

# **POSCO HOLDINGS INC. and Subsidiaries**

**Condensed Consolidated Interim Financial Statements  
(Unaudited)  
June 30, 2023**

**(With Independent Auditors' Review Report Thereon)**

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## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Shareholders  
POSCO HOLDINGS INC.:

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of POSCO HOLDINGS INC. and its subsidiaries (the "Company"), which comprise the condensed consolidated interim statement of financial position as of June 30, 2023, the condensed consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2023 and 2022, the condensed consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2023 and 2022, and notes, comprising a summary of material accounting policy information and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 1034 "Interim Financial Reporting," and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' review responsibility**

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

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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



### **Other matters**

The consolidated statement of financial position of the Company as of December 31, 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 9, 2023, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Company as of December 31, 2022, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

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

*KPMG Samjony Accounting Corp.*

Seoul, Korea  
August 11, 2023

This report is effective as of August 11, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Condensed Consolidated Interim Statements of Financial Position**  
**As of June 30, 2023 and December 31, 2022**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>			
Cash and cash equivalents	21	₩ 6,350,140	8,053,108
Trade accounts and notes receivable, net	4,21,26,27,34	11,498,053	9,769,553
Other receivables, net	5,21,34	2,326,117	2,112,697
Other short-term financial assets	6,21	13,592,490	10,909,920
Inventories	7	15,028,089	15,472,417
Current income tax assets		49,963	243,829
Assets held for sale	8	864	12,003
Other current assets	14	<u>1,163,188</u>	<u>1,075,939</u>
<b>Total current assets</b>		<u>50,008,904</u>	<u>47,649,466</u>
Long-term trade accounts and notes receivable, net	4,21	34,556	24,033
Other receivables, net	5,21	1,477,926	1,520,331
Other long-term financial assets	6,21	2,692,873	2,332,538
Investments in associates and joint ventures	9	4,942,862	4,996,551
Investment property, net	11	1,620,598	1,074,031
Property, plant and equipment, net	12	33,384,658	31,781,195
Intangible assets, net	13	4,926,718	4,838,451
Defined benefit assets, net	19	493,012	520,659
Deferred tax assets		3,336,959	3,502,152
Other non-current assets	14	<u>159,686</u>	<u>167,374</u>
<b>Total non-current assets</b>		<u>53,069,848</u>	<u>50,757,315</u>
<b>Total assets</b>		<u>₩ 103,078,752</u>	<u>98,406,781</u>

See accompanying notes to the condensed consolidated interim financial statement.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Condensed Consolidated Interim Statements of Financial Position, Continued**  
**As of June 30, 2023 and December 31, 2022**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Liabilities</b>			
Trade accounts and notes payable	21,34	₩ 5,716,328	5,520,807
Short-term borrowings and current installments of long-term borrowings	4,15,21	10,895,793	11,915,994
Other payables	16,21,34	2,704,442	2,865,868
Other short-term financial liabilities	17,21	53,866	106,527
Current income tax liabilities		272,065	502,685
Liabilities directly associated with the assets held for sale	8	-	5
Provisions	18,35	510,973	515,988
Other current liabilities	20,26,27	1,582,147	1,760,316
<b>Total current liabilities</b>		<u>21,735,614</u>	<u>23,188,190</u>
Long-term trade accounts and notes payable	21	-	15
Long-term borrowings, excluding current installments	15,21	16,794,743	12,389,667
Other payables	16,21	864,277	790,402
Other long-term financial liabilities	17,21	81,768	87,052
Defined benefit liabilities, net	19	83,750	37,707
Deferred tax liabilities		3,009,221	2,924,552
Long-term provisions	18,35	506,863	579,918
Other non-current liabilities	20,26	122,680	151,877
<b>Total non-current liabilities</b>		<u>21,463,302</u>	<u>16,961,190</u>
<b>Total liabilities</b>		<u>43,198,916</u>	<u>40,149,380</u>
<b>Equity</b>			
Share capital	22	482,403	482,403
Capital surplus	22	1,649,269	1,400,832
Reserves	24	63,409	(443,990)
Treasury shares	25	(1,886,444)	(1,892,308)
Retained earnings		54,032,720	52,965,179
<b>Equity attributable to owners of the controlling company</b>		<u>54,341,357</u>	<u>52,512,116</u>
<b>Non-controlling interests</b>	23	5,538,479	5,745,285
<b>Total equity</b>		<u>59,879,836</u>	<u>58,257,401</u>
<b>Total liabilities and equity</b>		<u>₩ 103,078,752</u>	<u>98,406,781</u>

See accompanying notes to the condensed consolidated interim financial statements.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Condensed Consolidated Interim Statements of Comprehensive Income**  
**For the three-month and six-month periods ended June 30, 2023 and 2022**  
**(Unaudited)**

	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2023	2022	2023	2022
<i>(in millions of Won, except per share information)</i>					
<b>Revenue</b>	26,27,34,37 ₩	20,121,371	23,010,054	39,502,249	44,348,124
<b>Cost of sales</b>	7,27,31,34	(18,087,528)	(20,276,914)	(36,094,970)	(38,686,219)
<b>Gross profit</b>		2,033,843	2,733,140	3,407,279	5,661,905
Selling and administrative expenses	31,34				
Reversal of (impairment loss on) trade accounts and notes receivable		(7,670)	877	(11,100)	(5,042)
Other administrative expenses	28	(643,397)	(579,926)	(1,245,395)	(1,168,951)
Selling expenses	28	(56,547)	(55,857)	(119,852)	(132,028)
<b>Operating profit</b>		1,326,229	2,098,234	2,030,932	4,355,884
Share of profit of equity-accounted investees, net	9	67,916	193,733	181,715	441,713
Finance income and costs	21,29				
Finance income		977,259	1,581,536	2,660,809	2,438,721
Finance costs		(1,138,635)	(1,531,127)	(2,711,477)	(2,533,112)
Other non-operating income and expenses	34				
Reversal of (impairment loss on) other receivables		(3,098)	1,391	(10,594)	988
Other non-operating income	30	35,634	118,723	312,395	296,728
Other non-operating expenses	30,31	(235,408)	(124,956)	(432,626)	(199,380)
<b>Profit before income tax</b>	37	1,029,897	2,337,534	2,031,154	4,801,542
Income tax expense	32,37	(253,932)	(538,592)	(414,884)	(1,095,716)
<b>Profit</b>		775,965	1,798,942	1,616,270	3,705,826
<b>Other comprehensive income (loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Capital adjustment arising from investments in equity-accounted investees		(77)	(93)	1,747	4,285
Foreign currency translation differences		(17,817)	20,219	38,081	29,775
Remeasurements of defined benefit plans	19	12,148	29,370	(17,166)	(39,954)
Net changes in fair value of equity investments at fair value through	21	7,853	(229,110)	149,866	(124,689)
Items that are or may be reclassified subsequently to profit or loss:					
Capital adjustment arising from investments in equity-accounted investees		(16,924)	51,148	212,274	213,802
Foreign currency translation differences		(70,574)	165,025	178,470	344,919
Gains or losses on valuation of derivatives	21	(241)	(319)	(1,180)	(268)
<b>Other comprehensive income (loss), net of tax</b>		(85,632)	36,240	562,092	427,870
<b>Total comprehensive income</b>	₩	690,333	1,835,182	2,178,362	4,133,696
<b>Profit attributable to:</b>					
Owners of the controlling company	₩	689,733	1,588,430	1,416,152	3,300,042
Non-controlling interests		86,232	210,512	200,118	405,784
<b>Profit</b>	₩	775,965	1,798,942	1,616,270	3,705,826
<b>Total comprehensive income attributable to:</b>					
Owners of the controlling company	₩	616,916	1,580,727	1,942,180	3,664,294
Non-controlling interests		73,417	254,455	236,182	469,402
<b>Total comprehensive income</b>	₩	690,333	1,835,182	2,178,362	4,133,696
<b>Earnings per share (in Won)</b>	33				
Basic earnings per share (in Won)		9,090	20,942	18,667	43,533
Diluted earnings per share (in Won)	₩	9,090	19,321	18,667	40,994

See accompanying notes to the condensed consolidated interim financial statements.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
**For the six-month periods ended June 30, 2023 and 2022**  
**(Unaudited)**

(in millions of Won)

	Attributable to owners of the controlling company						Non-controlling interests	Total
	Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings		
<b>Balance as of January 1, 2022</b>	₩ 482,403	1,387,960	199,384	(666,985)	(2,508,294)	51,532,887	50,427,355	54,804,943
<b>Comprehensive income:</b>								
Profit	-	-	-	-	-	3,300,042	3,300,042	3,705,826
Other comprehensive income (loss)								
Remeasurements of defined benefit plans, net of tax	-	-	-	-	-	(60,088)	(60,088)	(39,954)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	-	203,853	-	-	203,853	218,087
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(126,538)	-	1,849	(124,689)	(124,689)
Foreign currency translation differences, net of tax	-	-	-	344,918	-	-	344,918	374,694
Gains or losses on valuation of derivatives, net of tax	-	-	-	258	-	-	258	(268)
<b>Total comprehensive income</b>	-	-	-	422,491	-	3,241,803	3,664,294	4,133,696
<b>Transactions with owners of the controlling company, recognized directly in equity:</b>								
Year-end dividends	-	-	-	-	-	(378,128)	(378,128)	(459,436)
Interim dividends	-	-	-	-	-	(303,397)	(303,397)	(303,397)
Changes in subsidiaries	-	-	-	-	-	-	-	406,554
Changes in ownership interest in subsidiaries	-	(8,835)	-	-	-	-	(8,835)	130,191
Interest of hybrid bonds	-	-	-	-	-	(1,487)	(1,487)	(6,732)
Changes from spin-off	-	-	(199,384)	-	-	-	(199,384)	199,384
Disposal of treasury shares	-	9,491	-	-	48,513	-	58,004	58,004
Others	-	(35)	-	-	-	(2,259)	(2,294)	(4,013)
<b>Total transactions with owners of the controlling company</b>	-	621	(199,384)	-	48,513	(685,271)	(835,521)	(189,151)
<b>Balance as of June 30, 2022</b>	₩ 482,403	1,388,581	-	(244,494)	(2,459,781)	54,089,419	53,256,128	58,749,488

See accompanying notes to the condensed consolidated interim financial statements.



**POSCO HOLDINGS INC. and Subsidiaries**  
**Condensed Consolidated Interim Statements of Changes in Equity, Continued**  
**For the six-month periods ended June 30, 2023 and 2022**  
**(Unaudited)**

(in millions of Won)

	Attributable to owners of the controlling company					Non-controlling interests	Total	
	Share capital	Capital surplus	Reserves	Treasury shares	Retained earnings			Subtotal
<b>Balance as of January 1, 2023</b>	₩ 482,403	1,400,832	(443,990)	(1,892,308)	52,965,179	52,512,116	5,745,285	58,257,401
<b>Comprehensive income:</b>								
Profit	-	-	-	-	1,416,152	1,416,152	200,118	1,616,270
Other comprehensive income (loss)								
Remeasurements of defined benefit plans, net of tax	-	-	-	-	(9,185)	(9,185)	(7,981)	(17,166)
Capital adjustment arising from investments in equity-accounted investees, net of tax	-	-	207,592	-	-	207,592	6,429	214,021
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	149,399	-	467	149,866	-	149,866
Foreign currency translation differences, net of tax	-	-	178,470	-	-	178,470	38,081	216,551
Gains or losses on valuation of derivatives, net of tax	-	-	(715)	-	-	(715)	(465)	(1,180)
<b>Total comprehensive income</b>	-	-	534,746	-	1,407,434	1,942,180	236,182	2,178,362
<b>Transactions with owners of the controlling company, recognized directly in equity:</b>								
Year-end dividends	-	-	-	-	(151,698)	(151,698)	(93,390)	(245,088)
Interim dividends	-	-	-	-	(189,692)	(189,692)	-	(189,692)
Changes in ownership interest in subsidiaries	-	247,717	(27,263)	-	-	220,454	(140,060)	80,394
Interest of hybrid bonds	-	-	-	-	-	-	(7,726)	(7,726)
Repayment of hybrid bonds	-	-	-	-	-	-	(199,837)	(199,837)
Disposal of treasury shares	-	4,083	-	5,864	-	9,947	-	9,947
Share based payments	-	(4,037)	-	-	-	(4,037)	-	(4,037)
Others	-	674	(84)	-	1,497	2,087	(1,975)	112
<b>Total transactions with owners of the controlling company</b>	-	248,437	(27,347)	5,864	(339,893)	(112,939)	(442,988)	(555,927)
<b>Balance as of June 30, 2023</b>	₩ 482,403	1,649,269	63,409	(1,886,444)	54,032,720	54,341,357	5,538,479	59,879,836

See accompanying notes to the condensed consolidated interim financial statements.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the six-month periods ended June 30, 2023 and 2022**  
**(Unaudited)**

(in millions of Won)

	<u>Notes</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Cash flows from operating activities</b>			
Profit	₩	1,616,270	3,705,826
Adjustments for:			
Depreciation		1,645,824	1,571,178
Amortization		242,477	226,033
Finance income		(1,611,324)	(1,363,722)
Finance costs		1,672,318	1,219,391
Income tax expense		414,884	1,095,716
Impairment loss on property, plant and equipment		143,257	3
Gain on disposal of property, plant and equipment		(5,499)	(13,760)
Loss on disposal of property, plant and equipment		67,666	65,101
Impairment loss on goodwill and other intangible assets		4,772	200
Gain on disposal of investments			
in subsidiaries, associates and joint ventures		(184,844)	(11,912)
Loss on disposal of investments			
in subsidiaries, associates and joint ventures		4,401	-
Share of profit of equity-accounted investees		(181,715)	(441,713)
Gain on disposal of assets held for sale		-	(54,532)
Expenses related to post-employment benefit		99,210	115,473
Impairment loss on trade and other receivables		21,695	4,054
Loss on valuation of inventories		97,107	114,936
Increase (decrease) to provisions		(7,019)	61,279
Others, net		62,916	(25,951)
		<u>2,486,126</u>	<u>2,561,774</u>
Changes in operating assets and liabilities	36	(1,886,839)	(4,145,572)
Interest received		201,354	199,623
Interest paid		(440,945)	(226,514)
Dividends received		271,380	369,076
Income taxes paid		(122,084)	(2,180,561)
Net cash provided by operating activities	₩	<u>2,125,262</u>	<u>283,652</u>

See accompanying notes to the condensed consolidated interim financial statements.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Condensed Consolidated Interim Statements of Cash Flows, Continued**  
**For the six-month periods ended June 30, 2023 and 2022**  
**(Unaudited)**

(in millions of Won)

	<u>Notes</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Cash flows from investing activities</b>			
Acquisitions of short-term financial instruments	₩	(34,134,800)	(38,456,950)
Proceeds from disposal of short-term financial instruments		32,036,199	39,710,406
Increase in loans		(362,714)	(599,981)
Collection of loans		445,266	776,751
Acquisitions of securities		(220,744)	(297,201)
Proceeds from disposal of securities		111,830	78,420
Acquisitions of long-term financial instruments		(3,059)	(15,669)
Acquisitions of investment in associates and joint ventures		(84,384)	(372,964)
Proceeds from disposal of investment in associates and joint ventures		3,768	16,219
Acquisitions of investment property		(55,873)	(569)
Proceeds from investment property		496	-
Acquisitions of property, plant and equipment		(2,967,040)	(1,791,308)
Proceeds from disposal of property, plant and equipment		(6,029)	(6,235)
Acquisitions of intangible assets		(187,383)	(251,775)
Proceeds from disposal of intangible assets		25,400	2,632
Proceeds from disposal of assets held for sale		1,446	99,141
Collection of lease receivables		25,878	31,355
Cash outflow from business combination, net of cash acquired		(150,201)	(761,093)
Others, net		5,621	1,494
Net cash used in investing activities		<u>(5,516,323)</u>	<u>(1,837,327)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		5,248,527	1,276,194
Repayment of borrowings		(2,587,013)	(1,264,164)
Proceeds from (repayment of) short-term borrowings, net		(474,083)	2,797,930
Capital contribution from non-controlling interests		113,817	541,993
Payment of cash dividends		(426,895)	(759,470)
Repayment of hybrid bonds		(200,000)	-
Payment of interest of hybrid bonds		(8,204)	(8,204)
Repayment of lease liabilities		(101,696)	(168,075)
Others, net		72,814	(27,791)
Net cash provided by financing activities		<u>1,637,267</u>	<u>2,388,413</u>
<b>Effect of exchange rate fluctuation on cash held</b>		<u>50,652</u>	<u>159,570</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		(1,703,142)	994,308
<b>Cash and cash equivalents at beginning of the period</b>	8	<u>8,053,282</u>	<u>4,775,720</u>
<b>Cash and cash equivalents at end of the period</b>	₩	<u>6,350,140</u>	<u>5,770,028</u>

See accompanying notes to the condensed consolidated interim financial statements.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As of June 30, 2023**  
**(Unaudited)**

**1. General Information**

General information about POSCO HOLDINGS INC., its 51 domestic subsidiaries including POSCO, 136 foreign subsidiaries including POSCO America Corporation (collectively “the Company”) and its 126 associates and joint ventures are as follows:

(a) The controlling company

POSCO HOLDINGS INC., the controlling company, was established on April 1, 1968, under the Commercial Code of the Republic of Korea. The shares of the Company have been listed on the Korea Exchange since June 10, 1988. The Company operates an investment business that controls and manages through ownership of shares of subsidiaries etc.

