emission rights		-	(25,847)
Others, net		(265)	(6,089)
Changes in operating assets and liabilities	31	67,651	(259,588)
Interest received		114,752	118,066
Interest paid		(459,441)	(351,957)
Dividends received		23,569	2,200
Income taxes paid		(143,265)	(46,195)
Net cash provided by operating activities	W	<u>3,186,081</u>	<u>3,233,016</u>

(continued)

## POSCO and its subsidiaries

### Interim condensed consolidated statements of cash flows, continued for each of the nine-month periods ended September 30, 2024 and 2023 (Unaudited)

(in millions of Won)

	<u>Notes</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<b>Cash flows from investing activities</b>			
Acquisition of short-term financial instruments	₩	(4,619,085)	(28,941,085)
Proceeds from disposal of short-term financial instruments		6,810,167	28,624,667
Increase in loans		(18,191)	(7,705)
Collection of loans		17,652	52,404
Acquisition of securities		(1,014,756)	(269,560)
Proceeds from disposal of securities		373,618	128,599
Proceeds from disposal of long-term financial instruments		(2)	-
Acquisition of investments in associates and joint ventures		-	(12,101)
Acquisition of property, plant and equipment		(2,617,932)	(2,650,367)
Proceeds from disposal of property, plant and equipment		(68,694)	(44,191)
Acquisition of intangible assets		(35,967)	(36,354)
Proceeds from disposal of intangible assets		40	26,264
Collection of lease receivables		8,674	554
Proceeds from disposal of assets held for sale		1,740	223
Cash outflows due to business combinations, net of cash acquired		-	(885,236)
Cash inflow from insurance claim		-	5,991
Others, net		(2,986)	(626)
Net cash used in investing activities	₩	<u>(1,165,722)</u>	<u>(4,008,523)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		3,657,801	4,480,293
Repayment of borrowings		(4,320,514)	(3,526,030)
Payment of cash dividends		(893,835)	(332,225)
Payment of interest of hybrid bonds		-	(4,587)
Repayment of lease liabilities		(79,379)	(32,576)
Decrease in derivatives		166,264	119,550
Repayment of hybrid bonds		-	(200,000)
Others, net		(6,776)	(346)
Net cash provided by(used in) financing activities	₩	<u>(1,476,439)</u>	<u>504,079</u>
<b>Effect of exchange rate fluctuation on cash held</b>		3,790	7,581
<b>Net increase(decrease) in cash and cash equivalents</b>		547,710	(263,847)
<b>Cash and cash equivalents at beginning of the period</b>		<u>2,426,344</u>	<u>2,383,755</u>
<b>Cash and cash equivalents at end of the period</b>	₩	<u><u>2,974,054</u></u>	<u><u>2,119,908</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

### September 30, 2024 and 2023 (Unaudited)

#### 1. General Information

General information about POSCO (the “Company”), the controlling company in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“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 September 30, 2024, POSCO is wholly owned by POSCO HOLDINGS INC. (100% ownership).

##### (b) Consolidated subsidiaries

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

	Principal operations	Ownership (%)						Region
		September 30, 2024			December 31, 2023			
		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
<b>[Domestic]</b>								
POSCO STEELEON Co., Ltd.(*1)	Coated steel manufacturing	56.87	-	56.87	56.87	-	56.87	Pohang
eNob Corporation	Electronic commerce	69.32	-	69.32	69.32	-	69.32	Seoul
POSCO M-TECH(*2)	Packing materials manufacturing and sales	48.85	-	48.85	48.85	-	48.85	Pohang
PNR	Steel by product processing and sales	70.00	-	70.00	70.00	-	70.00	Pohang
POSCO Humans Co.,Ltd.(*3)	Business assistance service	100.00	-	100.00	75.49	0.78	76.27	Pohang
POSCO PS Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO PR Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO PH Solution	Maintenance service	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO GYS Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Gwangyang
POSCO GYR Tech	Maintenance service	100.00	-	100.00	100.00	-	100.00	Gwangyang
POSCO GY Solution	Maintenance service	100.00	-	100.00	100.00	-	100.00	Gwangyang
<b>[Foreign]</b>								
POSCO (Thailand) Company.Ltd	Steel processing and sales	100.00	-	100.00	100.00	-	100.00	Thailand
POSCO-MKPC SDN BHD	Steel processing and sales	70.00	-	70.00	70.00	-	70.00	Malaysia
POSCO-India Private Limited	Steel manufacturing and sales	100.00	-	100.00	100.00	-	100.00	India
POSCO-VIETNAM Co., Ltd.	Steel manufacturing and sales	100.00	-	100.00	100.00	-	100.00	Vietnam
POSCO-Poland Wroclaw Processing Center Sp. z o. o.	Steel processing and sales	60.00	-	60.00	60.00	-	60.00	Poland
POSCO Thainox Public Company Limited	ST5 cold-rolled steel manufacturing and sales	74.56	-	74.56	74.56	-	74.56	Thailand
POSCO(Chongqing) Automotive Processing Center Co., Ltd.	Steel processing and sales	90.00	-	90.00	90.00	-	90.00	China
POSCO-Malaysia SDN. BHD.	Steel processing and sales	81.79	-	81.79	81.79	-	81.79	Malaysia
Myanmar POSCO C&C Company.Limited.	Steel processing and sales	-	70.00	70.00	-	70.00	70.00	Myanmar
POSCO COATED STEEL (THAILAND) CO., LTD.	Automotive steel manufacturing and sales	100.00	-	100.00	100.00	-	100.00	Thailand
POSCO ChengDu Processing Center(*2)	Steel processing and sales	33.00	-	33.00	33.00	-	33.00	China
POSCO Philippine Manila Processing Center, Inc.	Steel processing and sales	100.00	-	100.00	100.00	-	100.00	Philippines
POSCO TNPC Otomotiv Celik San. Ve Tic. A.S	Steel processing and sales	100.00	-	100.00	100.00	-	100.00	Turkey
POSCO BRAZIL LTDA	Office Administration, Management Consulting	100.00	-	100.00	100.00	-	100.00	Brazil
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Steel manufacturing and sales	51.00	-	51.00	51.00	-	51.00	Vietnam
Port Hedland Green Steel Pty Ltd	Other iron and steel manufacturing	100.00	-	100.00	100.00	-	100.00	Australia
POSCO MEXICO S.A. DE C.V.	Automotive steel manufacturing and sales	83.28	-	83.28	83.28	-	83.28	Mexico
PT. POSCO INDONESIA JAKARTA PROCESSING CENTER	Steel processing and sales	70.51	-	70.51	70.51	-	70.51	Indonesia
PT. KRAKATAU POSCO(*2)	Steel manufacturing and sales	50.00	-	50.00	50.00	-	50.00	Indonesia
POSCO-Mexico Villagran Wire-rod Processing Center	Steel processing and sales	56.75	-	56.75	56.75	-	56.75	Mexico
PT.KRAKATAU POSCO SOCIAL ENTERPRISE SERVICES INDONESIA	Social enterprise	-	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 September 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 September 30, 2024 and 2023 (Unaudited)

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

#### (c) Details of associates

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

Investee	Category of business	Ownership (%)		Region
		September 30, 2024	December 31, 2023	
<b>[Domestic]</b>				
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
<b>[Foreign]</b>				
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
SAMHWAN 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 over the entities marked above even though the Group's percentage of ownership over such entities is less than 20%, considering the structure of its Board of Directors and others.