On March 2, 2022, the Company established a new subsidiary, POSCO, by a vertical spinoff of its steel business (The surviving company owns 100% of shares) on March 1, 2022, and changed the name of the surviving company to POSCO HOLDINGS INC..

As of June 30, 2023, the shares of the Company are listed on the Korea Exchange, while its ADRs are listed on the New York Stock Exchanges.

(b) Consolidated subsidiaries acquired or newly established during the six-month period ended June 30, 2023, were as follows:

<b>Company</b>	<b>Date of inclusion</b>	<b>Ownership (%)</b>	<b>Reason</b>
QSONE Co.,Ltd.	March 2023	100.00	Reclassification from associate
POSCO PS Tech	April 2023	100.00	New establishment
POSCO PR Tech	April 2023	100.00	New establishment
POSCO PH Solution	April 2023	100.00	New establishment
POSCO GYS Tech	April 2023	100.00	New establishment
POSCO GYR Tech	April 2023	100.00	New establishment
POSCO GY Solution	April 2023	100.00	New establishment
PT AGPA REFINERY COMPLEX	May 2023	100.00	New establishment
Port Hedland Green Steel Pty Ltd	June 2023	100.00	New establishment

(c) Subsidiaries for which the Company has lost control during the six-month period ended June 30, 2023 are as follows:

<b>Company</b>	<b>Date of exclusion</b>	<b>Reason</b>
POSCO ENERGY CO., LTD.	January 2023	Merged into POSCO INTERNATIONAL Corporation(*1)
POS-CD PTY LTD	January 2023	Liquidation

(\*1) As a result of the merger transaction, the ownership of the Company in POSCO INTERNATIONAL Corporation increased from 62.92% to 73.21%.

**POSCO HOLDINGS INC. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of June 30, 2023**  
**(Unaudited)**

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**2. Statement of Compliance**

**Statement of compliance**

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

These condensed consolidated interim financial statements have been prepared in accordance with K-IFRS No. 1034 “Interim Financial Reporting” as part of the period covered by the Company’s K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as of and for the year ended December 31, 2022. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

**Use of estimates and judgments**

(a) Judgments, assumptions and estimation uncertainties

The preparation of the condensed consolidated interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

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

(b) Measurement of fair value

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

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

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

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

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

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

### **3. Summary of Material Accounting Policy Information**

Except as described in K-IFRS No. 1034 "Interim Financial Reporting" and below, the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2022.

#### **Changes in accounting policies**

Except for the standards and amendments applied for the first time for the reporting period beginning on January 1, 2023 described below, the accounting policies applied by the Company in these financial statements are the same as those applied by the Company in its financial statements as of and for the year ended December 31, 2022.

- (a) K-IFRS No. 1012 "Income Tax" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

From January 1, 2023, the Company has applied the amendments related to deferred tax arising from assets and liabilities in a single transaction under K-IFRS No. 1012 "Income Tax". The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. The Company recognized deferred tax assets for lease liabilities and deferred tax liabilities for right-of-use assets, respectively, and there is no impact on the statement of financial position as the requirements for offsetting are met in accordance with K-IFRS No. 1012 "Income Tax".

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- (b) K-IFRS No. 1001 "Presentation of Financial Statements" – Disclosure of Accounting Policies

Material accounting policy information is defined as information that is expected to influence the decision-making of primary users of financial statements considering with other information included in the financial statements, and is required to be disclosed. The Company plans to selectively disclose material accounting policies in the annual financial statements for the year ending December 31, 2023.

- (c) K-IFRS No. 1008 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates

For accounting estimates defined as monetary amounts in the financial statements, a change in measurement methods or inputs are clarified as changes in accounting estimates unless they result from the correction of prior period errors. The amendment is applied prospectively to the changes in accounting estimates that occur after the effective date. The amendments did not have any impact on the consolidated financial statements.

**New standards and interpretations not yet adopted**

A number of new standards are effective for annual periods beginning after January 1, 2023 and earlier application is permitted but the Company has not early adopted the new or amended standards in preparing these financial statements.

- (a) K-IFRS No. 1001 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-current

The amendment clarifies that the classification of current and non-current liabilities is determined by the right to defer settlement of the liability for more than 12 months after the end of the reporting period, and in order for the debtor to have the "right to defer settlement of the liability", the condition of complying with the contract must be met at the end of the reporting period. In addition, the classification of liabilities is not affected by the possibility of exercising the right to defer settlement of the liability for more than 12 months after the end of the reporting period, and the amendment clarifies that settlement of a liability includes transferring a company's own equity instruments to the counterparty. The amendment is effective for annual periods beginning on or after January 1, 2024. Early application is permitted. The Company does not expect the effect of the amendments to the financial statements to be significant.

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(b) K-IFRS No. 1012 “Income Tax” – Global Minimum Top – Up Tax

The International Accounting Standards Board (IASB) issued amendments to IAS 12 “Income Tax” on May 23, 2023 that provided a temporary mandatory exception from accounting for deferred tax arising from legislation implementing the Pillar Two taxes and new disclosure requirements in the annual financial statements. The Korea Accounting Standards Board (KASB) is currently preparing an amendment to K-IFRS No. 1012 “Income Tax”. In 2022, the corporate income tax law in the Republic of Korea was amended to reflect the global minimum top-up tax of the Pillar Two Model Rules and will be effective for fiscal years starting on or after January 1, 2024. However, as of June 30, 2023, the enforcement decree of the related law has not yet been enacted. Therefore, it is determined that the related law has not been substantively enacted due to the insufficient legislation to calculate the global minimum top-up tax.

The Company is closely monitoring developments related to the implementation of the international tax reforms introducing the global minimum top-up tax. However, since none of the jurisdictions in which the Company operates has enacted or substantively enacted the tax legislation related to the top-up tax at the date when the accompanying interim financial statements were authorized for issue, there is no impact on the Company’s condensed interim financial statements. In light of the exception from the deferred tax accounting, the Company’s management is focusing its assessment on the potential current tax impacts of the top-up tax. Once changes to the tax laws in any jurisdiction in which the Company operates are enacted or substantively enacted, the Company may be subject to the top-up tax.



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**4. Trade Accounts and Notes Receivable**

Trade accounts and notes receivable as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Current</b>		
Trade accounts and notes receivable	₩ 10,069,344	8,696,067
Due from customers for contract work	1,766,125	1,407,278
Less: Allowance for doubtful accounts	(337,416)	(333,792)
	<u>₩ 11,498,053</u>	<u>9,769,553</u>
<b>Non-current</b>		
Trade accounts and notes receivable	₩ 84,510	68,342
Less: Allowance for doubtful accounts	(49,954)	(44,309)
	<u>₩ 34,556</u>	<u>24,033</u>

The Company sold trade accounts and notes receivable with recourse to financial institutions. This transaction has a right of recourse because the Company has an obligation to pay the amount to financial institutions if the relevant receivables are not collected at maturity, so the transaction was recognized as secured borrowings. As of June 30, 2023, and December 31, 2022, the carrying amounts of such secured borrowings are ₩210,478 million and ₩215,133 million, respectively, which are presented in the statements of financial position as the short-term borrowings.

**5. Other Receivables**

Other receivables as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Current</b>		
Short-term loans	₩ 352,637	278,346
Other accounts receivable	1,522,696	1,381,804
Accrued income	405,738	334,741
Deposits	81,072	131,468
Others	19,851	23,201
Lease receivables	34,120	46,764
Less: Allowance for doubtful accounts	(89,997)	(83,627)
	<u>₩ 2,326,117</u>	<u>2,112,697</u>
<b>Non-current</b>		
Long-term loans	₩ 1,060,284	1,082,139
Other accounts receivable	225,795	237,161
Accrued income	109,028	121,783
Deposits	277,905	292,722
Lease receivables	66,226	55,312
Less: Allowance for doubtful accounts	(261,312)	(268,786)
	<u>₩ 1,477,926</u>	<u>1,520,331</u>

**POSCO HOLDINGS INC. and Subsidiaries**  
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**6. Other Financial Assets**

Other financial assets as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Current</b>		
Derivatives assets	₩ 238,482	223,771
Debt securities	196,210	121,122
Deposit instruments(*1)	5,661,734	2,558,946
Short-term financial instruments(*1)	7,496,064	8,006,081
	<u>₩ 13,592,490</u>	<u>10,909,920</u>
<b>Non-current</b>		
Derivatives assets	₩ 248,933	136,224
Equity securities(*2)	1,719,440	1,462,088
Debt securities	80,053	78,901
Other securities(*2)	619,855	632,469
Deposit instruments(*1)	24,592	22,856
	<u>₩ 2,692,873</u>	<u>2,332,538</u>

(\*1) As of June 30, 2023 and December 31, 2022, financial instruments amounting to ₩98,534 million and ₩73,192 million, respectively, are restricted in use for financial arrangements, pledge and others.

(\*2) As of June 30, 2023 and December 31, 2022, ₩182,970 million and ₩153,640 million of equity and other securities, respectively, have been provided as collateral for borrowings, construction projects and others.

**7. Inventories**

Inventories as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Finished goods	₩ 2,743,001	2,508,370
Merchandise	1,014,839	1,237,203
Semi-finished goods	2,950,466	3,453,150
Raw materials	3,752,032	4,171,049
Fuel and materials	1,240,795	1,109,100
Construction inventories	359,474	470,790
Materials-in-transit	3,028,336	2,738,439
Others	126,997	100,873
	<u>15,215,940</u>	<u>15,788,974</u>
Less: Allowance for inventories valuation	(187,851)	(316,557)
	<u>₩ 15,028,089</u>	<u>15,472,417</u>

The amounts of loss on valuation of inventories recognized in cost of sales during the six-month period ended June 30, 2023 and the year ended December 31, 2022 were ₩97,107 million and ₩354,956 million, respectively. During the year ended December 31, 2022, ₩95,278 million of damage caused by the flooding of the Naengcheon stream in Pohang was included in loss on valuation of inventories.

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**8. Assets Held for Sale**

Details of assets held for sale as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u><b>June 30, 2023</b></u>	<u><b>December 31, 2022</b></u>
<b>Asset</b>		
Cash and cash equivalents(*2)	₩ -	174
Account receivables and other receivables	-	648
Investment in joint ventures(*3)	-	-
Property, plant and equipment(*1)	864	10,552
Others	-	629
	<u>₩ 864</u>	<u>12,003</u>
<b>Liability</b>		
Others	₩ -	5

(\*1) During the past period, the Company decided to dispose Synthetic Natural Gas (SNG) facility for which use was discontinued, and classified as assets held for sale for ₩10,305 million. Meanwhile, during the six-month period ended June 30, 2023, the Company disposed of the assets held for sale for ₩9,684 million. As of June 30, 2023, the remaining amount ₩621 million is included in assets held for sale.

(\*2) Cash and cash equivalents in the statement of cash flows include cash and cash equivalents that are classified as assets held for sale as of December 31, 2022.

(\*3) During the year ended December 31, 2022, the Company decided to dispose of CSP - Compania Siderurgica do Pecem and recognized full impairment loss of ₩160,415 million, which is the difference between carrying amount and recoverable amount. The Company reclassified the investment to assets held for sale. Meanwhile, during the six-month period ended June 30, 2023, the Company disposed of CSP - Compania Siderurgica do Pecem, and recognized ₩102,470 million of loss on disposal of assets held for sale.

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**9. Investments in Associates and Joint ventures**

(a) Details of investments in associates as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

Company	June 30, 2023			December 31, 2022	
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
<b>[Domestic]</b>					
Samcheok Blue Power Co.,Ltd.(*1)	4,507,138	34.00	₩ 429,904	₩ 342,267	352,500
SNNC	18,130,000	49.00	90,650	141,168	182,414
Chun-cheon Energy Co., Ltd.(*1)	17,308,143	49.10	86,541	9,513	9,513
Pocheon-Hwado Highway Corp.(*1)	6,981,975	27.64	34,910	26,755	27,165
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	1,181,160	29.53	5,906	14,372	14,605
DaeSung SnM Co., Ltd (formerly, Daesung Steel)(*2)	108,038	17.54	14,000	20,318	20,469
PCC Amberstone Private Equity Fund 1(*2)	7,879,780,025	8.80	7,762	9,008	9,326
Others (56 companies)(*1)				152,505	238,086
				<u>715,906</u>	<u>854,078</u>
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	135,219,000	25.04	132,907	282,601	290,318
AES-VCM Mong Duong Power Company Limited(*1)	-	30.00	164,303	237,866	209,594
9404-5515 Quebec Inc.	284,463,243	25.85	328,509	366,636	331,261
FQM Australia Holdings Pty Ltd	186,000,030	30.00	109,568	79,039	98,103
Eureka Moly LLC	-	20.00	240,123	15,097	14,574
AMCI (WA) PTY LTD	49	49.00	209,664	61,191	57,830
NCR LLC	-	22.10	218,381	228,625	187,372
KOREA LNG LTD.	2,400	20.00	135,205	30,870	29,124
Nickel Mining Company SAS	3,234,698	49.00	157,585	96,334	90,636
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	648,530,000	40.00	120,072	108,280	98,933
PT. Wampu Electric Power(*1)	8,708,400	20.00	10,054	16,274	16,659
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	50	25.00	4,723	8,368	8,590
Others (29 companies)(*1)				237,467	231,834
				<u>1,768,648</u>	<u>1,664,828</u>
			₩	<u>2,484,554</u>	<u>2,518,906</u>

(\*1) As of June 30, 2023 and December 31, 2022, investments in associates amounting to ₩645,018 million and ₩628,573 million, respectively, are provided as collateral in relation to the associates' borrowings.

(\*2) As of June 30, 2023, it was classified as an associate even though the Company's ownership percentage is less than 20% since the Company has significant influence over the investee when considering its structure of the Board of Directors and others.

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(b) Details of investments in joint ventures as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	June 30, 2023				December 31, 2022
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
<b>[Domestic]</b>					
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	11,568,000	60.00	₩ 115,680	₩ 164,717	161,465
Others (6 companies)				8,445	8,845
				<u>173,162</u>	<u>170,310</u>
<b>[Foreign]</b>					
Roy Hill Holdings Pty Ltd(*1)	13,117,972	12.50	1,528,672	1,394,297	1,418,022
POSCO-NPS Niobium LLC	325,050,000	50.00	364,609	426,792	412,002
KOBRASCO	2,010,719,185	50.00	32,950	90,540	103,044
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	25.00	61,961	114,740	111,219
DMSA/AMSA(*1)	-	3.89	346,880	22,717	23,740
HBIS-POSCO Automotive Steel Co.Ltd	-	50.00	235,251	211,722	216,138
Others (9 companies)				24,338	23,170
				<u>2,285,146</u>	<u>2,307,335</u>
				<u>₩ 2,458,308</u>	<u>2,477,645</u>

(\*1) As of June 30, 2023 and December 31, 2022, the investments in joint ventures are provided as collateral in relation to the joint ventures' borrowings.

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(c) The movements of investments in associates and joint ventures for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

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

(in millions of Won)

Company	December 31, 2022		Dividends	Share of profits (losses)	Other increase (decrease)(* 1)	June 30, 2023 Book value
	Book value	Acquisition				
<b>[Domestic]</b>						
Samcheok Blue Power Co.,Ltd.	₩ 352,500	-	(4,996)	(5,105)	(132)	342,267
SNNC	182,414	-	-	(41,246)	-	141,168
QSONE Co.,Ltd(*2)	86,378	-	-	245	(86,623)	-
Chun-cheon Energy Co., Ltd	9,513	-	-	7,731	(7,731)	9,513
Pocheon-Hwado Highway Corp.	27,165	-	-	(410)	-	26,755
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	14,605	-	-	(233)	-	14,372
DaeSung SnM Co., Ltd (formerly, Daesung Steel)	20,469	-	-	(151)	-	20,318
PCC Amberstone Private Equity Fund 1	9,326	-	(314)	115	(119)	9,008
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	161,465	-	-	3,252	-	164,717
Others (61 companies)	160,563	5,332	(963)	2,133	(6,105)	160,950
	<u>1,024,388</u>	<u>5,332</u>	<u>(6,273)</u>	<u>(33,669)</u>	<u>(100,710)</u>	<u>889,068</u>
<b>[Foreign]</b>						
South-East Asia Gas Pipeline Company Ltd.	290,318	-	(40,971)	22,645	10,609	282,601
AES-VCM Mong Duong Power Company Limited	209,594	-	(11,876)	22,084	18,064	237,866
9404-5515 Quebec Inc.	331,261	-	-	12,553	22,822	366,636
FQM Australia Holdings Pty Ltd	98,103	-	-	(22,282)	3,218	79,039
Eureka Moly LLC	14,574	-	-	-	523	15,097
AMCI (WA) PTY LTD	57,830	-	-	1,228	2,133	61,191
NCR LLC	187,372	36,846	-	(2,573)	6,980	228,625
KOREA LNG LTD.	29,124	-	(12,818)	12,708	1,856	30,870
Nickel Mining Company SAS	90,636	-	-	68	5,630	96,334
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	98,933	15,640	-	(5,604)	(689)	108,280
PT. Wampu Electric Power	16,659	-	(593)	(88)	296	16,274
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	8,590	-	-	(200)	(22)	8,368
Roy Hill Holdings Pty Ltd	1,418,022	-	(171,174)	120,924	26,525	1,394,297
POSCO-NPS Niobium LLC	412,002	-	(7,201)	7,100	14,891	426,792
KOBRASCO	103,044	-	(36,471)	10,944	13,023	90,540
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	111,219	-	-	3,433	88	114,740
DMSA/AMSA	23,740	-	-	(1,851)	828	22,717
HBIS-POSCO Automotive Steel Co.Ltd	216,138	-	-	(4,064)	(352)	211,722
Others (38 companies)	255,004	-	(30,791)	38,359	(767)	261,805
	<u>3,972,163</u>	<u>52,486</u>	<u>(311,895)</u>	<u>215,384</u>	<u>125,656</u>	<u>4,053,794</u>
₩	<u>4,996,551</u>	<u>57,818</u>	<u>(318,168)</u>	<u>181,715</u>	<u>24,946</u>	<u>4,942,862</u>

(\*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals and change in capital adjustments effect from translations of financial statements of foreign investees and others.

(\*2) During the six-month period ended June 30, 2023, the Company additionally acquired 50% of the shares held by external shareholders of QSONE Co.,Ltd., which was previously classified as an investment in associate. Accordingly, the entity was newly included in consolidated subsidiary due to obtaining control of the entity.

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2) For the year ended December 31, 2022

(in millions of Won)

Company	December 31, 2021		Dividends	Share of profits (losses)	Other increase (decrease)(*1)	December 31, 2022
	Book value	Acquisition				Book value
<b>[Domestic]</b>						
EQP POSCO Global NO1 Natural Resources Private Equity Fund(*3)	₩ 176,136	-	(143,170)	145,822	(178,788)	-
Samcheok Blue Power Co., Ltd.	382,887	-	(9,992)	(19,354)	(1,041)	352,500
SNNC	171,332	-	(5,348)	15,484	946	182,414
OSONE Co., Ltd.	86,058	-	(1,100)	1,420	-	86,378
Chun-cheon Energy Co., Ltd.	9,571	-	-	(802)	744	9,513
Western Inland highway CO., LTD.	53,563	-	-	(125)	(63,438)	-
Pocheon-Hwado Highway Corp.	28,813	5,519	-	(4,683)	(2,484)	27,165
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	19,191	-	-	(453)	(4,133)	14,605
DaeSung SnM Co., Ltd (formerly, Daesung Steel)	19,073	-	-	1,396	-	20,469
PCC Amberstone Private Equity Fund 1	9,251	-	(652)	1,104	(377)	9,326
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	169,838	-	(24,000)	15,604	23	161,465
Others (64 companies)	113,711	45,563	(4,368)	(3,931)	9,578	160,553
	<u>1,239,424</u>	<u>51,082</u>	<u>(188,630)</u>	<u>151,482</u>	<u>(228,970)</u>	<u>1,024,388</u>
<b>[Foreign]</b>						
South-East Asia Gas Pipeline Company Ltd.	238,601	-	(14,541)	50,143	16,115	290,318
AES-VCM Mong Duong Power Company Limited	182,639	-	(33,174)	45,382	14,747	209,594
9404-5515 Quebec Inc. (*2)	135,738	172,316	(31,949)	25,195	29,961	331,261
FOM Australia Holdings Pty Ltd	91,052	-	-	166	6,885	98,103
Eureka Moly LLC	13,633	-	-	-	941	14,574
AMCI (WA) PTY LTD	67,972	-	-	(3,964)	(6,178)	57,830
NCR LLC	102,319	82,798	-	(2,338)	4,593	187,372
KOREA LNG LTD.	31,340	-	(21,161)	21,027	(2,082)	29,124
Nickel Mining Company SAS	48,249	-	-	42,169	218	90,636
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	22,769	82,010	-	(1,302)	(4,544)	98,933
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	19,099	-	-	213	(19,312)	-
PT. Wampu Electric Power	15,851	-	(2,474)	823	2,459	16,659
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	9,140	-	-	(220)	(330)	8,590
Roy Hill Holdings Pty Ltd	1,346,712	-	(233,592)	273,084	31,818	1,418,022
POSCO-NPS Niobium LLC	393,793	-	(34,909)	25,884	27,234	412,002
KOBRASCO	68,296	-	(21,287)	48,267	7,768	103,044
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	107,650	-	-	6,527	(2,958)	111,219
DMSA/AMSA	24,144	-	-	(2,108)	1,704	23,740
CSP - Companhia Siderurgica do Pecem	52,257	-	-	(90,395)	38,138	-
HBIS-POSCO Automotive Steel Co.Ltd	110,769	126,195	-	(10,515)	(10,311)	216,138
Others (37 companies)	193,200	29,975	(66,527)	96,740	(8,384)	255,004
	<u>3,275,223</u>	<u>493,294</u>	<u>(449,614)</u>	<u>524,778</u>	<u>128,482</u>	<u>3,972,163</u>
	<u>₩ 4,514,647</u>	<u>544,376</u>	<u>(638,244)</u>	<u>676,260</u>	<u>(100,488)</u>	<u>4,996,551</u>

(\*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals and change in capital adjustments effect from translations of financial statements of foreign investees and others during the year ended December 31, 2022.

(\*2) During the year ended December 31, 2022, it was additionally acquired due to the in-kind dividend of EQP POSCO Global NO1 Natural Resources Private Equity Fund, and the Company classified it as other increase.

(\*3) During the year ended December 31, 2022, dividends were declared prior to liquidation. The Company recognized impairment loss of ₩10,065 million since recoverable amount was less than its carrying amount.

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(d) Summarized financial information of associates and joint ventures as of and for the six-month period ended June 30, 2023 and the year ended December 31, 2022 are as follows:

1) June 30, 2023

(in millions of Won)

<b>Company</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity (deficit)</b>	<b>Sales</b>	<b>Net income (loss)</b>
<b>[Domestic]</b>					
Samcheok Blue Power Co.,Ltd.	₩ 3,832,614	3,226,402	606,212	-	(3,305)
SNNC	640,904	358,924	281,980	381,488	(110,659)
Chun-cheon Energy Co., Ltd	633,502	510,784	122,718	332,605	15,066
Pocheon-Hwado Highway Corp.	448,903	328,005	120,898	-	(810)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	21,915	3,547	18,368	2,609	(789)
DaeSung SnM Co., Ltd (formerly, Daesung Steel)	174,363	89,923	84,440	56,298	(863)
PCC Amberstone Private Equity Fund 1	105,183	2,779	102,404	5,657	1,309
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	435,052	159,006	276,046	89,024	3,671
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	1,726,255	597,668	1,128,587	206,129	90,430
AES-VCM Mong Duong Power Company Limited	1,728,133	980,873	747,260	255,830	73,612
9404-5515 Quebec Inc.	1,496,438	-	1,496,438	-	48,562
FQM Australia Holdings Pty Ltd	1,462,727	1,199,585	263,142	229,133	(74,272)
KOREA LNG LTD.	154,475	125	154,350	65,023	63,538
Nickel Mining Company SAS	549,205	286,750	262,455	141,930	(12,011)
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	317,627	46,420	271,207	10,069	(14,004)
PT. Wampu Electric Power	208,831	130,501	78,330	9,785	(439)
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	77,245	44,508	32,737	51,021	(651)
Roy Hill Holdings Pty Ltd	10,786,882	3,064,320	7,722,562	3,744,046	1,237,961
POSCO-NPS Niobium LLC	853,380	-	853,380	-	14,089
KOBRASCO	234,411	53,936	180,475	30,930	21,887
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	779,469	347,376	432,093	794,783	13,730
DMSA/AMSA	3,215,407	2,631,438	583,969	519,473	(47,581)
HBIS-POSCO Automotive Steel Co.Ltd	720,480	285,857	434,623	126,117	(6,451)



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**(Unaudited)**

2) December 31, 2022

(in millions of Won)

<b>Company</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity (deficit)</b>	<b>Sales</b>	<b>Net income (loss)</b>
<b>[Domestic]</b>					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 9,471	480	8,991	-	425,366
Samcheok Blue Power Co., Ltd.	3,515,861	2,885,218	630,643	-	(8,447)
SNNC	667,440	274,801	392,639	986,557	10,273
QSONE Co., Ltd.	253,078	80,322	172,756	18,753	2,840
Chun-cheon Energy Co., Ltd	634,842	527,190	107,652	585,610	20,224
Pocheon-Hwado Highway Corp.	366,163	244,455	121,708	-	(1,175)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	24,926	5,769	19,157	17,189	(1,521)
DaeSung SnM Co., Ltd (formerly, Daesung Steel)	175,429	90,126	85,303	128,401	7,957
PCC Amberstone Private Equity Fund 1	106,024	-	106,024	13,877	12,546
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	447,604	175,229	272,375	252,246	27,628
<b>[Foreign]</b>					
South-East Asia Gas Pipeline Company Ltd.	1,705,670	546,262	1,159,408	447,696	200,246
AES-VCM Mong Duong Power Company Limited	1,701,272	1,019,227	682,045	417,021	151,022
9404-5515 Quebec Inc.	1,397,061	-	1,397,061	-	182,708
FQM Australia Holdings Pty Ltd	1,458,318	1,131,628	326,690	493,202	(22,768)
KOREA LNG LTD.	145,845	225	145,620	107,295	105,135
Nickel Mining Company SAS	539,318	279,291	260,027	379,922	91,008
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	305,740	57,932	247,808	45,771	(3,176)
PT. Wampu Electric Power	209,815	129,520	80,295	21,760	4,115
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	79,116	45,677	33,439	136,663	(992)
Roy Hill Holdings Pty Ltd	9,859,888	2,152,428	7,707,460	7,706,908	2,542,223
POSCO-NPS Niobium LLC	823,800	-	823,800	-	49,341
KOBRASCO	262,724	57,242	205,482	147,843	96,534
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	663,509	245,499	418,010	1,881,946	26,106
DMSA/AMSA	3,022,659	2,412,377	610,282	1,368,730	(54,212)
CSP - Compania Siderurgica do Pecem	4,422,752	3,678,956	743,796	3,101,132	500,082
HBIS-POSCO Automotive Steel Co.Ltd	712,633	270,668	441,965	473,494	(15,515)

**POSCO HOLDINGS INC. and Subsidiaries**  
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**10. Joint Operations**

Details of significant joint operations that the Company is participating in as a party to a joint arrangement as of June 30, 2023 are as follows:

<b>Joint operations</b>	<b>Operation</b>	<b>Ownership (%)</b>	<b>Location</b>
Myanmar A-1/A-3 mine	Mine development and gas production	51.00	Myanmar
Offshore midstream	Gas transportation facility	51.00	Myanmar
Greenhills mine	Mine development	20.00	Canada
Mt. Thorley J/V	Mine development	20.00	Australia
POSMAC J/V	Mine development	20.00	Australia
Samcheok Thermal Power Plant EPC (Unit 1, 2) construction work	Construction	49.00	Korea
Sinansan Line Double Track Train Private Investment project construction work	Construction	36.00	Korea
Panama Metro Line 3 Project construction work	Construction	20.00	Panama
2*600 MW Matarbari Ultra Super Critical Coal-Fired Power construction work	Construction	67.00	Bangladesh
Yangsan Sasong 2nd Apartment Project (B5,6,7,9 Block) Construction work	Construction	49.00	Korea
Yongmun 123 Construction work	Construction	70.00	Korea
Songdo B5 Block officetel Project Construction work	Construction	80.00	Korea
Particle Accelerator Facility Construction work	Construction	55.00	Korea
Anyang Jinheung Apartment Construction work	Construction	45.00	Korea

**11. Investment Property, Net**

Changes in the carrying amount of investment property for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

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

<i>(in millions of Won)</i>	<b>Beginning</b>	<b>Acquisitions</b>	<b>Business Combination(*2)</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Others(*1)</b>	<b>Ending</b>
Land	₩ 308,523	54,834	473,301	(18)	-	(58,857)	777,783
Buildings	593,505	774	83,739	(307)	(13,668)	8,853	672,896
Structures	1,356	-	-	-	(249)	937	2,044
Right-of-use assets	170,647	216	-	(16)	(2,667)	(305)	167,875
	₩ <u>1,074,031</u>	<u>55,824</u>	<u>557,040</u>	<u>(341)</u>	<u>(16,584)</u>	<u>(49,372)</u>	<u>1,620,598</u>

(\*1) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference and others.

(\*2) Represents increases in investment property due to business combination upon reclassification of QSONE Co.,Ltd. into a subsidiary during the six-month period ended June 30, 2023.

**POSCO HOLDINGS INC. and Subsidiaries**  
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**(Unaudited)**

(b) For the year ended December 31, 2022

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Others(*1)</b>	<b>Ending</b>
Land	₩	332,308	-	(2,921)	-	(20,864)	308,523
Buildings		584,549	1,661	(34)	(28,336)	35,665	593,505
Structures		753	-	-	(797)	1,400	1,356
Right-of-use assets		168,467	-	(21,151)	(6,888)	30,219	170,647
	₩	<u>1,086,077</u>	<u>1,661</u>	<u>(24,106)</u>	<u>(36,021)</u>	<u>46,420</u>	<u>1,074,031</u>

(\*1) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference and others.

**12. Property, Plant and Equipment, Net**

(a) Changes in the carrying amount of property, plant and equipment for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

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

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Acquisitions</b>	<b>Business Combination(*2)</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Impairment loss(*3)</b>	<b>Others(*1)</b>	<b>Ending</b>
Land	₩	3,103,165	29,405	32,565	(28)	-	-	80,677	3,245,784
Buildings		4,174,894	10,102	5,770	(1,178)	(160,475)	(20,328)	250,918	4,259,703
Structures		3,162,927	6,761	3,651	(3,183)	(129,338)	(23,906)	88,724	3,105,636
Machinery and equipment		16,422,830	42,697	-	(39,510)	(1,192,922)	(98,023)	1,067,512	16,201,584
Vehicles		52,131	25,610	-	(348)	(11,680)	-	16,719	82,432
Tools		90,961	16,868	-	(253)	(26,315)	-	37,663	118,924
Furniture and fixtures		173,345	14,395	655	(836)	(26,352)	-	11,352	172,569
Lease assets		921,198	124,894	-	(1,570)	(77,353)	-	16,416	963,585
Bearer plants		141,720	-	-	-	(4,805)	-	11,877	148,792
Construction-in-progress		3,538,024	2,846,817	-	(731)	-	-	(1,318,451)	5,065,659
	₩	<u>31,781,195</u>	<u>3,117,549</u>	<u>42,641</u>	<u>(47,637)</u>	<u>(1,629,240)</u>	<u>(143,257)</u>	<u>263,407</u>	<u>33,384,658</u>

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

(\*2) Represents increases in property, plant and equipment upon reclassification of QSONE Co., Ltd., which was previously an associate, into a subsidiary by acquiring additional shares during the six-month period ended June 30, 2023.