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

(e) There are no subsidiaries over which the Group has lost control for the nine-month period ended September 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

## **POSCO and its subsidiaries**

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

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explain events and transactions that are significant to an understanding of the changes in financial 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.

## **POSCO and its subsidiaries**

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

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- 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).
- 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) Amendments to KIFRS 1007 *Statement of Cash Flows* and 1107 *Financial Instruments: Disclosures – 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) Amendments to KIFRS 1116 *Lease – 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.



## POSCO and its subsidiaries

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

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

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

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

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 September 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Current</b>			
Trade accounts and notes receivable	₩	5,332,063	5,614,573
Less: Allowance for doubtful accounts		(19,139)	(13,692)
	₩	<u>5,312,924</u>	<u>5,600,881</u>
<b>Non-current</b>			
Trade accounts and notes receivable	₩	33,433	37,309
Less: Allowance for doubtful accounts		(18,313)	(12,031)
	₩	<u>15,120</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 September 30, 2024 and December 31, 2023, the carrying amounts of such secured borrowings are ₩277,905 million and ₩34,238 million, respectively, which are presented in the statements of financial position as short-term borrowings (see Note 13).

## POSCO and its subsidiaries

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

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#### 5. Other Receivables

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

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Current</b>			
Loans	₩	48,994	43,257
Other accounts receivable		637,704	443,596
Lease receivables		12,004	11,648
Accrued income		42,818	31,353
Others		2,722	1,963
Less: Allowance for doubtful accounts		<u>(5,236)</u>	<u>(303)</u>
	₩	<u>739,006</u>	<u>531,514</u>
<b>Non-current</b>			
Loans	₩	53,077	55,667
Other accounts receivable		9,246	16,124
Deposits		49,692	46,930
Lease receivables		49,643	57,648
Less: Allowance for doubtful accounts		<u>(22,354)</u>	<u>(21,968)</u>
	₩	<u>139,304</u>	<u>154,401</u>

## POSCO and its subsidiaries

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

#### 6. Other Financial Assets

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

<i>(in millions of Won)</i>		<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Current</b>			
Derivative assets	₩	74,514	115,362
Debt securities		930,000	292,857
Deposit instruments		1,557,592	1,212,639
Short-term financial instruments		1,188,351	3,595,201
	₩	<u>3,750,457</u>	<u>5,216,059</u>
<b>Non-current</b>			
Derivative assets	₩	122,538	98,030
Equity securities		488,025	429,192
Debt securities		2,984	-
Other securities		13,818	12,836
Deposit instruments(*1)		120	113
	₩	<u>627,485</u>	<u>540,171</u>

(\*1) As of September 30, 2024 and December 31, 2023, deposit instruments amounting to ₩120 million and ₩113 million, respectively, are restricted in use for financial arrangements, pledge and others.

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

<i>(in millions of Won)</i>	<b>September 30, 2024</b>					<b>December 31, 2023</b>	
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
<b>Marketable equity securities</b>							
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	₩ 14,878	14,763	(115)	14,763	17,471
YODOGAWA STEEL WORKS, LTD.	600,000	1.72	13,842	31,008	17,166	31,008	20,891
DONGKUK INDUSTRIES CO., LTD.	2,611,989	4.82	12,852	17,840	4,988	17,840	12,577
PT.Krakatau Steel	236,625,000	1.22	6,876	2,620	(4,256)	2,620	2,809
AJUSTEEL Co., Ltd.	510,000	1.93	4,600	2,693	(1,907)	2,693	3,621
dhSteel	782,148	7.21	4,224	1,365	(2,859)	1,365	3,113
Woori Financial Group Inc.	20,280,000	2.79	261,638	314,340	52,702	314,340	263,640
Others (5 companies)			14,616	11,077	(3,539)	11,077	13,020
			<u>333,526</u>	<u>395,706</u>	<u>62,180</u>	<u>395,706</u>	<u>337,142</u>
<b>Non-marketable equity securities</b>							
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)			38,034	36,808	(1,226)	36,808	36,539
			<u>93,545</u>	<u>92,319</u>	<u>(1,226)</u>	<u>92,319</u>	<u>92,050</u>
			<u>₩ 427,071</u>	<u>488,025</u>	<u>60,954</u>	<u>488,025</u>	<u>429,192</u>

## POSCO and its subsidiaries

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

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#### 7. Inventories

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

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>December 31, 2023</u>
Finished goods	₩	1,831,683	1,819,803
Merchandise		37,361	12,972
Semi-finished goods		2,084,607	2,481,107
Raw materials		1,984,732	1,650,216
Fuel and materials		794,456	685,347
Materials-in-transit		1,640,325	1,924,383
Others		31,487	31,443
		<u>8,404,651</u>	<u>8,605,271</u>
Less: Allowance for inventories valuation		<u>(57,225)</u>	<u>(58,225)</u>
	₩	<u><u>8,347,426</u></u>	<u><u>8,547,046</u></u>

The amounts of loss on valuation of inventories recognized in cost of sales for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023 are ₩57,225 million and ₩58,225 million, respectively.

## POSCO and its subsidiaries

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

#### 8. Investments in Associates and Joint Ventures

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

(in millions of Won)

Company	September 30, 2024			December 31, 2023	
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
<b>[Domestic]</b>					
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	4,196	4,221
				<u>8,698</u>	<u>8,164</u>
<b>[Foreign]</b>					
POSK(Pinghu) Steel Processing Center Co., Ltd.	-	20.00	2,313	440	1,041
LLP POSUK Titanium	-	33.90	10,068	10,540	10,420
POSCO SUZHOU PROCESSING CENTER CO.,LTD	-	30.00	2,763	2,184	2,382
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	-	23.82	23,489	21,144	21,998
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	-	30.00	6,206	4,159	4,719
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD(*1)	-	17.50	2,885	2,697	2,760
POSCO Vietnam Processing Center. Co.,Ltd(*1)	6,544,366	9.17	12,101	12,850	12,255
Others (4 companies)			12,468	12,069	11,235
				<u>66,083</u>	<u>66,810</u>
			₩	<u>74,781</u>	<u>74,974</u>

(\*1) As of September 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 nine-month period ended September 30, 2024 are as follows:

(in millions of Won)

Company	December 31, 2023, Book value	Share of profits (losses)	Other increase (decrease) (*1)	September 30, 2024, Book value
<b>[Domestic]</b>				
DAEHO GLOBAL MANAGEMENT CO., LTD.	₩ 3,943	460	99	4,502
Pohang Special Welding Co.,Ltd.	4,221	(25)	-	4,196
	<u>8,164</u>	<u>435</u>	<u>99</u>	<u>8,698</u>
<b>[Foreign]</b>				
POSK(Pinghu) Steel Processing Center Co., Ltd.	1,041	(651)	50	440
LLP POSUK Titanium	10,420	20	100	10,540
POSCO SUZHOU PROCESSING CENTER CO.,LTD	2,382	(274)	76	2,184
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	21,998	(1,722)	868	21,144
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	4,719	(728)	168	4,159
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD	2,760	(45)	(18)	2,697
POSCO Vietnam Processing Center. Co.,Ltd	12,255	365	230	12,850
Others (4 companies)	11,235	526	308	12,069
	<u>66,810</u>	<u>(2,509)</u>	<u>1,782</u>	<u>66,083</u>
	₩ <u>74,974</u>	<u>(2,074)</u>	<u>1,881</u>	<u>74,781</u>

(\*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 nine-month period ended September 30, 2024.