(\*3) The Company terminated operations of certain portions of the lithium production demonstration plants located in Gwangyang and Argentina due to changes in operational plans. The Company estimated the recoverable amount of these assets at the net fair value, and recognized an impairment loss of ₩143,257 million since recoverable amounts are less than their carrying amounts.

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**(Unaudited)**

2) For the year ended December 31, 2022

(in millions of Won)

	Beginning	Acquisitions	Business Combination(*2)	Disposals	Depreciation	Impairment loss(*3)	Others(*1)	Ending
Land	₩ 2,702,715	89,357	248,858	(1,247)	-	-	63,482	3,103,165
Buildings	4,204,450	127,837	37,741	(9,957)	(317,350)	(11,230)	143,403	4,174,894
Structures	3,131,795	82,130	38,535	(3,274)	(253,996)	(5,084)	172,821	3,162,927
Machinery and equipment	16,420,156	597,172	1,216	(33,511)	(2,303,917)	(184,706)	1,926,420	16,422,830
Vehicles	46,030	15,592	902	(1,017)	(18,717)	(123)	9,464	52,131
Tools	77,795	32,386	203	(187)	(37,170)	(351)	18,285	90,961
Furniture and fixtures	166,162	33,936	1,963	(1,175)	(59,359)	(1,990)	33,808	173,345
Lease assets	867,746	184,260	193,572	(22,029)	(168,521)	-	(133,830)	921,198
Bearer plants	154,682	-	-	-	(9,691)	-	(3,271)	141,720
Construction-in-progress	1,825,167	3,947,703	11,111	(383)	-	(9,699)	(2,235,875)	3,538,024
₩	29,596,698	5,110,373	534,101	(72,780)	(3,168,721)	(213,183)	(5,293)	31,781,195

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

(\*2) Represents increases in property, plant and equipment due to business combination upon acquisition of Senex Energy Limited during the year ended December 31, 2022.

(\*3) The Company estimated the recoverable amount of damaged assets due to the flooding of Naengcheon stream in Pohang at the net fair value, and recognized an impairment loss of ₩207,072 million since recoverable amounts are less than their carrying amounts.

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(b) Changes in the carrying amount of right of use assets presented as investment property and property, plant and equipment for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

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

(in millions of Won)

		<u>Beginning</u>	<u>Acquisitions</u>	<u>Depreciation</u>	<u>Others</u>	<u>Ending</u>
Land	₩	368,167	9,900	(7,347)	2,045	372,765
Buildings and structures		163,648	24,224	(25,293)	(1,644)	160,935
Machinery and equipment		319,021	58,608	(25,249)	14,750	367,130
Vehicles		18,652	7,301	(6,188)	614	20,379
Ships		215,496	-	(8,760)	-	206,736
Others		6,862	25,077	(7,182)	(1,242)	23,515
	₩	<u>1,091,846</u>	<u>125,110</u>	<u>(80,019)</u>	<u>14,523</u>	<u>1,151,460</u>

2) For the year ended December 31, 2022

(in millions of Won)

		<u>Beginning</u>	<u>Acquisitions</u>	<u>Business Combination(*1)</u>	<u>Depreciation</u>	<u>Others</u>	<u>Ending</u>
Land	₩	391,446	18,077	-	(16,843)	(24,513)	368,167
Buildings and structures		143,854	74,454	6,714	(50,397)	(10,977)	163,648
Machinery and equipment		256,205	43,088	175,795	(56,333)	(99,734)	319,021
Vehicles		14,753	12,467	98	(12,015)	3,349	18,652
Ships		210,056	23,793	-	(18,355)	2	215,496
Others		19,899	12,381	10,965	(21,467)	(14,916)	6,862
	₩	<u>1,036,213</u>	<u>184,260</u>	<u>193,572</u>	<u>(175,410)</u>	<u>(146,789)</u>	<u>1,091,846</u>

(\*1) Represents increases in right of use assets upon acquisition of Senex Energy Limited during the year ended December 31, 2022.

(c) The amounts recognized in profit or loss related to leases for the three-month and the six-month periods ended June 30, 2023 and 2022 were as follows:

(in millions of Won)

		<u>For the three-month periods ended June 30</u>		<u>For the six-month periods ended June 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	₩	10,331	9,562	19,638	17,119
Expenses related to short-term leases		17,484	8,269	24,965	15,122
Expenses related to leases of low-value assets		4,115	4,550	9,468	8,412
	₩	<u>31,930</u>	<u>22,381</u>	<u>54,071</u>	<u>40,653</u>

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**13. Goodwill and Other Intangible Assets, Net**

Changes in the carrying amount of goodwill and other intangible assets for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

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

(in millions of Won)

	Beginning	Acquisitions	Disposals	Amortization	Impairment loss	Others(*2)	Ending
Goodwill	₩ 442,487	-	-	-	-	435	442,922
Intellectual property rights	3,136,072	91,153	-	(156,397)	-	190,894	3,261,722
Membership(*1)	132,942	4,747	(1,542)	(82)	(20)	137	136,182
Development expense	116,171	779	(34)	(34,629)	-	26,360	108,647
Port facilities usage rights	197,211	-	-	(7,400)	-	-	189,811
Exploration and evaluation assets	100,991	9,868	-	-	(1,215)	(2,539)	107,105
Development assets	78,970	27,484	-	-	-	(96,476)	9,978
Customer relationships	241,311	-	-	(22,239)	-	12	219,084
Other intangible assets	392,296	72,930	(948)	(21,730)	(3,537)	12,256	451,267
	₩ 4,838,451	206,961	(2,524)	(242,477)	(4,772)	131,079	4,926,718

(\*1) Includes membership with indefinite economic useful life.

(\*2) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

(b) For the year ended December 31, 2022

(in millions of Won)

	Beginning	Acquisitions	Business Combination (*3,4)	Disposals	Amortization	Impairment loss(*5)	Others(*2)	Ending
Goodwill	₩ 735,969	-	66,206	-	-	(369,337)	9,649	442,487
Intellectual property rights	2,225,808	354,179	912,971	(582)	(326,494)	379	(30,189)	3,136,072
Membership(*1)	142,370	9,230	-	(2,082)	(145)	854	(17,285)	132,942
Development expense	153,973	1,800	-	(13)	(67,446)	(1,046)	28,903	116,171
Port facilities usage rights	216,021	-	-	-	(14,800)	-	(4,010)	197,211
Exploration and evaluation assets	61,957	24,583	21,266	-	-	-	(6,815)	100,991
Development assets	-	6,607	76,591	-	-	-	(4,228)	78,970
Customer relationships	285,720	-	-	-	(44,478)	-	69	241,311
Other intangible assets	344,491	99,388	26,649	(145)	(35,472)	(232)	(42,383)	392,296
	₩ 4,166,309	495,787	1,103,683	(2,822)	(488,835)	(369,382)	(66,289)	4,838,451

(\*1) Includes membership with indefinite economic useful life.

(\*2) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

(\*3) Represents increases in intangible assets upon acquisition of Senex Energy Limited during the year ended December 31, 2022.

(\*4) Represents increases in intangible assets upon acquisition of POSCO Silicon Solution Co., Ltd during the year ended December 31, 2022.

(\*5) During the year ended December 31, 2022, impairment loss of ₩337,953 million on goodwill of POSCO INTERNATIONAL Corporation, a subsidiary included in trading segment of green infrastructure, was recognized as the recoverable amount is less than the carrying amount of the CGU.

**POSCO HOLDINGS INC. and Subsidiaries**  
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**14. Other Assets**

Other assets as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

		<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Current</b>			
Advance payments	₩	778,306	782,439
Prepaid expenses		361,270	263,536
Firm commitment asset		9,719	9,674
Others		13,893	20,290
	₩	<u>1,163,188</u>	<u>1,075,939</u>
<b>Non-current</b>			
Long-term advance payments	₩	21,398	23,429
Long-term prepaid expenses		42,174	53,803
Others(*1)		96,114	90,142
	₩	<u>159,686</u>	<u>167,374</u>

(\*1) As of June 30, 2023 and December 31, 2022, the Company recognized tax asset amounting to ₩6,764 million based on the Company's best estimate of the tax amount to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

**15. Borrowings**

(a) Short-term borrowings and current portion of long-term borrowings and others as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

	<b>Lenders</b>	<b>Issuance date</b>	<b>Maturity date</b>	<b>Interest rate (%)</b>		<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Short-term borrowings</b>							
Bank overdrafts	JP Morgan and others	January, 2023– June, 2023	July, 2023– May, 2024	3.65 – 7.54	₩	118,143	197,718
Short-term borrowings	HSBC and others	July, 2022– June, 2023	July, 2023– June, 2024	0.20 – 20.00		<u>6,334,734</u>	<u>6,635,402</u>
						<u>6,452,877</u>	<u>6,833,120</u>
<b>Current portion of long-term liabilities</b>							
Current portion of long-term borrowings	Export-Import Bank of Korea and others	November, 2004– June, 2023	July, 2023– June, 2024	0.75 – 16.50		1,904,466	2,302,592
Current portion of debentures	Goldman Sachs and others	October, 2013– September, 2021	July, 2023– April, 2024	0.50 – 4.00		2,539,675	2,782,049
Less: Current portion of discount on debentures issued						<u>(1,225)</u>	<u>(1,767)</u>
					₩	<u>4,442,916</u>	<u>5,082,874</u>
						<u>10,895,793</u>	<u>11,915,994</u>

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(b) Long-term borrowings, excluding current portion and others as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

	<u>Lenders</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Interest rate (%)</u>		<u>June 30, 2023</u>	<u>December 31, 2022</u>
Long-term borrowings	Export-Import Bank of Korea and others	September, 2001 – June, 2023	July, 2024 – March, 2040	0.19 – 8.50	₩	3,512,620	2,718,212
Less: Present value discount						(9,200)	(8,951)
Bonds	KB Securities co.,Ltd. and others	July, 2015 – June, 2023	July, 2024 – January, 2033	1.64 – 5.88		11,787,909	8,351,006
Less: Discount on debentures issued						(57,638)	(28,894)
Exchangeable bonds(*1)	Foreign currency exchangeable bonds	September, 2021	September, 2026		₩	1,661,052	1,358,294
						<u>16,794,743</u>	<u>12,389,667</u>

(\*1) The issuance conditions of the exchangeable bonds issued by the Company are as follows:

	<u>Foreign currency exchangeable bonds</u>
Type of bond	Exchangeable bonds
Aggregate principal amount	EUR 1,065,900,000
Interest rate	- Coupon rate : - - Yield to Maturity : (0.78%)
Maturity date	September 1, 2026
Redemption	- Redemption at Maturity : Outstanding bond principal, which is not repaid early or which call option is not exercised on, is repaid at maturity as a lump sum - Prepayment : The issuer has call option and the bondholders have put option
Exchange rate	100%
Exchange price (Won/share)	456,470(*)
Underlying shares exchange	Registered common shares(treasury shares)
Exchange period	From October 12, 2021 to August 22, 2026
Adjustments for exchange price	Adjusting the exchange price according to the terms and conditions of the bond in the events of reason for adjusting the exchange price such as, bonus issue, share split, share consolidation, change of share type, issuance of options or warranties to shareholders, share dividend, cash dividend, issuance of new shares under the market price.
Put option by bondholders	- 3 years(September 1, 2024) from the closing date - In the event of a change of control of the Company - Where the shares issued by the Company are delisted (or suspended for more than 30 consecutive trading days)
Call option by the Issuer	- Share price(based on closing price) is higher than 130% of exchange price for more than 20 trading days during 30 consecutive trading days in a row, after 3 years (September 1, 2024) from the closing day to 30 business days before the maturity of bonds. - When the outstanding balance of outstanding bonds is less than 10% of the total issuance(Clean Up Call) - Where additional reasons for tax burden arise due to the amendment of relevant laws and regulations, etc.

(\* ) The exchange price has changed due to cash dividends during the six-month period ended June 30, 2023.

The Company has designated exchangeable bonds listed on the Singapore Stock Exchange as financial liabilities measured at fair value through profit or loss. The quoted transaction price is used in fair value measurement, and changes in fair value are recognized in profit or loss.



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(c) Assets pledged as collateral with regard to the borrowings as of June 30, 2023 are as follows:

<i>(in millions of Won)</i>	<u>Lenders</u>	<u>Book value</u>	<u>Pledged amount</u>
Property, plant and equipment and Investment property	Korea Development Bank and others	₩ 4,589,753	6,034,413
Trade accounts and notes receivable	Korea Development Bank and others	210,478	210,478
Financial instruments	Kookmin Bank and others	35,043	35,043
		₩ 4,835,274	6,279,934

**16. Other Payables**

Other payables as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Current</b>		
Accounts payable	₩ 1,155,075	1,423,402
Accrued expenses	1,061,368	981,609
Dividend payable	11,776	4,371
Lease liabilities	149,705	149,384
Withholdings	326,518	307,102
	₩ 2,704,442	2,865,868
<b>Non-current</b>		
Accounts payable	₩ 16,713	15,713
Accrued expenses	7,749	8,102
Lease liabilities	743,119	674,098
Long-term withholdings	96,696	92,489
	₩ 864,277	790,402

**17. Other Financial Liabilities**

Other financial liabilities as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Current</b>		
Derivative liabilities	₩ 43,175	95,157
Financial guarantee liabilities	10,691	11,370
	₩ 53,866	106,527
<b>Non-current</b>		
Derivative liabilities	₩ 43,140	79,984
Financial guarantee liabilities	5,204	7,068
Others	33,424	-
	₩ 81,768	87,052

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**18. Provisions**

(a) Provisions as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<b>June 30, 2023</b>		<b>December 31, 2022</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Provision for bonus payments	₩ 106,398	34,045	136,275	33,157
Provision for construction warranties	48,899	143,898	35,702	170,272
Provision for legal contingencies and claims(*1)	46,731	57,555	46,823	59,518
Provision for the restoration(*2,3)	6,881	179,795	6,049	185,097
Others(*4,5,6)	302,064	91,570	291,139	131,874
	₩ <u>510,973</u>	<u>506,863</u>	<u>515,988</u>	<u>579,918</u>

(\*1) The Company recognized probable outflow of resources amounting to ₩50,746 million and ₩52,530 million as provisions for legal contingencies and asserted claim in relation to lawsuits against the Company as of June 30, 2023 and December 31, 2022, respectively.

(\*2) Due to contamination of lands near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery, ₩18,596 million as provisions for restoration as of June 30, 2023. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials available for now to recover the land. In addition, the Company has applied a discount rate of 4.19%~4.33% to measure present value of these costs.

(\*3) Due to contamination of river water quality near Greenhills mine owned by POSCO Canada Ltd., the Company recognized present value of estimated costs for recovery amounting to ₩40,326 million as provisions for improvement as of June 30, 2023.

(\*4) As of June 30, 2023 and December 31, 2022, POSCO INTERNATIONAL Corporation and Korea Fuel Cell, recognized ₩84,465 million and ₩97,928 million of provisions for warranties, respectively, for the service contract on fuel cell based on its estimate of probable outflow of resources.

(\*5) As of June 30, 2023 and December 31, 2022, the Company has recognized emission liabilities amounting to ₩13,533 million and ₩14,178 million respectively, for expected greenhouse gas emissions exceeding the quantity of free quota emission rights.