## POSCO and its subsidiaries

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

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

#### 1) September 30, 2024

(in millions of Won)

Company	Assets	Liabilities	Equity	Sales	Net income (loss)
<b>[Domestic]</b>					
DAEHO GLOBAL MANAGEMENT CO., LTD.	₩ 18,400	269	18,131	-	1,284
Pohang Special Welding Co.,Ltd.	10,757	2,880	7,877	4,532	(49)
<b>[Foreign]</b>					
POSK(Pinghu) Steel Processing Center Co., Ltd.	4,555	1,360	3,195	715	(3,253)
LLP POSUK Titanium	63,578	48,249	15,329	25,162	58
POSCO SUZHOU PROCESSING CENTER CO.,LTD	5,701	448	5,253	11,476	(913)
SUZHOU POSCO-CORE TECHNOLOGY CO., LTD.	135,472	54,611	80,861	83,299	(7,228)
ZHANGJIAGANG XIAO-SHA COIL SERVICE CENTER CO.,LTD	27,164	8,253	18,911	44,108	(258)
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	43,163	28,209	14,954	57,372	(2,603)
POSCO Vietnam Processing Center. Co.,Ltd	268,776	150,357	118,419	479,033	4,250

#### 2) December 31, 2023

(in millions of Won)

Company	Assets	Liabilities	Equity	Sales	Net income (loss)
<b>[Domestic]</b>					
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
<b>[Foreign]</b>					
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 September 30, 2024 and 2023 (Unaudited)

#### 9. Investment Property, Net

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

(a) For the nine-month period ended September 30, 2024

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Depreciation(*1)</b>	<b>Others(*2)</b>	<b>Ending</b>
Land	₩	81	-	-	81
Buildings		4,328	(263)	-	4,065
Structures		1,065	(65)	-	1,000
Right-of-use assets		75,072	(20,241)	1,972	56,803
	₩	<u>80,546</u>	<u>(20,569)</u>	<u>1,972</u>	<u>61,949</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>		<b>Beginning</b>	<b>Depreciation(*1)</b>	<b>Others(*2)</b>	<b>Ending</b>
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 changes in the purpose of use.

## POSCO and its subsidiaries

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

#### 10. Property, Plant and Equipment, Net

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

1) For the nine-month period ended September 30, 2024

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Impairment</u>	<u>Others(*1)</u>	<u>Ending</u>
Land	₩	1,780,406	-	(96)	-	-	28,534	1,808,844
Buildings		2,454,512	464	(427)	(176,306)	(6,052)	201,533	2,473,724
Structures		2,330,140	1,047	(2,867)	(176,019)	(8,955)	539,428	2,682,774
Machinery and equipment		13,132,289	35,374	(10,955)	(1,529,983)	(150,026)	2,259,789	13,736,488
Vehicles		40,918	3,126	(422)	(15,737)	-	13,451	41,336
Tools		52,893	3,913	(82)	(15,639)	(24)	8,502	49,563
Furniture and fixtures		95,364	5,452	(753)	(27,466)	(226)	7,429	79,800
Right-of-use assets		637,589	17,314	(3,837)	(64,381)	-	4,968	591,653
Construction-in-progress		<u>3,077,468</u>	<u>2,427,406</u>	<u>(1,584)</u>	<u>-</u>	<u>(15,263)</u>	<u>(2,967,666)</u>	<u>2,520,361</u>
	₩	<u>23,601,579</u>	<u>2,494,096</u>	<u>(21,023)</u>	<u>(2,005,531)</u>	<u>(180,546)</u>	<u>95,968</u>	<u>23,984,543</u>

(\*1) Others represent assets transferred from construction-in-progress to property, plant and equipment, reclassifications resulting from changes in the 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>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Business Combination</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Impairment</u>	<u>Others(*1)</u>	<u>Ending</u>
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		<u>1,833,679</u>	<u>3,367,117</u>	<u>6,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,129,423)</u>	<u>3,077,468</u>
	₩	<u>19,667,888</u>	<u>3,662,785</u>	<u>3,109,551</u>	<u>(60,846)</u>	<u>(2,323,851)</u>	<u>(200,069)</u>	<u>(253,879)</u>	<u>23,601,579</u>

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



## POSCO and its subsidiaries

### Notes to the interim condensed consolidated financial statements, continued September 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 nine-month period ended September 30, 2024 and the year ended December 31, 2023 are as follows:

1) For the nine-month period ended September 30, 2024

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Depreciation</u>	<u>Others</u>	<u>Ending</u>
Land	₩	52,186	-	(1,215)	1,676	52,647
Buildings and structures		236,687	13,261	(46,296)	3,493	207,145
Machinery and equipment		224,120	2,105	(18,414)	(922)	206,889
Vehicles		10,361	992	(3,665)	392	8,080
Ships		176,687	-	(12,514)	-	164,173
Furniture and fixtures		12,620	955	(2,518)	(1,535)	9,522
	₩	<u>712,661</u>	<u>17,313</u>	<u>(84,622)</u>	<u>3,104</u>	<u>648,456</u>

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Acquisitions</u>	<u>Business Combination</u>	<u>Depreciation</u>	<u>Others</u>	<u>Ending</u>
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 nine-month periods ended September 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	₩	12,047	2,397	37,800	7,348
Expenses relating to short-term leases		2,598	7,592	11,839	20,864
Expenses relating to leases of low-value assets		1,560	1,777	5,813	5,068
	₩	<u>16,205</u>	<u>11,766</u>	<u>55,452</u>	<u>33,280</u>

## POSCO and its subsidiaries

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

#### 11. Intangible Assets, Net

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

(a) For the nine-month period ended September 30, 2024

<i>(in millions of Won)</i>		Beginning	Acquisitions	Disposals	Amortization	Impairment	Others(*2)	Ending
Intellectual property rights	₩	15,782	77	-	(6,679)	-	11,701	20,881
Membership(*1)		85,803	63	(46)	-	(11)	12	85,821
Development expense		100,261	2,015	-	(51,262)	-	13,442	64,456
Port facilities usage rights		182,173	-	-	(11,100)	-	-	171,073
Construction-in-progress		47,954	31,540	(34)	-	-	(27,958)	51,502
Other intangible assets		15,647	621	(15)	(4,784)	-	4,735	16,204
	₩	<u>447,620</u>	<u>34,316</u>	<u>(95)</u>	<u>(73,825)</u>	<u>(11)</u>	<u>1,932</u>	<u>409,937</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 September 30, 2024 and 2023 (Unaudited)

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#### 12. Other Assets

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

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Current</b>			
Advance payments	₩	24,943	40,364
Prepaid expenses		158,706	105,138
Others		375	371
	₩	<u>184,024</u>	<u>145,873</u>
<b>Non-current</b>			
Long-term advance payments	₩	-	1,109
Long-term prepaid expenses		5,144	5,030
Others		27,860	50,791
	₩	<u>33,004</u>	<u>56,930</u>

## POSCO and its subsidiaries

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

#### 13. Borrowings

(a) Short-term borrowings and current portion of long-term borrowings and others as of September 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>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Short-term borrowings</b>						
Bank overdrafts	JP Morgan	October, 2024~ May, 2025	3.65 ~ 6.53	W	36,561	32,901
Short-term borrowings	SC and others	October, 2024~ September, 2025	1.94 ~ 6.2		1,519,119	706,128
					<u>1,555,680</u>	<u>739,029</u>
<b>Current portion of long-term liabilities</b>						
Current portion of long-term borrowings	BNP and others	December, 2024~ April, 2025	4.90 ~ 5.83		57,922	293,711
Current portion of debentures	Global debentures 7-2nd and others	October, 2024~ August, 2025	1.64 ~ 4.38		2,394,344	1,977,995
Less: Current portion of discount on debentures issued					<u>(3,575)</u>	<u>(1,355)</u>
					<u>2,448,691</u>	<u>2,270,351</u>
				W	<u>4,004,371</u>	<u>3,009,380</u>

(b) Long-term borrowings, excluding current portion and others, as of September 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>September 30, 2024</u>	<u>December 31, 2023</u>
Long-term borrowings	Korea Development Bank and others	May, 2026~ July, 2027	3.6 ~ 7.00	W	530,843	1,494,110
Less: Present value discount					(7,360)	(3,596)
Debentures	Global debentures 10 and others	January, 2026~ January, 2033	1.72 ~ 6.38		5,988,600	6,505,536
Less: Discount on debentures issued					<u>(35,403)</u>	<u>(39,716)</u>
				W	<u>6,476,680</u>	<u>7,956,334</u>

(c) Assets pledged as collateral with regards to the borrowings as of September 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	₩ 607,046	694,411
Trade accounts and notes receivable	Shinhan Card	102,199	102,199
		<u>₩ 709,245</u>	<u>796,610</u>

## POSCO and its subsidiaries

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

#### 14. Other Payables

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

(in millions of Won)

		<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Current</b>			
Accounts payable	₩	643,670	925,976
Accrued expenses		681,494	655,507
Dividend payable		9	9
Lease liabilities		106,755	108,638
Withholdings		19,072	22,042
	₩	<u>1,451,000</u>	<u>1,712,172</u>
<b>Non-current</b>			
Accounts payable	₩	1,229	1,619
Accrued expenses		1,275	1,287
Lease liabilities		576,823	629,924
Long-term withholdings		255	300
	₩	<u>579,582</u>	<u>633,130</u>

#### 15. Other Financial Liabilities

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

(in millions of Won)

		<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Current</b>			
Derivative liabilities	W	1,148	-
Financial guarantee liabilities		479	769
	W	<u>1,627</u>	<u>769</u>
<b>Non-current</b>			
Derivative liabilities	W	9,500	54,955
Financial guarantee liabilities		760	1,121
	W	<u>10,260</u>	<u>56,076</u>

## POSCO and its subsidiaries

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

#### 16. Provisions

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

(in millions of Won)

	September 30, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Provision for bonus payments	₩ 20,320	29,165	26,470	29,159
Provision for legal contingencies and claims	8,234	-	467	49
Provision for restoration(*1)	3,381	962	5,442	920
Emission liabilities(*2)	573	-	370	-
Provision for product warranties(*3)	20,502	4,565	20,153	3,627
	₩ 53,010	34,692	52,902	33,755

(\*1) As of September 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 2.92% to calculate the present value of costs.

(\*2) The Group has recognized liabilities for the amount of greenhouse gas emissions expected to exceed its greenhouse gas emission rights allocated for free.

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

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

1) For the nine-month period ended September 30, 2024

(in millions of Won)

	Beginning	Increase	Utilization	Reversal	Others	Ending
Provision for bonus payments	₩ 55,629	27,045	(33,335)	(505)	651	49,485
Provision for legal contingencies and claims	516	7,760	(47)	-	5	8,234
Provision for restoration	6,362	176	(555)	(1,640)	-	4,343
Emission liabilities	370	209	(6)	-	-	573
Provision for product warranties	23,780	9,379	(8,092)	-	-	25,067
	₩ 86,657	44,569	(42,035)	(2,145)	656	87,702

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
	₩ 111,656	81,990	(94,502)	(15,447)	3,101	(141)	86,657

## POSCO and its subsidiaries

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

#### 17. Employee Benefits

##### (a) Defined contribution plans

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

<i>(in millions of Won)</i>	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
	Expense related to post-employment benefit plans under defined contribution plans	₩ 12,741	11,389	38,862

##### (b) Defined benefit plans

- 1) The amounts recognized in relation to net defined benefit assets in the statements of financial position as of September 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>December 31, 2023</u>
Present value of funded obligations	₩	1,367,272	1,357,578
Fair value of plan assets(*1)		(1,680,919)	(1,681,398)
Present value of non-funded obligations		13,292	26,395
Net defined benefit liabilities	₩	<u>(300,355)</u>	<u>(297,425)</u>

(\*1) As of September 30, 2024 and December 31, 2023, the Group recognized net defined benefit assets amounting to ₩341,518 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 nine-month periods ended September 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>September 30, 2023</u>
Defined benefit obligation at the beginning of period	₩	1,383,973	1,288,252
Current service costs		101,556	85,337
Interest costs		39,040	39,348
Remeasurement		414	1,496
Benefits paid		(144,820)	(88,543)
Others		401	(5,668)
Defined benefit obligation at the end of period	₩	<u>1,380,564</u>	<u>1,320,222</u>

## POSCO and its subsidiaries

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

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

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>September 30, 2023</u>
Fair value of plan assets at the beginning of period	₩	1,681,398	1,586,314
Interest on plan assets		51,203	53,504
Remeasurement of plan assets		9,727	9,281
Contributions to plan assets		58,598	2,000
Benefits paid		(119,728)	(60,119)
Others		(279)	(9,445)
Fair value of plan assets at the end of period	₩	<u>1,680,919</u>	<u>1,581,535</u>

- 4) The amounts related to net defined benefit plans recognized in the statements of comprehensive income for each of the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

<i>(in millions of Won)</i>		<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
		Current service costs	₩	34,022	30,222
Net interest costs		(4,472)	(5,115)	(12,163)	(14,156)
	₩	<u>29,550</u>	<u>25,107</u>	<u>89,393</u>	<u>71,181</u>

## 18. Other Liabilities

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

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Current</b>			
Advances received	W	67,660	34,023
Unearned revenue		69,888	52,288
Withholdings		45,909	45,929
Others		22	29
	W	<u>183,479</u>	<u>132,269</u>
<b>Non-current</b>			
Unearned revenue	W	1,382	1,640
Others		60	11
	W	<u>1,442</u>	<u>1,651</u>



## POSCO and its subsidiaries

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

#### 19. 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 September 30, 2024 and December 31, 2023 are as follows:

##### ① September 30, 2024

(in millions of Won)