(\*6) According to the Act on the promotion of the development, use and diffusion of new and renewable energy, POSCO INTERNATIONAL Corporation is obliged to supply a certain amount of power generated by new and renewable energy. In accordance with the Act, POSCO INTERNATIONAL Corporation estimated the cost required to fulfill its obligations, such as insufficient supply of power using new and renewable energy to be borne, and as of June 30, 2023 and December 31, 2022, the Company recognized ₩158,951 million and ₩123,073 million respectively, as provision liabilities.

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(b) Changes in provisions for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

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

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Increase</b>	<b>Utilization</b>	<b>Reversal</b>	<b>Others(*1)</b>	<b>Ending</b>
Provision for bonus payments	₩	169,432	77,182	(111,068)	(3,361)	8,258	140,443
Provision for construction warranties		205,974	19,596	(30,420)	(2,814)	461	192,797
Provision for legal contingencies and claims		106,341	4,680	(8,117)	(1,573)	2,955	104,286
Provision for the restoration		191,146	10,032	(4,313)	(16,364)	6,175	186,676
Others		423,013	85,930	(47,784)	(69,206)	1,681	393,634
	₩	<u>1,095,906</u>	<u>197,420</u>	<u>(201,702)</u>	<u>(93,318)</u>	<u>19,530</u>	<u>1,017,836</u>

(\*1) Includes adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2022

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Increase</b>	<b>Utilization</b>	<b>Reversal</b>	<b>Others(*1)</b>	<b>Ending</b>
Provision for bonus payments	₩	138,533	176,677	(137,092)	(5,813)	(2,873)	169,432
Provision for construction warranties		236,660	52,438	(73,853)	(8,287)	(984)	205,974
Provision for legal contingencies and claims		93,491	47,344	(33,175)	(8,654)	7,335	106,341
Provision for the restoration		159,531	45,130	(43,168)	(1,299)	30,952	191,146
Others		360,861	317,621	(203,985)	(60,738)	9,254	423,013
	₩	<u>989,076</u>	<u>639,210</u>	<u>(491,273)</u>	<u>(84,791)</u>	<u>43,684</u>	<u>1,095,906</u>

(\*1) Includes adjustments of foreign currency translation differences and others.

## 19. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

<i>(in millions of Won)</i>		<b>For the three-month periods</b>		<b>For the six-month periods</b>	
		<b>ended June 30</b>		<b>ended June 30</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expense related to post-employment benefit plans under defined contribution plans	₩	15,758	8,053	33,969	21,655

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(b) Defined benefit plans

- 1) The amounts recognized in relation to net defined benefit assets in the statements of financial position as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Present value of funded obligations	₩ 2,227,966	2,200,127
Fair value of plan assets(*1)	(2,652,133)	(2,703,639)
Present value of non-funded obligations	14,905	20,560
Net defined benefit liabilities	₩ <u>(409,262)</u>	<u>(482,952)</u>

(\*1) As of June 30, 2023 and December 31, 2022, the Company recognized net defined benefit assets amounting to ₩493,012 million and ₩520,659 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 the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Defined benefit obligations at the beginning of period	₩ 2,220,687	2,415,031
Current service costs	113,833	235,007
Interest costs	48,141	71,348
Remeasurements	33,048	(192,339)
Benefits paid	(178,504)	(300,353)
Others	5,666	(8,007)
Defined benefit obligations at the end of period	₩ <u>2,242,871</u>	<u>2,220,687</u>

- 3) Changes in fair value of plan assets for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Fair value of plan assets at the beginning of period	₩ 2,703,639	2,620,046
Interest on plan assets	62,764	77,745
Remeasurement of plan assets	10,931	(57,335)
Contributions to plan assets	12,987	346,773
Benefits paid	(138,916)	(287,312)
Others	728	3,722
Fair value of plan assets at the end of period	₩ <u>2,652,133</u>	<u>2,703,639</u>

- 4) The amounts recognized in condensed consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

<i>(in millions of Won)</i>	<u>For the three-month periods ended June 30</u>		<u>For the six-month periods ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current service costs	₩ 54,721	57,503	113,833	117,771
Net interest costs	(6,848)	(959)	(14,623)	(2,298)
	₩ <u>47,873</u>	<u>56,544</u>	<u>99,210</u>	<u>115,473</u>

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**20. Other Liabilities**

Other liabilities as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>		<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Current</b>			
Due to customers for contract work	₩	718,081	761,393
Advances received		373,942	535,885
Unearned revenue		69,823	62,030
Withholdings		382,112	369,067
Firm commitment liability		12,753	7,566
Others(*1)		25,436	24,375
	₩	<u>1,582,147</u>	<u>1,760,316</u>
<b>Non-current</b>			
Unearned revenue	₩	12,016	22,203
Others(*1)		110,664	129,674
	₩	<u>122,680</u>	<u>151,877</u>

(\*1) As of June 30, 2023 and December 31, 2022, the Company recognized the acquired liability amounted to ₩63,872 million and ₩71,248 million, respectively related to unfavorable terms of a customer contract relative to market-terms upon the acquisition of Senex Energy Limited.

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**21. Financial Instruments**

(a) Classification and fair value of financial instruments

1) The carrying amount and fair values of financial assets and financial liabilities by fair value hierarchy as of June 30, 2023 and December 31, 2022 are as follows:

① June 30, 2023

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in millions of Won)</i>					
<b>Financial assets</b>					
Fair value through profit or loss					
Derivative assets	₩ 463,062	-	463,062	-	463,062
Short-term financial instruments	7,496,064	-	7,496,064	-	7,496,064
Debt securities	80,511	-	72,288	8,223	80,511
Other securities	619,855	7,512	1,022	611,321	619,855
Derivative hedging instruments(*2)	24,353	-	24,353	-	24,353
Fair value through other comprehensive income					
Equity securities	1,719,440	1,427,015	-	292,425	1,719,440
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	6,350,140	-	-	-	-
Trade accounts and notes receivable	9,784,385	-	-	-	-
Other receivables	2,988,606	-	-	-	-
Debt securities	195,752	-	-	-	-
Deposit instruments	5,686,326	-	-	-	-
	₩ 35,408,494	1,434,527	8,056,789	911,969	10,403,285
<b>Financial liabilities</b>					
Fair value through profit or loss					
Derivative liabilities	₩ 74,553	-	74,553	-	74,553
Borrowings	1,561,052	1,561,052	-	-	1,561,052
Derivative hedging instruments(*2)	11,762	-	11,762	-	11,762
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	5,716,328	-	-	-	-
Borrowings	26,129,484	-	25,785,080	-	25,785,080
Financial guarantee liabilities	15,895	-	-	-	-
Other financial Liabilities	33,424	-	-	-	-
Others	3,286,945	-	-	-	-
	₩ 36,829,443	1,561,052	25,871,395	-	27,432,447

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

(\*2) The Company applies fair value hedge accounting which uses forward contracts as hedging instrument in order to hedge the risk of changes in fair value of product prices regarding firm commitments or purchase commitments. Also, the Company applies cash flow hedge accounting which uses currency swap as hedging instrument in order to hedge the risk of interest rate and foreign exchange rate changes in foreign currency which influences cash flow from borrowings.

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② December 31, 2022

(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					
Derivative assets	₩ 350,149	-	350,149	-	350,149
Short-term financial instruments	8,006,081	-	8,006,081	-	8,006,081
Debt securities	75,876	-	69,926	5,950	75,876
Other securities	632,469	29,687	1,022	601,760	632,469
Other receivables	2,000	-	-	2,000	2,000
Derivative hedging instruments(*2)	9,846	-	9,846	-	9,846
Fair value through other comprehensive income					
Equity securities	1,462,088	1,210,124	-	251,964	1,462,088
Financial assets measured at amortized cost(*1)					
Cash and cash equivalents	8,053,108	-	-	-	-
Trade accounts and notes receivable	8,414,946	-	-	-	-
Other receivables	2,458,227	-	-	-	-
Debt securities	124,147	-	-	-	-
Deposit instruments	2,581,802	-	-	-	-
	₩ 32,170,739	1,239,811	8,437,024	861,674	10,538,509
<b>Financial liabilities</b>					
Fair value through profit or loss					
Derivative liabilities	₩ 157,036	-	157,036	-	157,036
Borrowings	1,358,294	1,358,294	-	-	1,358,294
Derivative hedging instruments(*2)	18,105	-	18,105	-	18,105
Financial liabilities measured at amortized cost(*1)					
Trade accounts and notes payable	5,520,821	-	-	-	-
Borrowings	22,947,368	-	22,331,771	-	22,331,771
Financial guarantee liabilities	18,438	-	-	-	-
Others	2,789,195	-	-	-	-
	₩ 32,809,257	1,358,294	22,506,912	-	23,865,206

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

(\*2) The Company applies fair value hedge accounting which uses forward contracts as hedging instrument in order to hedge the risk of changes in fair value of product prices regarding firm commitments or purchase commitments. Also, the Company applies cash flow hedge accounting which uses currency swap as hedging instrument in order to hedge the risk of interest rate and foreign exchange rate changes in foreign currency which influences cash flow from borrowings.

2) Finance income and costs by category of financial instrument for the six-month periods ended June 30, 2023 and 2022 were as follows:

① For the six-month period ended June 30, 2023

(in millions of Won)

	Finance income and costs					Other comprehensive income (loss)
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	
Financial assets at fair value through profit or loss						
Derivative assets	₩ 3,516	348,160	-	133,684	457	485,817
Financial assets at fair value through other comprehensive income	-	259,865	-	125,475	-	385,340
Financial assets measured at amortized cost						
Financial assets at fair value through profit or loss	-	-	-	-	28,983	28,983
Financial liabilities at fair value through profit or loss	222,520	-	453,354	(41,236)	6,427	641,065
Derivative liabilities	-	(120,304)	(82,454)	-	-	(202,758)
Financial liabilities measured at amortized cost	-	(2,105)	-	(166,680)	-	(168,785)
	(500,945)	-	(705,268)	-	(14,117)	(1,220,330)
	₩ (274,909)	485,616	(334,368)	51,243	21,750	(50,668)
						148,685

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② For the six-month period ended June 30, 2022

(in millions of Won)

	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩ 120,021	(33,662)	-	2,331	1,065	89,755	-
Derivative assets	-	427,865	-	311,045	-	738,910	-
Financial assets at fair value through other comprehensive income	-	-	-	-	31,160	31,160	(124,689)
Financial assets measured at amortized cost	107,521	-	645,499	(21,805)	(22,733)	708,482	-
Financial liabilities at fair value through profit or loss	-	100,396	(7,915)	-	-	92,481	-
Derivative liabilities	-	(103,593)	-	(423,884)	-	(527,477)	(268)
Financial liabilities measured at amortized cost	(235,411)	-	(985,364)	-	(6,927)	(1,227,702)	-
	₩ (7,869)	391,006	(347,780)	(132,313)	2,565	(94,391)	(124,957)

3) Finance income and costs by category of financial instrument for the three-month periods ended June 30, 2023 and 2022 were as follows:

① For the three-month period ended June 30, 2023

(in millions of Won)

	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩ 1,447	31,237	-	52,897	171	85,752	-
Derivative assets	-	7,422	-	95,249	-	102,671	-
Financial assets at fair value through other comprehensive income	-	-	-	-	12,143	12,143	7,852
Financial assets measured at amortized cost	120,298	-	75,445	(22,533)	5,413	178,623	-
Financial liabilities at fair value through profit or loss	-	(47,672)	(7,973)	-	-	(55,645)	-
Derivative liabilities	-	57,112	-	(113,618)	-	(56,506)	(242)
Financial liabilities measured at amortized cost	(256,385)	-	(164,335)	-	(7,694)	(428,414)	-
	₩ (134,640)	48,099	(96,863)	11,995	10,033	(161,376)	7,610

② For the three-month period ended June 30, 2022

(in millions of Won)

	Finance income and costs						Other comprehensive income (loss)
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	
Financial assets at fair value through profit or loss	₩ 59,448	(26,858)	-	245	(21,961)	10,874	-
Derivative assets	-	303,526	-	186,460	-	489,986	-
Financial assets at fair value through other comprehensive income	-	-	-	-	47,702	47,702	(229,110)
Financial assets measured at amortized cost	58,269	-	489,608	(14,752)	(744)	532,401	-
Financial liabilities at fair value through profit or loss	-	86,018	(8,183)	-	-	77,835	(319)
Derivative liabilities	-	1,360	-	(208,693)	-	(207,333)	-
Financial liabilities measured at amortized cost	(129,390)	-	(766,282)	-	(5,384)	(901,056)	-
	₩ (11,653)	364,046	(284,857)	(36,740)	19,613	50,409	(229,429)

(b) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2022.



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**22. Share Capital and Capital Surplus**

(a) Share capital as of June 30, 2023 and December 31, 2022 are as follows:

<i>(share, in Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Authorized shares	200,000,000	200,000,000
Par value	₩ 5,000	5,000
Issued shares(*1)	84,571,230	84,571,230
Shared capital(*2)	₩ 482,403,125,000	482,403,125,000

(\*1) As of June 30, 2023, total number of ADRs of 21,084,140 outstanding in overseas stock market are equivalent to 5,271,035 shares of common stock.

(\*2) As of June 30, 2023, the difference between the ending balance of common stock and the aggregate par value of issued common stock is ₩59,547 million due to retirement of 11,909,395 treasury stocks.

(b) Capital surplus as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Share premium	₩ 463,825	463,825
Gain on disposal of treasury shares	810,197	806,114
Other capital surplus	375,247	130,893
	₩ <u>1,649,269</u>	<u>1,400,832</u>

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**23. Hybrid Bonds**

(a) As of December 31, 2022, POSCO, a subsidiary of the Company, held hybrid bonds, which were classified as non-controlling interests in the consolidated financial statements. During the six-month period ended June 30, 2023, the call option on the hybrid bonds was exercised and redeemed. Hybrid bonds as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<b>Date of issue</b>	<b>Date of maturity</b>	<b>Interest rate (%)</b>		<b>June 30, 2023</b>	<b>December 31, 2022</b>
Hybrid bond 1-2(*1,2)	2013-06-13	2043-06-13	4.60	₩	-	200,000
Issuance cost					-	(616)
				₩	-	199,384

(\*1) During the six-month period ended June 30, 2023, call option on the hybrid bonds was exercised and redeemed by POSCO, a subsidiary of the Company.

(\*2) Details of issuance of hybrid bonds are as follows:

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

**POSCO HOLDINGS INC. and Subsidiaries**  
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(b) POSCO INTERNATIONAL Corporation, a subsidiary of the Company, holds hybrid bonds which are classified as non-controlling interests in the consolidated financial statements. POSCO ENERGY CO., LTD., which issued hybrid bonds, was merged with POSCO INTERNATIONAL Corporation during the six-month period ended June 30, 2023. Hybrid bonds as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<b>Date of issue</b>	<b>Date of maturity</b>	<b>Interest rate (%)</b>		<b>June 30, 2023</b>	<b>December 31, 2022</b>
Hybrid bond 1-4(*1)	2013-08-29	2043-08-29	5.21	₩	140,000	140,000
Issuance cost					(429)	(429)
				₩	<u>139,571</u>	<u>139,571</u>

(\*1) Details of issuance of hybrid bonds as of June 30, 2023 are as follows:

	<b>Hybrid bond 1-4</b>
Maturity date	30 years (The issuer has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-08-29 : 5.21 % Reset every 10 years as follows; · After 10 years : return on government bond of Republic of Korea (10 years) + 1.55 % · After 10 years : additionally +0.25% according to Step-up clauses · After 30 years : additionally +0.75 %
Interest payments condition	Quarterly (Optional deferral of interest payment is available to the Company)
Others	The issuer can call the hybrid bond at year 10th anniversary of issuance and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common stockholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of June 30, 2023 amounts to ₩639 million.