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Fair value through profit or loss					
Derivate assets	₩ 197,052	-	197,052	-	197,052
Short term financial instruments	1,188,351	-	1,188,351	-	1,188,351
Debt securities	2,984	-	-	2,984	2,984
Equity securities	1,376	-	-	1,376	1,376
Other securities	13,818	-	-	13,818	13,818
Fair value through other comprehensive income					
Equity securities	486,648	395,706	-	90,942	486,648
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	2,974,054	-	-	-	-
Trade accounts and notes receivable	5,319,519	-	-	-	-
Other receivables	513,532	-	-	-	-
Debt securities	930,000	-	-	-	-
Deposit instruments	1,557,712	-	-	-	-
₩	13,185,046	395,706	1,385,403	109,120	1,890,229
<b>Financial liabilities</b>					
Fair value through profit or loss					
Derivative liabilities	₩ 10,648	-	10,648	-	10,648
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	3,217,977	-	-	-	-
Borrowings	10,481,050	-	10,655,954	-	10,655,954
Financial guarantee liabilities	1,240	-	-	-	-
Others	1,817,440	-	-	-	-
₩	15,528,355	-	10,666,602	-	10,666,602

(\*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 September 30, 2024 and 2023 (Unaudited)

#### ② December 31, 2023

(in millions of Won)

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Fair value through profit or loss					
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
<b>Financial liabilities</b>					
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 September 30, 2024 and 2023 (Unaudited)

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

<i>(in millions of Won, USD, THB)</i>			Guarantee limit		Guarantee amount		
Guarantor	Guarantee beneficiary	Financial institution	Foreign currency	Won equivalent	Foreign currency	Won equivalent	
<b>[The company]</b>							
POSCO	POSCO-VIETNAM Co., Ltd.	Shinhan Bank	USD	45,000,000	59,382	20,454,545	26,992
		HSBC	USD	40,000,000	52,784	18,181,818	23,993
		Citi	USD	25,000,000	32,990	11,363,636	14,995
	POSCO COATED STEEL (THAILAND) CO., LTD.	Citi	THB	800,000,000	32,600	456,000,000	18,582
		MUFG	THB	800,000,000	32,600	456,000,000	18,582
		SC	THB	800,000,000	32,600	456,000,000	18,582
		SMBC	THB	800,000,000	32,600	456,000,000	18,582
		MIZUHO	THB	800,000,000	32,600	456,000,000	18,582
		HSBC	THB	800,000,000	32,600	456,000,000	18,582
	POSCO MEXICO S.A. DE C.V.	Citi BANAMEX	USD	20,000,000	26,392	20,000,000	26,392
		SMBC	USD	20,000,000	26,392	20,000,000	26,392
POSCO STEELEON CO.,LTD.	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd.	USD	13,986,947	18,457	9,952,170	13,133
<b>[Associates]</b>							
POSCO	LLP POSUK Titanium	Shinhan Bank	USD	12,750,000	16,825	12,750,000	16,825
<b>[Others]</b>							
POSCO	POSCO ASSAN TST STEEL INDUSTRY	Citi	USD	42,145,620	55,615	42,145,620	55,615
		Shinhan Bank	USD	40,352,190	53,249	40,352,190	53,249
		Woori Bank	USD	40,352,190	53,249	40,352,190	53,249
			USD	299,586,947	395,335	235,552,169	310,835
			THB	4,800,000,000	195,600	2,736,000,000	111,492

# POSCO and its subsidiaries

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

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

① For the nine-month period ended September 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	₩ 113	64,356	-	61,936	-	(3,503)	122,902	-
Derivative assets	-	122,112	-	76,643	-	-	198,755	-
Financial assets at fair value through other comprehensive income	-	-	-	-	22,685	-	22,685	43,103
Financial assets measured at amortized cost	125,077	-	88,452	(38)	-	-	213,491	-
Derivative liabilities	-	44,388	-	373	-	-	44,761	-
Financial liabilities measured at amortized cost	(428,155)	-	(232,635)	-	-	118	(660,672)	-
	₩ (302,965)	230,856	(144,183)	138,914	22,685	(3,385)	(58,078)	43,103

② For the nine-month period ended September 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	₩ 102	404,461	(371)	91,355	-	(635)	494,912	-
Financial assets at fair value through other comprehensive income	-	-	-	-	2,200	-	2,200	3,185
Financial assets measured at amortized cost	140,568	-	137,056	-	-	-	277,624	-
Financial liabilities at fair value through profit or loss	-	60,480	60	(4,394)	-	-	56,146	-
Financial liabilities measured at amortized cost	(319,426)	-	(533,898)	-	-	(1,692)	(855,016)	-
	₩ (178,756)	464,941	(397,153)	86,961	2,200	(2,327)	(24,134)	3,185

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

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

(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 and loss on disposal	Dividend income	Others		Total
Financial assets at fair value through profit or loss	₩ 38	7,017	-	17,662	-	(2,841)	21,876	-
Derivative assets	-	(248,797)	-	64,915	-	-	(183,882)	-
Financial assets at fair value through other comprehensive income	-	-	-	-	3,652	-	3,652	9,777
Financial assets measured at amortized cost	48,708	-	(169,407)	(8)	-	-	(120,707)	-
Derivative liabilities	-	(10,567)	-	-	-	-	(10,567)	-
Financial liabilities measured at amortized cost	(138,326)	-	447,811	-	-	2,192	311,677	-
	₩ (89,580)	(252,347)	278,404	82,569	3,652	(649)	22,049	9,777

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

(in millions of Won)

	Finance income and costs						Other comprehensive loss	
	Interest income (expense)	Gain on valuation	Gain and loss on foreign currency	Gain on disposal	Dividend income	Others		Total
Financial assets at fair value through profit or loss	₩ 26	75,019	-	33,345	-	(185)	108,205	-
Financial assets at fair value through other comprehensive income	-	-	-	-	2	-	2	(7,187)
Financial assets measured at amortized cost	49,165	-	40,446	-	-	-	89,611	-
Financial liabilities at fair value through profit or loss	-	26,686	-	-	-	-	26,686	-
Financial liabilities measured at amortized cost	(97,574)	-	(149,259)	-	-	(1,055)	(247,888)	-
	₩ (48,383)	101,705	(108,813)	33,345	2	(1,240)	(23,384)	(7,187)

## **POSCO and its subsidiaries**

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

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#### (b) Financial risk management

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 September 30, 2024 and 2023 (Unaudited)

#### 20. Share Capital and Capital Surplus

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

<i>(share, in Won)</i>		<b><u>September 30, 2024</u></b>	<b><u>December 31, 2023</u></b>
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 September 30, 2024 and December 31, 2023 are as follows:

<i>(in millions of Won)</i>		<b><u>September 30, 2024</u></b>	<b><u>December 31, 2023</u></b>
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>

#### 21. Accumulated Other Comprehensive Income

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

<i>(in millions of Won)</i>		<b><u>September 30, 2024</u></b>	<b><u>December 31, 2023</u></b>
Accumulated comprehensive income of investments in associates	₩	2,889	712
Changes in fair value of equity investments at fair value through other comprehensive income		44,548	1,445
Foreign currency translation differences		64,342	(24,269)
	₩	<u>111,779</u>	<u>(22,112)</u>

## POSCO and its subsidiaries

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

#### 22. Revenue

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

<i>(in millions of Won)</i>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<b>Types of revenue</b>		
Revenue from sales of goods	₩ 32,271,094	31,047,580
Revenue from services	1,052,164	887,986
Others	164,234	159,922
	<u>₩ 33,487,492</u>	<u>32,095,488</u>
<b>Timing of revenue recognition</b>		
Revenue recognized at a point in time	₩ 32,427,783	31,203,863
Revenue recognized over time	1,059,709	891,625
	<u>₩ 33,487,492</u>	<u>32,095,488</u>

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

<i>(in millions of Won)</i>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Receivables</b>		
Account receivables	₩ 5,320,497	5,621,333
<b>Contract assets</b>		
Account receivables	7,546	4,826
<b>Contract liabilities</b>		
Advance received	67,720	34,034
Unearned income	71,269	53,928

## POSCO and its subsidiaries

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

#### 23. Selling and Administrative Expenses

##### (a) Other administrative expenses

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

<i>(in millions of Won)</i>	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Wages and salaries	₩ 93,651	89,811	272,222	253,193
Expenses related to post-employment benefits	6,995	6,704	22,805	28,965
Other employee benefits	29,973	20,547	75,970	57,697
Travel	2,827	2,955	9,270	8,806
Depreciation	13,260	7,589	39,812	22,349
Amortization	7,210	7,619	22,914	21,173
Communication	2,520	2,473	7,801	7,330
Electricity	1,108	865	3,110	2,135
Taxes and public dues	2,782	1,075	10,166	4,969
Rental	15,323	19,096	51,913	61,550
Repairs	2,776	2,745	8,499	7,219
Entertainment	683	890	2,255	2,661
Advertising	12,935	12,822	38,748	36,364
Research & development	7,707	7,017	21,700	20,247
Service fees	74,511	85,371	214,141	242,753
Vehicles maintenance	606	481	1,938	1,877
Industry association fee	1,702	878	4,110	4,181
Conference	1,635	1,340	4,937	4,070
Increase to provisions	95	-	95	-
Impairment loss on trade and other receivables	8,859	(443)	12,558	3,919
Others	11,954	11,979	33,961	30,414
₩	<u>299,112</u>	<u>281,814</u>	<u>858,925</u>	<u>821,872</u>

##### (b) Selling expenses

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

<i>(in millions of Won)</i>	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Freight and custody expenses	₩ 45,361	43,164	125,238	116,763
Operating expenses for distribution center	1,849	1,472	4,297	5,622
Sales commissions	18,990	13,112	67,015	63,438
Sales advertising	1,502	1,658	1,860	2,745
Sales promotion	961	896	3,032	2,392
Sample	539	301	1,326	868
Sales insurance premium	2,019	2,174	5,808	5,015
Contract cost	179	-	396	-
Others	2,729	54	6,876	165
₩	<u>74,129</u>	<u>62,831</u>	<u>215,848</u>	<u>197,008</u>



## POSCO and its subsidiaries

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

#### 24. Finance Income and Costs

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

<i>(in millions of Won)</i>	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Finance income</b>				
Interest income(*1)	₩ 48,746	49,191	125,190	140,670
Gain on foreign currency transactions	129,949	109,878	351,850	450,153
Gain on foreign currency translations	370,126	11,154	565,319	75,882
Gain on transactions of derivatives	64,915	20,754	79,988	20,754
Gain on valuation of derivatives	(252,507)	78,976	173,357	324,056
Gain on disposal of financial assets at fair value through profit or loss	44,277	12,598	61,939	86,099
Gain on valuation of financial assets at fair value through profit or loss	7,017	(8,205)	64,356	142,414
Others	(22,834)	(510)	23,105	2,200
	₩ 389,689	273,836	1,445,104	1,242,228
<b>Finance costs</b>				
Interest expenses	₩ 138,326	97,574	428,155	319,426
Loss on foreign currency transactions	145,037	139,187	369,502	447,212
Loss on foreign currency translations	76,634	90,658	691,850	475,976
Loss on transactions of derivatives	-	-	2,971	19,885
Loss on valuation of derivatives	6,857	-	6,857	1,529
Loss on disposal of trade accounts and notes receivable	9	-	38	-
Loss on valuation of financial assets at fair value through profit or loss	-	(30,934)	3	-
Others	776	735	3,807	2,334
	₩ 367,639	297,220	1,503,183	1,266,362

(\*1) Interest income calculated using the effective interest method for each of the nine-month periods ended September 30, 2024 and 2023 is ₩111,542 million and ₩129,333 million, respectively.

## POSCO and its subsidiaries

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

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

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

<i>(in millions of Won)</i>	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
<b>Other non-operating income</b>				
Gain on disposals of assets held for sale(*1)	₩ 705	-	705	-
Gain on disposals of property, plant and equipment	1,312	1,564	8,776	6,093
Gain on disposals of intangible assets	-	366	-	366
Gain on disposals of emission rights	(13,343)	1,795	-	25,847
Premium income	175	746	569	6,657
Others	2,937	3,969	25,710	12,204
	₩ <u>(8,214)</u>	<u>8,440</u>	<u>35,760</u>	<u>51,167</u>
<b>Other non-operating expenses</b>				
Loss on disposals of property, plant and equipment	₩ 25,426	27,048	103,011	105,576
Loss on disposals of intangible assets	20	-	20	-
Impairment loss on property, plant and equipment	121,116	4,265	180,546	147,640
Impairment loss on intangible assets	-	-	11	3,551
Idle tangible asset expenses	(444)	3,589	1,735	15,661
Donations	5,246	9,193	34,168	37,831
Others	2,345	4,450	16,284	16,931
Other amortization expense	1,039	344	5,441	990
	₩ <u>154,748</u>	<u>48,889</u>	<u>341,216</u>	<u>328,180</u>

(\*1) During the nine-month period ended September 30, 2024, the production facility of POSCO STEELEON Co., Ltd. was disposed.

## POSCO and its subsidiaries

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

#### 26. Expenses by Nature

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

<i>(in millions of Won)</i>	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
	Raw material used, changes in inventories and others ₩	7,488,616	6,425,997	22,179,710
Employee benefits expenses	676,306	640,986	1,958,502	1,715,492
Outsourced processing cost	805,572	735,161	2,405,401	2,142,307
Electricity and water expenses	163,394	137,341	534,433	477,255
Service fees	103,115	111,077	298,482	321,816
Depreciation(*1)	681,680	560,515	2,026,101	1,682,038
Amortization	24,179	25,819	73,825	73,232
Freight and custody expenses	394,020	329,899	1,138,773	949,592
Sales commissions	18,990	13,112	67,015	63,438
Loss on disposal of property, plant and equipment	25,426	27,048	103,011	105,576
Impairment loss on property, plant and equipment	121,116	4,265	180,546	147,640
Impairment loss on intangible assets	-	-	11	3,551
Donations	5,245	9,193	34,168	37,831
Other expenses	376,761	760,748	1,498,405	1,522,870
₩	<u>10,884,420</u>	<u>9,781,161</u>	<u>32,498,383</u>	<u>30,468,912</u>

(\*1) Includes depreciation of investment property.

#### 27. Income Taxes

Income tax expenses were calculated by adjusting current income tax expenses for changes made in the current nine-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 nine-month periods ended September 30, 2024 and 2023 are 25.54% and 24.99%, respectively.