**POSCO HOLDINGS INC. and Subsidiaries**  
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**24. Reserves**

Reserves as of June 30, 2023 and December 31, 2022 are as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Accumulated comprehensive loss of investments in associates and joint ventures	₩ (198,962)	(406,555)
Changes in fair value of equity investments at fair value through other comprehensive income	45,556	(103,843)
Foreign currency translation differences	238,958	60,487
Gains or losses on valuation of derivatives	(720)	(3)
Others	(21,423)	5,924
	<u>₩ 63,409</u>	<u>(443,990)</u>

**25. Treasury Shares**

Based on the Board of Directors' resolution, the Company holds treasury shares for business purposes including price stabilization. Changes in treasury shares for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

<i>(shares, in millions of Won)</i>	<u>June 30, 2023</u>		<u>December 31, 2022</u>	
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>
Beginning	8,722,053	₩ 1,892,308	11,561,263	₩ 2,508,294
Disposal of treasury shares	(27,030)	(5,864)	(223,605)	(48,513)
Retirement of treasury shares	-	-	(2,615,605)	(567,473)
Ending	<u>8,695,023</u>	<u>₩ 1,886,444</u>	<u>8,722,053</u>	<u>₩ 1,892,308</u>

**POSCO HOLDINGS INC. and Subsidiaries**  
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**26. Revenue**

(a) Disaggregation of revenue

1) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the six-month periods ended June 30, 2023 and 2022 were as follows:

① For the six-month period ended June 30, 2023

(in millions of Won)

Types of revenue	Green Infrastructure					Others	Total
	Steel	Trading	Construction	Logistics and others	Green Materials and Energy		
Revenue from sales of goods	₩ 20,321,796	10,717,959	-	12,974	1,830,997	-	32,883,726
Revenue from services	413,870	1,656,847	70,799	204,055	2,247	12,203	2,360,021
Revenue from construction contract	-	-	4,051,298	-	24,123	-	4,075,421
Others	85,635	2,686	6,284	24,923	-	63,553	183,081
	₩ 20,821,301	12,377,492	4,128,381	241,952	1,857,367	75,756	39,502,249
<b>Timing of revenue recognition</b>							
Revenue recognized at a point in time	₩ 20,407,431	10,720,645	47,900	38,124	1,830,997	63,552	33,108,649
Revenue recognized over time	413,870	1,656,847	4,080,481	203,828	26,370	12,204	6,393,600
	₩ 20,821,301	12,377,492	4,128,381	241,952	1,857,367	75,756	39,502,249

② For the six-month period ended June 30, 2022

(in millions of Won)

Types of revenue	Green Infrastructure				Green Materials and Energy	Others	Total
	Steel	Trading	Construction	Logistics and others			
Revenue from sales of goods	₩ 23,457,093	13,177,551	-	18,611	1,017,857	-	37,671,112
Revenue from services	553,431	300,281	13,196	1,641,142	2,644	11,958	2,522,652
Revenue from construction contract	-	-	3,634,339	-	15,335	-	3,649,674
Others	58,351	262,775	79,508	30,132	-	73,920	504,686
	₩ 24,068,875	13,740,607	3,727,043	1,689,885	1,035,836	85,878	44,348,124
<b>Timing of revenue recognition</b>							
Revenue recognized at a point in time	₩ 23,515,444	13,440,326	105,743	48,743	1,017,857	73,921	38,202,034
Revenue recognized over time	553,431	300,281	3,621,300	1,641,142	17,979	11,957	6,146,090
	₩ 24,068,875	13,740,607	3,727,043	1,689,885	1,035,836	85,878	44,348,124

2) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the three-month periods ended June 30, 2023 and 2022 were as follows:

① For the three-month period ended June 30, 2023

(in millions of Won)

Types of revenue	Green Infrastructure				Green Materials and Energy	Others	Total
	Steel	Trading	Construction	Logistics and others			
Revenue from sales of goods	₩ 10,226,688	5,692,130	-	3,676	931,911	-	16,854,405
Revenue from services	219,208	630,906	32,323	152,729	632	5,688	1,041,486
Revenue from construction contract	-	-	2,127,969	-	8,672	-	2,136,641
Others	44,927	1,177	4,480	8,536	-	29,719	88,839
	₩ 10,490,823	6,324,213	2,164,772	164,941	941,215	35,407	20,121,371
<b>Timing of revenue recognition</b>							
Revenue recognized at a point in time	₩ 10,271,614	5,693,308	38,429	12,406	931,911	29,717	16,977,385
Revenue recognized over time	219,209	630,905	2,126,343	152,535	9,304	5,690	3,143,986
	₩ 10,490,823	6,324,213	2,164,772	164,941	941,215	35,407	20,121,371

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② For the three-month period ended June 30, 2022

(in millions of Won)

	Green Infrastructure					Others	Total
	Steel	Trading	Construction	Logistics and others	Green Materials and Energy		
<b>Types of revenue</b>							
Revenue from sales of goods	₩ 12,004,230	6,890,664	-	14,128	567,160	-	19,476,182
Revenue from services	293,529	162,245	5,835	766,548	992	3,185	1,232,334
Revenue from construction contract	-	-	1,990,393	-	6,589	-	1,996,982
Others	26,483	176,802	48,643	4,652	-	47,976	304,556
	₩ 12,324,242	7,229,711	2,044,871	785,328	574,741	51,161	23,010,054
<b>Timing of revenue recognition</b>							
Revenue recognized at a point in time	₩ 12,030,713	7,067,466	57,419	18,780	567,160	47,977	19,789,515
Revenue recognized over time	293,529	162,245	1,987,452	766,548	7,581	3,184	3,220,539
	₩ 12,324,242	7,229,711	2,044,871	785,328	574,741	51,161	23,010,054

(b) Details of contract assets and liabilities from contracts with customers as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Receivables</b>		
Account receivables	₩ 9,784,385	8,414,946
<b>Contract assets</b>		
Due from customers for contract work	1,748,224	1,378,640
<b>Contract liabilities</b>		
Advance received	374,743	547,874
Due to customers for contract work	718,081	761,393
Unearned revenue	81,817	84,195

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**27. Revenue – Contract Balances**

(a) Details of outstanding contracts as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

	June 30, 2023		December 31, 2022	
	Construction segment	Others	Construction segment	Others
Accumulated cost	₩ 25,594,142	202,574	30,239,570	110,414
Accumulated contract profit	2,335,370	25,558	2,664,024	17,916
Accumulated contract loss	(601,872)	(13,117)	(879,882)	(5,266)
Accumulated contract revenue	27,327,640	215,015	32,023,712	123,064

(b) Details of due from customers for contract work and due to customers for contract work as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

	June 30, 2023		December 31, 2022	
	Construction segment	Others	Construction segment	Others
Due from customers for contract work	₩ 1,645,588	120,537	1,321,160	86,118
Due to customers for contract work	(645,435)	(72,646)	(674,697)	(86,696)
	₩ 1,000,153	47,891	646,463	(578)

(c) Details of the provisions of construction loss as of June 30, 2023 and December 31, 2022 are as follows:

(in millions of Won)

	June 30, 2023	December 31, 2022
Construction segment	₩ 43,779	66,124
Others	5,949	11,342
	₩ 49,728	77,466

(d) Due to the factors causing the variation of costs for the six-month period ended June 30, 2023, the estimated total contract costs have changed. Details of changes in estimated total contract costs and the impact on profit before income tax for the six-month period ended June 30, 2023 and future periods are as follows:

(in millions of Won)

	Changes in total contract revenues	Changes in estimated total contract costs	Changes in profit (loss) of contract		
			Net income	Future income(loss)	Total
Construction segment	₩ 331,255	399,252	(50,233)	(17,764)	(67,997)
Others	4,541	2,292	1,456	793	2,249
	₩ 335,796	401,544	(48,777)	(16,971)	(65,748)

The effect on current and future profit is calculated based on the total estimated contract costs based on situations that occurred from the commencement date of the contract to June 30, 2023 and the total contract revenue as of June 30, 2023.

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(e) Uncertainty of estimates

1) Total contract revenues

Total contract revenues are initially measured based on contractual amount agreed upon. However, the actual contract revenues may increase due to additional work, claims and incentive payments, or decrease due to penalties in case of delayed completion caused by the Company's fault. Therefore, the measurement of contract revenues is subject to uncertainty resulting from the possibility of future events.

2) Total contract costs

Contract revenues are recognized based on the percentage-of-completion method, which is determined based on the total amount of costs incurred to date. The total contract costs are estimated based on projections of future costs, including material costs, labor costs, outsourcing costs, among other factors. There is uncertainty associated with estimating future contract costs due to a variety of internal and external factors, including market fluctuations, risks associated with business partners and past experience of project performance, among others. The significant assumptions including uncertainty of the estimate of total contract costs are as follows:

	<b>Method of significant assumption</b>
Material cost	Assumption based on recent purchasing price and quoted market price
Labor cost	Assumption based on standard monthly and daily labor cost
Outsourcing cost	Assumption based on the past experience rate of similar project and market price

Management reviews the assumptions used in estimated contract costs at each reporting period end and adjusts them, if necessary.



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**28. Selling and Administrative Expenses**

(a) Other administrative expenses

Other administrative expenses for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

<i>(in millions of Won)</i>	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Wages and salaries	₩ 263,855	233,350	548,629
Expenses related to post-employment benefits	21,299	16,613	47,923	40,059
Other employee benefits	66,845	54,160	129,453	118,671
Travel	11,355	10,108	20,882	15,641
Depreciation	37,061	34,791	75,926	71,177
Amortization	23,454	22,742	45,977	45,577
Communication	2,662	2,230	5,362	5,047
Electricity	3,013	2,527	5,807	4,920
Taxes and public dues	39,186	31,136	54,368	55,377
Rental	15,296	9,766	26,614	20,083
Repairs	4,673	3,824	7,249	6,268
Entertainment	3,390	3,021	7,324	6,050
Advertising	24,296	26,468	45,373	52,535
Research & development	39,793	37,594	75,937	71,159
Service fees	58,970	64,785	95,571	109,429
Vehicles maintenance	2,074	1,523	3,996	2,838
Industry association fee	4,344	2,862	7,741	6,543
Conference	4,543	5,437	9,748	9,247
Others	17,288	16,989	31,515	31,063
	₩ <u>643,397</u>	<u>579,926</u>	<u>1,245,395</u>	<u>1,168,951</u>

(b) Selling expenses

Selling expenses for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

<i>(in millions of Won)</i>	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Freight and custody expenses	₩ 9,366	13,596	25,209
Operating expenses for distribution center	2,329	541	3,068	1,098
Sales commissions	18,299	10,793	40,720	33,711
Sales advertising	405	525	1,143	827
Sales promotion	3,660	2,675	6,914	4,222
Sample	496	446	994	953
Sales insurance premium	7,810	9,759	16,358	19,935
Contract cost	11,672	14,070	19,003	25,013
Others	2,510	3,452	6,443	6,357
	₩ <u>56,547</u>	<u>55,857</u>	<u>119,852</u>	<u>132,028</u>

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**29. Finance Income and Costs**

Details of finance income and costs for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

(in millions of Won)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
<b>Finance income</b>				
Interest income(*1)	₩ 121,745	117,737	226,036	227,542
Dividend income	12,314	25,741	29,440	32,226
Gain on foreign currency transactions	434,308	549,833	914,686	821,586
Gain on foreign currency translations	161,391	274,023	494,547	450,160
Gain on derivatives transactions	80,544	194,470	138,895	321,983
Gain on valuations of derivatives	46,275	328,389	315,213	470,854
Gain on disposals of financial assets at fair value through profit of loss	56,196	1,484	143,119	4,168
Gain on valuations of financial assets at fair value through profit or loss	61,734	1,147	390,197	1,147
Gain on valuation of financial liabilities at fair value through profit of loss	-	86,018	-	100,396
Others	2,752	2,694	8,676	8,659
	₩ <u>977,259</u>	<u>1,581,536</u>	<u>2,660,809</u>	<u>2,438,721</u>
<b>Finance costs</b>				
Interest expenses	₩ 256,385	129,390	500,945	235,411
Loss on foreign currency transactions	391,288	578,723	827,666	827,106
Loss on foreign currency translations	301,274	529,990	915,935	792,420
Loss on derivatives transactions	98,913	216,703	180,100	434,822
Loss on valuation of derivatives	(18,259)	23,503	57,453	146,582
Loss on disposal of trade accounts and notes receivable	22,533	14,752	41,236	21,805
Loss on disposals of financial assets at fair value through profit of loss	3,299	1,239	9,435	1,837
Loss on valuations of financial assets at fair value through profit or loss	30,497	28,282	42,037	34,809
Loss on valuation of financial liabilities at fair value through profit of loss	47,672	-	120,304	-
Others	5,033	8,545	16,366	38,320
	₩ <u>1,138,635</u>	<u>1,531,127</u>	<u>2,711,477</u>	<u>2,533,112</u>

(\*1) Interest income calculated using the effective interest method for the six-month periods ended June 30, 2023 and 2022 were ₩222,520 million and ₩107,521 million, respectively.

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**30. Other Non-Operating Income and Expenses**

Details of other non-operating income and expenses for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

(in millions of Won)

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2023	2022	2023	2022
<b>Other non-operating income</b>				
Gain on disposals of assets held for sale	₩ -	54,475	-	54,532
Gain on disposals of investments				
in subsidiaries, associates and joint ventures(*1)	188	6,707	184,844	11,912
Gain on disposals of property, plant and equipment	3,213	3,922	5,499	13,760
Gain on valuation of firm commitment	(2,974)	35,498	5,562	174,766
Reversal of other provisions	1,456	751	9,758	3,026
Premium income	1,649	898	8,930	1,610
Gain on bargain purchase(*1)	-	-	32,965	-
Gain on disposals of emission rights	24,059	-	24,059	-
Others	8,043	16,472	40,778	37,122
	₩ <u>35,634</u>	<u>118,723</u>	<u>312,395</u>	<u>296,728</u>
<b>Other non-operating expenses</b>				
Loss on disposals of assets held for sale(*2)	₩ -	-	102,470	-
Loss on disposals of investments				
in subsidiaries, associates and joint ventures	17	-	4,401	-
Loss on disposals of property, plant and equipment	48,979	47,134	67,666	65,101
Impairment loss on property, plant and equipment	143,257	-	143,257	3
Impairment loss on intangible assets	4,772	196	4,772	200
Loss on valuation of firm commitment	13,392	56,888	22,270	88,326
Idle tangible asset expenses	5,916	5,352	12,283	10,196
Increase to provisions	5,274	4,637	6,545	5,746
Donations	3,825	1,127	32,632	13,581
Others	9,976	9,622	36,330	16,227
	₩ <u>235,408</u>	<u>124,956</u>	<u>432,626</u>	<u>199,380</u>

(\*1) During the six-month period ended June 30, 2023, QSONE Co.,Ltd., which had been previously classified as an investment in associates was reclassified as investments in subsidiaries. As a result, the Company recognized ₩184,556 million of gain on disposals of investment in associates and ₩32,965 million of gain on bargain purchase.

(\*2) During the six-month period ended June 30, 2023, the Company dispose of CSP - Companhia Siderurgica do Pecem, which was classified as assets held for sale during the period ended December 31, 2022, and recognized ₩102,470 million of loss on disposals of assets held for sale.

**POSCO HOLDINGS INC. and Subsidiaries**  
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**31. Expenses by Nature**

Expenses that are recorded by nature as cost of sales, selling and administrative expenses, impairment loss on other receivables and other non-operating expenses in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows (excluding finance costs and income tax expense):

(in millions of Won)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
	Raw material used, changes in inventories and others	₩ 12,834,073	15,003,738	25,413,705
Employee benefits expenses	1,071,420	1,002,003	2,137,186	1,987,315
Outsourced processing cost	2,565,434	2,285,127	4,984,856	4,236,856
Electricity and water expenses	289,789	242,194	564,669	482,954
Depreciation(*1)	815,743	786,128	1,645,824	1,571,178
Amortization	119,686	122,738	242,477	226,033
Freight and custody expenses	571,234	842,264	1,085,533	1,505,821
Sales commissions	18,299	10,793	40,720	33,711
Loss on disposal of property, plant and equipment	48,979	47,134	67,666	65,101
Impairment loss on property, plant and equipment	143,257	-	143,257	3
Impairment loss on intangible assets	4,772	196	4,772	200
Donations	3,825	1,127	32,632	13,581
Other expenses	548,564	694,152	1,551,796	2,290,870
	₩ <u>19,035,075</u>	<u>21,037,594</u>	<u>37,915,093</u>	<u>40,195,408</u>

(\*1) Includes depreciation expense of investment property.

**32. Income Taxes**

The effective tax rates of the Company for the six-month periods ended June 30, 2023 and 2022 were 20.43% and 22.82%, respectively.