## POSCO and its subsidiaries

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

#### 28. Earnings Per Share

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

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
<i>(in Won, except share information)</i>				
Profit attributable to controlling interest	₩ 257,353,056,763	521,595,821,853	785,379,285,619	1,222,348,959,790
Interests of hybrid bonds, net of tax	-	-	-	(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	₩ 2,667	5,406	8,140	12,638

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

	For the three-month periods ended September 30		For the nine-month periods ended September 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 September 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 September 30, 2024 and 2023 (Unaudited)

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#### 29. Related Party Transactions

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

	<u>Company</u>
<b>The parent company</b>	POSCO HOLDINGS INC.
<b>Associates and joint ventures</b>	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
<b>Other related parties(*1)</b>	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 September 30, 2024 and 2023 (Unaudited)

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

#### 1) For the nine-month period ended September 30, 2024

(in millions of Won)

	Sales and others(*1)		Purchase and others(*2)			
	Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>The parent company</b>						
POSCO HOLDINGS INC. (*5)	₩ 18,725	325	-	75	-	1,002,676
<b>Associates and joint ventures</b>						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	34,403	-	782	-	-	-
POSCO Vietnam Processing Center. Co., Ltd	118,446	-	950	-	-	292
POS-SeAH Steel Wire (Thailand) Co., Ltd.	17,545	-	63	-	-	-
Others	1,885	-	406	-	-	-
	<u>172,279</u>	<u>-</u>	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>292</u>
<b>Other related parties(*3,4)</b>						
POSCO Eco & Challenge Co., Ltd.	123,094	3	-	807,046	101	35,657
POSCO DX (*6)	31,623	63	775	327,714	49,750	148,323
POSCO WIDE Co., Ltd.	11,567	59	575	262	17,894	36,751
POSCO FUTURE M CO., LTD.	397,530	161	414,635	38,926	172,979	12,487
POSCO FLOW CO., LTD. (*7)	11,510	93	532,060	2	10,010	951,497
SNMC	16,131	12	215,278	-	-	19
POSCO Mobility Solution Corporation	600,992	1	4,061	2,594	39,456	501
eSteel4U	442,827	-	116	-	-	236
POSCO INTERNATIONAL Corporation	8,556,964	5	2,680,017	-	753	21,262
POSCO Canada Ltd.	-	1,020	26,700	-	-	-
POSCO Maharashtra Steel Private Limited	710,991	60	-	-	-	854
POSCO (Guangdong) Automotive Steel Co., Ltd	201,427	-	2,289	-	-	-
POSCO VST CO., LTD.	151,944	-	2,488	-	-	31
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	2,124	1,346,486	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	288,183	2,591	-	-	-	-
Roy Hill Holdings Pty Ltd	-	9,680	1,362,453	-	-	-
Others	1,110,637	1,317	626,878	211,581	16,023	108,710
	<u>12,655,420</u>	<u>17,189</u>	<u>7,214,811</u>	<u>1,388,125</u>	<u>306,966</u>	<u>1,316,328</u>
₩	<u>12,846,424</u>	<u>17,514</u>	<u>7,217,012</u>	<u>1,388,200</u>	<u>306,966</u>	<u>2,319,296</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 September 30, 2024, the Group has provided financial guarantees to related parties (Note 19-(a)-2)).

(\*5) Others (purchase) include dividends paid to POSCO HOLDINGS INC. during the nine-month period ended September 30, 2024, as well as 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 September 30, 2024 and 2023 (Unaudited)

#### 2) For the nine-month period ended September 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
<b>The parent company</b>						
POSCO HOLDINGS INC. (*5)	₩ 14,598	47	-	-	-	442,427
<b>Associates and joint ventures</b>						
POSCO-SAMSUNG-SLOVAKIA PROCESSING CENTER	38,603	-	32	-	-	-
POSCO Vietnam Processing Center. Co.,Ltd(*8)	116,681	-	847	-	-	350
POS-SeAH Steel Wire (Thailand) Co., Ltd.	17,162	-	44	-	-	-
Others	3,725	24	354	-	-	5
	<u>176,171</u>	<u>24</u>	<u>1,277</u>	<u>-</u>	<u>-</u>	<u>355</u>
<b>Other related parties(*3,4)</b>						
POSCO Eco & Challenge Co., Ltd.	165,049	46	4	630,833	-	10,698
POSCO DX (*6)	19,306	18	2,069	312,443	49,223	142,696
POSCO WIDE Co., Ltd.	8,605	28	100	3,604	19,542	25,747
POSCO FUTURE M CO., LTD.	373,930	129	428,662	52,379	180,801	9,194
POSCO FLOW CO., LTD.(*7)	13,527	35	424,207	-	15,274	896,516
SNNC	15,129	4	351,357	-	-	50
POSCO Mobility Solution Corporation	756,986	-	2,179	483	28,298	2,061
eSteel4U	425,749	-	-	-	-	263
POSCO INTERNATIONAL Corporation	8,725,290	34	1,864,917	-	5,007	20,626
POSCO Canada Ltd.	-	-	348,130	-	-	-
POSCO MEXICO S.A. DE C.V.(*9)	408,172	356	-	-	-	1,526
POSCO Maharashtra Steel Private Limited	714,443	-	-	-	-	1,229
POSCO(Guangdong) Automotive Steel Co.,Ltd	145,139	-	1,084	-	-	-
POSCO VST CO., LTD.	122,946	3	-	-	-	21
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	1	1,276,280	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	139,275	466	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	1,238,864	-	-	-
Others(*10)	606,536	1,338	330,308	43,549	519	84,382
	<u>12,640,082</u>	<u>2,458</u>	<u>6,268,161</u>	<u>1,043,291</u>	<u>298,664</u>	<u>1,195,009</u>
₩	<u>12,830,851</u>	<u>2,529</u>	<u>6,269,438</u>	<u>1,043,291</u>	<u>298,664</u>	<u>1,637,791</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 September 30, 2023, the Group has provided financial guarantees to related parties (see Note 19).

(\*5) Others (purchase) include dividends paid to POSCO HOLDINGS INC. during the nine-month period ended September 30, 2023, as well as 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.

(\*9) During the nine-month period ended September 30, 2023, the entities were newly included in subsidiaries due to acquisition from POSCO HOLDINGS INC., and the following transaction details occurred prior to the inclusion.

(\*10) Includes transaction that occurred before the inclusion of newly acquired subsidiaries.