**POSCO HOLDINGS INC. and Subsidiaries**  
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**33. Earnings per Share**

(a) Basic earnings per share for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

(in Won, except per share information)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Profit attributable to controlling interest	₩ 689,732,922,913	1,588,430,453,065	1,416,152,245,557	3,300,041,774,640
Interests of hybrid bonds, net of tax	-	-	-	(1,078,164,383)
Weighted-average number of common shares outstanding(*1)	75,876,207	75,849,177	75,862,767	75,779,995
Basic earnings per share	₩ 9,090	20,942	18,667	43,533

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

(Shares)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Total number of common shares issued	84,571,230	87,186,835	84,571,230	87,186,835
Weighted-average number of treasury shares	(8,695,023)	(11,337,658)	(8,708,463)	(11,406,840)
Weighted-average number of common shares outstanding	75,876,207	75,849,177	75,862,767	75,779,995

(b) The Company has potentially issuable common shares due to its exchangeable bonds as of June 30, 2023 and 2022 and Stock Grant program as of June 30, 2023. Diluted earnings (loss) per share is equal to basic earnings per share for the three-month and six-month periods ended June 30, 2023 due to anti-dilutive effect. Meanwhile, diluted earnings (loss) per share for the three-month and six-month periods ended June 30, 2022 were as follows:

(in Won, except share information)

	For the three-month period ended June 30, 2022		For the six-month period ended June 30, 2022	
Profit attributable to controlling interest	₩	1,588,430,453,065		3,300,041,774,640
Interests of hybrid bonds, net of tax		-		(1,078,164,383)
Loss from exchange rate on and revaluation of exchangeable bonds		(63,561,697,501)		(67,241,564,423)
Adjusted weighted-average number of common shares(*1)		78,924,274		78,833,968
Diluted earnings per share	₩	19,321		40,994

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

(shares)

	For the three-month period ended June 30, 2022		For the six-month period ended June 30, 2022	
Weighted-average number of common shares outstanding		75,849,177		75,779,995
Weighted-average number of potential common shares		3,075,097		3,053,973
Adjusted weighted-average number of common shares		78,924,274		78,833,968

**POSCO HOLDINGS INC. and Subsidiaries**  
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**34. Related Party Transactions**

(a) Significant transactions between the controlling company and related companies for the six-month periods ended June 30, 2023 and 2022 were as follows:

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

(in millions of Won)

	Sales and others(*1)			Purchase and others	
	Sales	Dividends	Others	Purchase of fixed assets	Others
<b>Subsidiaries(*2)</b>					
POSCO ₩	79,246	325,043	-	-	7,275
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO., LTD.)	4,319	11,037	440	1,777	3,710
POSCO STEELEON CO., Ltd.	934	-	-	-	43
POSCO DX(formerly, POSCO ICT)	1,647	7,455	-	1,799	3,694
eNtoB Corporation	-	-	40	26	463
POSCO FUTURE M CO., LTD. (formerly, POSCO CHEMICAL CO., LTD)	1,778	13,878	-	-	-
POSCO MOBILITY SOLUTION	510	-	55	-	-
POSCO INTERNATIONAL Corporation	5,153	77,616	-	-	32
POSCO Maharashtra Steel Private Limited	692	-	266	-	-
POSCO ASSAN TST STEEL INDUSTRY	17	-	285	-	-
Others	5,853	6,021	3,355	857	18,303
	<u>100,149</u>	<u>441,050</u>	<u>4,441</u>	<u>4,459</u>	<u>33,520</u>
<b>Associates and joint ventures(*2)</b>					
SNNC	563	-	55	-	-
Roy Hill Holdings Pty Ltd	-	136,939	-	-	-
Others	172	43,672	3,813	-	90
	<u>735</u>	<u>180,611</u>	<u>3,868</u>	<u>-</u>	<u>90</u>
₩	<u>100,884</u>	<u>621,661</u>	<u>8,309</u>	<u>4,459</u>	<u>33,610</u>

(\*1) Sales and others mainly consist of trademark usage income, rental income, and dividend income to subsidiaries, associates and joint ventures.

(\*2) As of June 30, 2023, the Company provided guarantees to related companies (Note 35).

2) For the six-month period ended June 30, 2022

(in millions of Won)

	Sales and others(*1)			Purchase and others(*2)			
	Sales	Dividends	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
<b>Subsidiaries</b>							
POSCO ₩	8,167	-	-	-	-	-	567
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO., LTD.)	2,365	16,555	7	-	85,302	-	10,282
POSCO STEELEON CO., Ltd.	131,991	-	215	-	-	7,656	6
POSCO DX(formerly, POSCO ICT)(*3)	496	4,970	18	-	38,091	10,190	32,403
eNtoB Corporation	2	24	-	60,649	9,698	32	3,207
POSCO FUTURE M CO., LTD. (formerly, POSCO CHEMICAL CO., LTD)	81,504	13,878	44	84,301	4,757	56,325	908
POSCO ENERGY CO., LTD.	762	-	-	6,682	-	-	3,925
POSCO MOBILITY SOLUTION	175,955	-	-	-	-	8,802	28
POSCO INTERNATIONAL Corporation	2,099,890	62,093	-	244,230	-	768	1,049
POSCO Trainox Public Company Limited	49,085	22,372	-	-	-	-	1
POSCO Canada Ltd.	-	-	139	77,703	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	32,534	-	-	-	-	-	-
POSCO JAPAN Co., Ltd.	28,790	-	-	835	-	-	16
POSCO-VIETNAM Co., Ltd.	44,617	-	283	-	-	-	-
POSCO MEXICO S.A. DE C.V.	102,635	-	203	-	-	-	-
POSCO Maharashtra Steel Private Limited	171,287	-	284	-	-	-	120
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	42,320	-	-	-	-	-	15
POSCO VST CO., LTD.	28,212	-	-	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	417	380,061	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	47,180	-	288	-	-	-	8
Others	194,327	1,716	3,527	61,471	13,042	53,139	205,528
	<u>3,242,119</u>	<u>121,608</u>	<u>5,405</u>	<u>915,932</u>	<u>150,690</u>	<u>136,912</u>	<u>258,063</u>
<b>Associates and joint ventures</b>							
SNNC	3,129	5,348	8	148,239	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	25,614	-	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	125,984	-	210,455	-	-	-
Others	77,244	32,440	8,041	16,485	-	-	301
	<u>105,987</u>	<u>163,772</u>	<u>8,049</u>	<u>375,179</u>	<u>-</u>	<u>-</u>	<u>301</u>
₩	<u>3,348,106</u>	<u>285,380</u>	<u>13,454</u>	<u>1,291,111</u>	<u>150,690</u>	<u>136,912</u>	<u>258,364</u>

(\*1) Sales and others mainly consist of sales of steel products (before spin-off), trademark usage income, rental income and dividend income to subsidiaries, associates and joint ventures.

(\*2) Purchase and others mainly consist of subsidiaries' purchases of construction

**POSCO HOLDINGS INC. and Subsidiaries**  
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services and purchases of raw materials to manufacture steel products.

(\*3) Others (purchase) mainly consist of service fees related to maintenance and repair of ERP System.

(b) Significant transactions between the controlling company and related companies for the three-month periods ended June 30, 2023 and 2022 were as follows:

1) For the three-month period ended June 30, 2023

(in millions of Won)

	Sales and others			Purchase and others	
	Sales	Dividends	Others	Purchase of fixed assets	Others
<b>Subsidiaries</b>					
POSCO	₩ 47,850	-	-	-	1,622
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	2,228	-	440	1,690	2,874
POSCO STEELEON CO., Ltd	406	-	-	-	20
POSCO DX(formerly, POSCO ICT)	996	-	-	770	1,877
eNtoB Corporation	-	-	40	26	278
POSCO FUTURE M CO., LTD. (formerly, POSCO CHEMICAL CO., LTD)	604	-	-	-	-
POSCO MOBILITY SOLUTION	287	-	55	-	-
POSCO INTERNATIONAL Corporation	2,642	-	-	-	32
POSCO Maharashtra Steel Private Limited	692	-	120	-	-
POSCO ASSAN TST STEEL INDUSTRY	17	-	143	-	-
Others	3,376	895	1,936	755	11,143
	59,098	895	2,734	3,241	17,846
<b>Associates and joint ventures</b>					
SNNC	522	-	55	-	-
Roy Hill Holdings Pty Ltd	-	104,496	-	-	-
Others	124	36,471	99	-	-
	646	140,967	154	-	-
₩	59,744	141,862	2,888	3,241	17,846

2) For the three-month period ended June 30, 2022

(in millions of Won)

	Sales and others			Purchase and others	
	Sales	Dividends	Others	Purchase of fixed assets	Others
<b>Subsidiaries</b>					
POSCO	₩ 6,700	-	-	-	564
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	860	-	-	-	571
POSCO STEELEON CO., Ltd	479	-	-	-	-
POSCO DX(formerly, POSCO ICT)	160	-	-	13,976	-
eNtoB Corporation	-	-	-	-	10
POSCO FUTURE M CO., LTD. (formerly, POSCO CHEMICAL CO., LTD)	922	-	-	-	-
POSCO MOBILITY SOLUTION	217	-	-	-	-
POSCO INTERNATIONAL Corporation	433	-	-	-	-
POSCO Thainox Public Company Limited	406	22,372	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	111	-	-	-	-
POSCO-VIETNAM Co., Ltd.	848	-	230	-	-
POSCO MEXICO S.A. DE C.V.	207	-	187	-	-
POSCO Maharashtra Steel Private Limited	616	-	218	-	-
POSCO VST CO., LTD.	306	-	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	162	-	208	-	-
Others	4,754	753	2,353	-	6,044
	17,181	23,125	3,196	13,976	7,189
<b>Associates and joint ventures</b>					
SNNC	7	-	-	-	-
Roy Hill Holdings Pty Ltd	-	35,596	-	-	-
Others	521	23,823	4,668	-	-
	528	59,419	4,668	-	-
₩	17,709	82,544	7,864	13,976	7,189

**POSCO HOLDINGS INC. and Subsidiaries**  
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(c) The related account balances of significant transactions between the controlling company and related companies as of June 30, 2023 and December 31, 2022 are as follows:

1) June 30, 2023

(in millions of Won)

	Receivables			Payables		
	Trade accounts and notes receivable	Others	Total	Accounts payable	Others	Total
<b>Subsidiaries</b>						
POSCO	₩ 57,428	6,048	63,476	-	21,071	21,071
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	4,227	534	4,761	-	1,857	1,857
POSCO STEELEON CO., Ltd	621	-	621	8	-	8
POSCO DX(formerly, POSCO ICT)	638	12	650	759	1,509	2,268
eNtoB Corporation	-	-	-	71	-	71
POSCO FUTURE M CO., LTD. (formerly, POSCO CHEMICAL CO., LTD)	7,545	28	7,573	-	751	751
POSCO MOBILITY SOLUTION	457	-	457	-	-	-
POSCO INTERNATIONAL Corporation	3,348	22	3,370	-	2,499	2,499
POSCO Maharashtra Steel Private Limited	-	419	419	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	-	531	531	-	-	-
PT. KRAKATAU POSCO	-	8,329	8,329	-	-	-
Others	2,655	6,369	9,024	2,809	3,933	6,742
	<u>76,919</u>	<u>22,292</u>	<u>99,211</u>	<u>3,647</u>	<u>31,620</u>	<u>35,267</u>
<b>Associates and joint ventures</b>						
SNNC	267	-	267	-	-	-
Roy Hill Holdings Pty Ltd	104,496	-	104,496	-	-	-
FQM Australia Holdings Pty Ltd(*1)	-	218,900	218,900	-	-	-
Others	18,338	575	18,913	-	-	-
	<u>123,101</u>	<u>219,475</u>	<u>342,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
₩	<u>200,020</u>	<u>241,767</u>	<u>441,787</u>	<u>3,647</u>	<u>31,620</u>	<u>35,267</u>

(\*1) FQM Australia Holdings Pty Ltd's other receivable consists of long-term loans. During the six-month period ended June 30, 2023, the Company provided additional loan to its associates by ₩6,448 million.

2) December 31, 2022

(in millions of Won)

	Receivables			Payables		
	Trade accounts and notes receivable	Others	Total	Accounts payable	Others	Total
<b>Subsidiaries</b>						
POSCO	₩ 75,343	6,600	81,943	5,678	14,663	20,341
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	3,808	660	4,468	-	-	-
POSCO STEELEON CO., Ltd	818	-	818	-	-	-
POSCO DX(formerly, POSCO ICT)	687	-	687	859	705	1,564
POSCO FUTURE M CO., LTD. (formerly, POSCO CHEMICAL CO., LTD)	8,550	-	8,550	-	5,086	5,086
POSCO MOBILITY SOLUTION	489	-	489	-	-	-
POSCO INTERNATIONAL Corporation	2,002	-	2,002	-	502	502
Qingdao Pohang Stainless Steel Co., Ltd.	-	-	-	122	-	122
POSCO Maharashtra Steel Private Limited	-	466	466	486	-	486
POSCO ASSAN TST STEEL INDUSTRY	-	513	513	104	-	104
PT. KRAKATAU POSCO	-	8,967	8,967	391	-	391
Others	5,318	6,080	11,398	11,874	4,928	16,802
	<u>97,015</u>	<u>23,286</u>	<u>120,301</u>	<u>19,514</u>	<u>25,884</u>	<u>45,398</u>
<b>Associates and joint ventures</b>						
SNNC	94	-	94	-	-	-
Roy Hill Holdings Pty Ltd	23,400	-	23,400	-	-	-
FQM Australia Holdings Pty Ltd(*1)	-	202,562	202,562	-	-	-
Others	190	761	951	74	-	74
	<u>23,684</u>	<u>203,323</u>	<u>227,007</u>	<u>74</u>	<u>-</u>	<u>74</u>
₩	<u>120,699</u>	<u>226,609</u>	<u>347,308</u>	<u>19,588</u>	<u>25,884</u>	<u>45,472</u>

(\*1) FQM Australia Holdings Pty Ltd's other receivable consists of long-term loans. During the year ended December 31, 2022, the Company provided additional loan to its associates by ₩12,116 million.



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(d) Significant transactions between the Company, excluding the controlling company, and related companies for the six-month periods ended June 30, 2023 and 2022 were as follows:

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

(in millions of Won)

	Sales and others			Purchase and others	
	Sales	Dividends	Others	Purchase of material	Others
<b>Associates and joint ventures</b>					
New Songdo International City Development, LLC	₩ 99,953	-	-	-	220
SNNC	88,115	-	32	303,301	1,317
Noeul Green Energy Co., Ltd.	6,499	-	-	-	1,182
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	7,505	-	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	20,125	-	-	74	-
South-East Asia Gas Pipeline Company Ltd.	-	40,971	-	-	-
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	48,071	-	-	3,787	75
Samcheok Blue Power Co., Ltd.	291,044	4,996	-	-	-
Pocheon-Hwado Highway Corp.	47,879	-	-	-	-
Roy Hill Holdings Pty Ltd	-	34,235	-	838,883	-
UITrans LRT Co., Ltd.	206	-	-	-	-
Others	238,077	57,100	1,708	257,416	55,545
	₩ 847,474	137,302	1,740	1,403,461	58,339

2) For the six-month period ended June 30, 2022

(in millions of Won)

	Sales and others			Purchase and others	
	Sales	Dividends	Others	Purchase of material	Others
<b>Associates and joint ventures</b>					
New Songdo International City Development, LLC	₩ 145,929	-	-	-	93
SNNC	77,471	-	88	318,036	715
Noeul Green Energy Co., Ltd.	5,376	-	-	-	771
CSP - Companhia Siderurgica do Pecem(*2)	4,089	-	-	89,269	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd(*1)	17,824	-	-	24,190	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	6,970	-	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	18,978	-	-	93	-
South-East Asia Gas Pipeline Company Ltd.	-	-	2,100	-	1,205
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	58,049	24,000	-	2,270	159
Samcheok Blue Power Co., Ltd.	238,689	2,416	26	-	-
Pocheon-Hwado Highway Corp.	39,679	-	-	-	-
Roy Hill Holdings Pty Ltd	-	22,597	-	435,356	-
UITrans LRT Co., Ltd.	142	-	-	1,359	-
Others	255,343	67,625	1,794	256,163	62,808
	₩ 868,539	116,638	4,008	1,126,736	65,751

(\*1) Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd was excluded from associates due to the sale of its shares during the year ended December 31, 2022.