# POSCO and its subsidiaries

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

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

### 1) September 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
<b>The parent company</b>								
POSCO HOLDINGS INC.	₩ 1,192	-	39,708	40,900	-	79,133	95,716	174,849
<b>Associates and joint ventures</b>								
POSCO Vietnam Processing Center. Co.,Ltd	14,040	-	4	14,044	43	16	54	113
POS-SeAH Steel Wire (Thailand) Co., Ltd.	5,919	-	-	5,919	1	-	-	1
Others	774	-	30	804	53	-	-	53
	<u>20,733</u>	<u>-</u>	<u>34</u>	<u>20,767</u>	<u>97</u>	<u>16</u>	<u>54</u>	<u>167</u>
<b>Other related parties</b>								
POSCO Eco & Challenge Co., Ltd.	27,153	-	14	27,167	-	47,074	3,287	50,361
POSCO DX	6,745	-	47	6,792	793	50,330	20,644	71,767
POSCO WIDE Co., Ltd.	1,076	-	1,323	2,399	-	4,005	6,360	10,365
POSCO FUTURE M CO., LTD.	46,416	-	4,241	50,657	42,377	14,161	23,595	80,133
POSCO FLOW CO., LTD.	851	-	234	1,085	104,908	9,013	45,082	159,003
SNNC	2,287	-	57	2,344	8,501	-	7	8,508
POSCO Mobility Solution Corporation	126,993	-	-	126,993	1,476	2,055	4,874	8,405
eSteel4U	151,279	-	-	151,279	-	-	-	-
POSCO INTERNATIONAL Corporation	904,413	-	334	904,747	813,296	3,533	4,875	821,704
POSCO Maharashtra Steel Private Limited	462,347	-	1,231	463,578	-	-	8	8
POSCO(Guangdong) Automotive Steel Co., Ltd.	51,786	-	-	51,786	421	-	-	421
POSCO VST CO., LTD.	70,488	-	454	70,942	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	78	78	162,326	-	-	162,326
POSCO ASSAN TST STEEL INDUSTRY	288,892	-	173	289,065	-	-	-	-
Roy Hill Holdings Pty Ltd	-	-	1,101	1,101	204,841	-	-	204,841
Others	91,769	36,980	22,259	151,008	77,332	42,808	297,888	418,028
	<u>2,232,495</u>	<u>36,980</u>	<u>31,546</u>	<u>2,301,021</u>	<u>1,416,271</u>	<u>172,979</u>	<u>406,620</u>	<u>1,995,870</u>
₩	<u>2,254,420</u>	<u>36,980</u>	<u>71,288</u>	<u>2,362,688</u>	<u>1,416,368</u>	<u>252,128</u>	<u>502,390</u>	<u>2,170,886</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
<b>The parent company</b>								
POSCO HOLDINGS INC.	₩ 1,432	-	36,538	37,970	3,582	111,082	137,876	252,540
<b>Associates and joint ventures</b>								
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>
<b>Other related parties</b>								
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 September 30, 2024 and 2023 (Unaudited)

(d) Significant borrowing transactions with the Group's related parties for the nine-month period ended September 30, 2024 and the year ended December 31, 2023 are as follows:

1) For the nine-month period ended September 30, 2024

<i>(in millions of Won)</i>		Transaction	Beginning	Increase	Decrease	Others(*1)	Ending
<b>Other related parties</b>							
	POSCO Asia CO., LTD.	Short-term borrowings	₩ 203,886	113,792	(220,855)	140,370	237,193
	POSCO-China Holding Corp.	Short-term borrowings	17,798	71,117	(64,857)	79	24,137
	POSCO MPPC S.A. de C.V.	Short-term borrowings	6,785	38,132	(24,743)	1,615	21,789
			₩ 228,469	223,041	(310,455)	142,064	283,119

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

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Transaction	Beginning	Increase	Decrease	Others(*1)	Ending
<b>Other related parties</b>							
	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
			₩ 130,836	308,734	(210,745)	(356)	228,469

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

(e) Key loan transactions with the Group's related parties for the nine-month period ended September 30, 2024 and the year ended December 31, 2023 are as follows:

1) For the nine-month period ended September 30, 2024

<i>(in millions of Won)</i>		Transaction	Beginning	Increase	Decrease	Others	Ending
<b>Other related parties</b>							
	POSCO-India Pune Processing Center. Pvt. Ltd.	Short-term loans	₩ 31,069	71,934	(102,926)	(77)	-
	POSCO INDIA PROCESSING CENTER PRIVATE LIMITED	Short-term loans	171	41,327	(17,641)	1,270	25,127
	POSCO-China Holding Corp.	Short-term loans	308	30,800	(31,088)	(20)	-
	POSCO Asia CO., LTD.	Short-term loans	-	13,703	-	189	13,892
			₩ 31,548	157,764	(151,655)	1,362	39,019

2) For the year ended December 31, 2023

<i>(in millions of Won)</i>		Transaction	Beginning	Increase	Decrease	Ending
<b>Other related parties</b>						
	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	171
	POSCO-China Holding Corp.	Short-term loans		-	308	308
			₩ 44,926	47,159	(60,537)	31,548

## POSCO and its subsidiaries

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

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

<i>(in millions of Won)</i>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Short-term benefits	₩ 45,079	52,655
Long-term benefits	300	237
Retirement benefits	<u>10,766</u>	<u>14,536</u>
	<u>₩ 56,145</u>	<u>67,428</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 September 30, 2024 and 2023 (Unaudited)

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#### 30. Commitments and Contingencies

##### (a) Other commitments

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

<b>Company</b>	<b>Description</b>
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 September 30, 2024, 30 million tons of iron ore and 9 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 September 30, 2024, there are 36 vessels under contract and the average remaining contract period is about 6 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.</p> <p>As of September 30, 2024, the Company has entered into supply chain finance agreements which have a limit of USD 1,110 million with SMBC and four other financial institutions.</p>

## POSCO and its subsidiaries

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

#### (b) Litigation in progress

The Group is involved in 178 lawsuits collectively amounting to ₩ 437.7 billion as defendant as of September 30, 2024, which arise in 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 September 30, 2024.

#### (c) The Company was spun off from POSCO HOLDINGS INC. and newly incorporated with March 1, 2022 as the date of spin-off, and the Company is jointly liable for the liabilities of POSCO HOLDINGS INC. under Article 530(9)(1) of the *Commercial Act* of the Republic of Korea.

## 31. Statements of Cash Flows

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

<i>(in millions of Won)</i>		<u>September 30, 2024</u>	<u>September 30, 2023</u>
Trade accounts and notes receivable	₩	298,081	(340,014)
Other receivables		(193,397)	95,222
Inventories		208,402	1,085,690
Other current assets		(36,044)	(53,142)
Other non-current assets		46,126	14,131
Trade accounts and notes payable		(143,032)	(757,591)
Other payables		(34,911)	(228,743)
Other current liabilities		48,634	5,965
Provisions		(15,489)	(33,295)
Payments of severance benefits		(144,820)	(88,543)
Plan assets		61,129	58,119
Other non-current liabilities		(27,028)	(17,348)
	₩	<u>67,651</u>	<u>(259,549)</u>

## 32. 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 a segment and assess its performance. The Group consists of a single segment, which is the steel segment.

## **POSCO and its subsidiaries**

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

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#### **33. Events after the Reporting Period**

(a) The Company decided to acquire the shares of POSCO Maharashtra Steel Private Limited, POSCO INDIA PROCESSING CENTER PRIVATE LIMITED, POSCO-India Pune Processing Center Pvt. Ltd., and POSCO ASSAN TST STEEL INDUSTRY INC. from POSCO HOLDINGS INC. to improve management efficiency of the steel business, as a follow-up to the vertical spin-off in March 2022. The acquisition was approved by the Board of Directors on November 8, 2024.

(b) On November 10, 2024, a fire broke out at No.3 FINEX plant. The Company is investigating the amount of damage and the insurance coverage by the insurance policy.