(\*2) CSP - Companhia Siderurgica do Pecem was excluded from joint ventures due to the sale of its shares during the six-month period ended June 30, 2023.

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(e) Significant transactions between the Company, excluding the controlling company, and related companies for the three-month periods ended June 30, 2023 and 2022 were as follows:

1) For the three-month period ended June 30, 2023

(in millions of Won)

	Sales and others			Purchase and others	
	Sales	Dividends	Others	Purchase of material	Others
<b>Associates and joint ventures</b>					
New Songdo International City Development, LLC	₩	51,553	-	-	101
SNNC		42,972	-	152,265	446
Noeul Green Energy Co., Ltd.		6,421	-	-	546
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd		2,259	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		9,705	-	-	-
South-East Asia Gas Pipeline Company Ltd.		-	34,564	-	-
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)		24,366	-	1,567	-
Samcheok Blue Power Co., Ltd.		144,969	2,498	-	-
Pocheon-Hwado Highway Corp.		29,655	-	-	-
Roy Hill Holdings Pty Ltd		-	26,124	352,780	-
UITrans LRT Co., Ltd.		59	-	-	-
Others		153,128	34,535	136,184	29,817
	₩	<u>465,087</u>	<u>97,721</u>	<u>642,796</u>	<u>30,910</u>

2) For the three-month period ended June 30, 2022

(in millions of Won)

	Sales and others			Purchase and others	
	Sales	Dividends	Others	Purchase of material	Others
<b>Associates and joint ventures</b>					
New Songdo International City Development, LLC	₩	81,462	-	-	69
SNNC		46,149	-	255,497	-
Noeul Green Energy Co., Ltd.		3,801	-	-	355
CSP - Compania Siderurgica do Pecem		12	-	39,908	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		8,642	-	11,528	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd		4,566	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		10,306	-	-	-
South-East Asia Gas Pipeline Company Ltd.		-	-	-	2,100
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)		34,706	-	967	3
Samcheok Blue Power Co., Ltd.		143,239	-	-	-
Pocheon-Hwado Highway Corp.		25,203	-	-	-
UITrans LRT Co., Ltd.		142	-	-	-
Roy Hill Holdings Pty Ltd		-	-	292,562	-
Others		142,785	33,494	162,642	56,181
	₩	<u>501,013</u>	<u>33,494</u>	<u>763,104</u>	<u>56,608</u>

**POSCO HOLDINGS INC. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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(f) The related account balances from significant transactions between the Company, excluding the controlling company, and related companies as of June 30, 2023 and December 31, 2022 are as follows:

1) June 30, 2023

(in millions of Won)

	Receivables				Payables		
	Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes payable	Others	Total
<b>Associates and joint ventures</b>							
New Songdo International City Development, LLC	₩ 19,897	-	800	20,697	-	41,961	41,961
Samcheok Blue Power Co., Ltd.	195,878	-	298	196,176	-	16,118	16,118
Nickel Mining Company SAS	-	66,539	374	66,913	-	358	358
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	11,220	-	-	11,220	-	-	-
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	9,652	-	175	9,827	897	2	899
Pocheon-Hwado Highway Corp.	19,531	-	-	19,531	-	-	-
UITrans LRT Co., Ltd.	-	41,509	71	41,580	-	1,793	1,793
Roy Hill Holdings Pty Ltd	-	-	26,070	26,070	513,318	3,570	516,888
SNNC	22,716	-	78	22,794	31,685	192	31,877
POSCO(Guangdong) Automotive Steel Co., Ltd.	40,545	-	-	40,545	26,948	9,426	36,374
Others	29,545	183,703	133,907	347,155	8,537	23,060	31,617
	₩ 348,984	291,751	161,773	802,508	581,385	96,500	677,885

2) December 31, 2022

(in millions of Won)

	Receivables				Payables		
	Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes receivable	Others	Total
<b>Associates and joint ventures</b>							
New Songdo International City Development, LLC	₩ 63,413	-	16,858	80,271	-	39,664	39,664
Chuncheon Energy Co., Ltd.	-	-	-	-	-	50	50
Samcheok Blue Power Co., Ltd.	107,119	-	-	107,119	-	18,224	18,224
Nickel Mining Company SAS	-	63,024	263	63,287	-	358	358
CSP - Companhia Siderurgica do Pecem	3	-	-	3	-	-	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	7,096	-	-	7,096	-	-	-
POSCO MC MATERIALS (formerly, POSCO MITSUBISHI CARBON TECHNOLOGY)	12,589	-	52	12,641	1,198	4	1,202
Pocheon-Hwado Highway Corp.	16,297	-	-	16,297	-	-	-
UITrans LRT Co., Ltd.	-	36,510	-	36,510	-	1,999	1,999
Roy Hill Holdings Pty Ltd	-	-	7,110	7,110	571,084	-	571,084
SNNC	7,827	-	51	7,878	44,124	198	44,322
POSCO(Guangdong) Automotive Steel Co., Ltd.	-	35,131	-	35,131	-	-	-
Others	98,920	185,022	112,538	396,480	54,708	25,241	79,949
	₩ 313,264	319,687	136,872	769,823	671,114	85,738	756,852

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(g) Significant financial transactions between the Company, excluding the controlling company, and related companies for the six-month period ended June 30, 2023 and the year ended December 31, 2022 were as follows:

1) June 30, 2023

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Lend</b>	<b>Collect</b>	<b>Others(*1)</b>	<b>Ending</b>
<b>Associates and joint ventures</b>						
UITrans LRT Co., Ltd.	₩	36,510	4,999	-	-	41,509
PT. Tanggamus Electric Power		5,014	-	-	(100)	4,914
PT. Wampu Electric Power		3,988	-	-	143	4,131
Nickel Mining Company SAS		63,024	-	-	3,515	66,539
KRAKATAU POS-CHEM DONG-SUH CHEMICAL		3,802	-	(1,323)	147	2,626
POS-SeAH Steel Wire (Thailand) Co., Ltd.		7,604	-	-	273	7,877
AMCI (WA) PTY LTD		104,281	2,574	-	(155)	106,700
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD		10,138	-	-	364	10,502
Hyo-chun Co., Ltd.		2,382	-	-	-	2,382
POS-AUSTEM Suzhou Automotive Co., Ltd		12,673	-	(6,477)	368	6,564
FQM Australia Holdings Pty Ltd		35,040	1,266	-	434	36,740
POHANG E&E Co., LTD		100	1,167	-	-	1,267
POSCO(Guangdong) Automotive Steel Co., Ltd.		35,131	-	(35,131)	-	-
	₩	<u>319,687</u>	<u>10,006</u>	<u>(42,931)</u>	<u>4,989</u>	<u>291,751</u>

(\*1) Includes adjustments of foreign currency translation differences and others.

2) December 31, 2022

<i>(in millions of Won)</i>		<b>Beginning</b>	<b>Lend</b>	<b>Collect</b>	<b>Others(*1)</b>	<b>Ending</b>
<b>Associates and jointventures</b>						
UITrans LRT Co., Ltd.	₩	29,099	7,460	(5)	(44)	36,510
South-East Asia Gas Pipeline Company Ltd.		47,423	-	(45,639)	(1,784)	-
PT. Tanggamus Electric Power		4,690	-	-	324	5,014
PT. Wampu Electric Power		5,651	-	(1,876)	213	3,988
PT. POSMI Steel Indonesia		2,371	-	(2,371)	-	-
Nickel Mining Company SAS		62,611	-	-	413	63,024
KRAKATAU POS-CHEM DONG-SUH CHEMICAL		4,742	-	(1,264)	324	3,802
POS-SeAH Steel Wire (Thailand) Co., Ltd.		7,113	-	-	491	7,604
AMCI (WA) PTY LTD		91,665	6,975	-	5,641	104,281
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD		5,928	-	(6,548)	620	-
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD		9,484	-	-	654	10,138
Hyo-chun Co., Ltd.		2,382	-	-	-	2,382
POS-AUSTEM Suzhou Automotive Co., Ltd		17,783	-	(6,069)	959	12,673
FQM Australia Holdings Pty Ltd		27,227	7,935	-	(122)	35,040
POHANG E&E Co., LTD		-	100	-	-	100
POSCO(Guangdong) Automotive Steel Co., Ltd.		-	35,131	-	-	35,131
	₩	<u>318,169</u>	<u>57,601</u>	<u>(63,772)</u>	<u>7,689</u>	<u>319,687</u>

(\*1) Includes adjustments of foreign currency translation differences and others.

**POSCO HOLDINGS INC. and Subsidiaries**  
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**(Unaudited)**

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(h) For the six-month periods ended June 30, 2023 and 2022, details of compensation to key management officers were as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Short-term benefits	₩ 92,034	99,312
Long-term benefits	4,524	4,580
Retirement benefits	<u>18,602</u>	<u>13,022</u>
	<u>₩ 115,160</u>	<u>116,914</u>

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

# POSCO HOLDINGS INC. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements, Continued

### As of June 30, 2023

(Unaudited)

### 35. Commitments and Contingencies

#### (a) Details of guarantees

1) Contingent liabilities on outstanding guarantees provided by the Company as of June 30, 2023 are as follows:

Guarantor		Guarantee beneficiary	Financial institution	Guarantee limit		Guarantee amount		
				Foreign currency	Won equivalent	Foreign currency	Won equivalent	
<b>[The Company]</b>								
POSCO HOLDINGS INC.	POSCO Asia Co., Ltd.	Credit Agricole and others	USD	205,000,000	269,124	-	-	
	POSCO Maharashtra Steel Private Limited PT. KRAKATAU POSCO	SMBC and others Export-Import Bank of Korea and others	USD	139,784,000	183,508	79,784,000	104,741	
POSCO	POSCO ASSAN TST STEEL INDUSTRY	SOCIETE GENERALE and others	USD	2,188,300,000	2,872,801	1,186,870,143	1,558,122	
	POSCO Argentina S.A.U.	HSBC and others	USD	131,874,750	173,126	131,874,750	173,126	
	POSCO MEXICO S.A. DE C.V.	BOA and others	USD	411,900,000	540,744	111,000,002	145,720	
	POSCO-VIETNAM Co., Ltd.	SMBC and others	USD	60,000,000	78,768	60,000,000	78,768	
POSCO INTERNATIONAL Corporation	POSCO COATED STEEL (THAILAND) CO., LTD.	SMBC and others	THB	4,800,000,000	176,832	4,800,000,000	176,832	
	POSCO INTERNATIONAL GLOBAL DEVELOPMENT PTE. LTD.	Export-Import Bank of Korea and others	USD	180,000,000	236,304	150,000,000	196,920	
	POSCO INTERNATIONAL POWER (PNG) LTD	KDB bank	USD	20,880,000	27,411	17,400,000	22,843	
	GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	Shinhan Bank and others	USD	13,200,000	17,329	11,000,000	14,441	
	PT. Bio Inti Agrindo	BTBN and others	IDR	1,250,510,000,000	109,545	1,178,510,000,000	103,237	
	POSCO ASSAN TST STEEL INDUSTRY	ING	USD	14,652,750	19,236	14,652,750	19,236	
	POSCO INTERNATIONAL Deutschland GmbH	Bank Mendes Gans Amsterdam	EUR	-	-	19,888,400	25,847	
	POSCO INTERNATIONAL AMERICA Corp.	-	-	-	-	15,386,465	20,199	
	POSCO INTERNATIONAL JAPAN Corp.	-	-	-	-	6,944,721	9,117	
	POSCO INTERNATIONAL SINGAPORE Pte. Ltd.	-	-	-	-	-	-	
	POSCO INTERNATIONAL Malaysia SDN BHD	-	-	-	-	-	-	
	POSCO INTERNATIONAL Italia S.R.L.	-	-	-	-	-	-	
	POSCO INTERNATIONAL MEXICO S.A. de C.V.	-	-	-	-	-	-	
GRAIN TERMINAL HOLDING PTE. LTD.	Export-Import Bank of Korea and others	USD	50,000,000	65,640	-	-		
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	POSCO INTERNATIONAL E&P MALAYSIA SDN.	SC MALAYSIA	USD	27,000,000	35,446	27,000,000	35,446	
	PT. KRAKATAU POSCO ENERGY	POSCO Asia Co., Ltd. and others	USD	6,000,000	7,877	6,000,000	7,877	
	POSCO E&C Vietnam Co., Ltd.	POSCO Asia Co., Ltd. and others	USD	88,903,407	116,712	59,151,987	77,655	
	PT. POSCO E&C INDONESIA	POSCO Asia Co., Ltd. and others	USD	36,000,000	47,261	33,000,000	43,322	
POSCO STEELCON CO.,LTD.	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd.	USD	25,900,000	34,002	25,900,000	34,002	
	-	-	USD	13,986,947	18,362	11,952,170	15,691	
<b>[Associates and joint ventures]</b>								
POSCO HOLDINGS INC.	Nickel Mining Company SAS	SMBC	EUR	46,000,000	65,621	46,000,000	65,621	
	LLP POSLUK Titanium	SMBC	USD	13,500,000	17,723	13,250,000	17,395	
POSCO INTERNATIONAL Corporation	GLOBAL KOMSCO Daewoo LLC	Hana Bank	USD	6,650,000	8,730	6,300,000	8,271	
	POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	Chun-cheon Energy Co., Ltd	Kookmin Bank and others	KRW	149,200	149,200	143,110	
<b>[Others]</b>								
POSCO INTERNATIONAL Corporation	SHERRITT INTERNATIONAL CORP.	Export-Import Bank of Korea	USD	48,818,182	64,089	7,429,145	9,753	
	Busan Sanseong Tunnel and others	Balhae Infrastructure Fund and others	USD	-	-	-	-	
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	Busan Sanseong Tunnel	Kookmin Bank	KRW	1,713,217	1,713,217	627,340	627,340	
	POSCO DX(formerly, POSCO ICT)	Seoul Guarantee Insurance	KRW	7,621	7,621	6,394	6,394	
POSCO WIDE Co., Ltd. (formerly, POSCO O&M Co., Ltd.)	Korea Electric Power Corporation and others	HSBC and others	KRW	4,466	4,466	4,466	4,466	
	POSCO AUSTRALIA PTY LTD	Department of Trade and Investment (NSW Government) and others	AUD	16,754,695	14,560	16,754,695	14,560	
PT. Bio Inti Agrindo	POSCO Maharashtra Steel Private Limited	KSU Mandob	Bank Muamalat	IDR	80,000,000,000	7,008	80,000,000,000	7,008
		Gail India and others	HSBC and others	INR	1,066,443,860	17,063	1,066,443,860	17,063
		-	-	USD	3,838,350,036	5,038,990	2,104,584,533	2,762,900
		-	-	KRW	1,874,504	1,874,504	781,310	781,310
		-	-	IDR	1,330,510,000,000	116,553	1,258,510,000,000	110,245
		-	-	INR	1,066,443,860	17,063	1,066,443,860	17,063
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	Western Inland highway CO.,LTD. and others	Jeonngong school keeper co. and others	THB	4,800,000,000	176,832	4,800,000,000	176,832	
		-	EUR	46,000,000	65,621	46,000,000	65,621	
		-	AUD	16,754,695	14,560	16,754,695	14,560	
		-	-	-	-	-	-	

2) Contingent liabilities on debt acquisition, financial support agreement provided by the Company as of June 30, 2023 are as follows:

Provider		Recipient	Lender	Agreed amount		Executed amount	
				Foreign currency	Won equivalent	Foreign currency	Won equivalent
<b>[The Company]</b>							
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	JB CLARK HILLS	HSBC and others	USD	30,000,000	39,384	27,500,000	36,102
			-	-	-	-	
<b>[Associates and joint ventures]</b>							
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	New Songdo International City Development, LLC	Others	KRW	520,000	520,000	467,000	467,000
			KRW	71,930	71,930	53,523	53,523
			KRW	205,051	205,051	169,358	169,358
			KRW	319,526	319,526	163,327	163,327
			KRW	22,714	22,714	12,495	12,495
			KRW	51,559	51,559	26,201	26,201
			KRW	44,054	44,054	26,696	26,696
			KRW	43,736	43,736	34,106	34,106
			KRW	3,872,072	3,872,072	1,845,918	1,845,918
			KRW	205,981	205,981	83,193	83,193
<b>[Others]</b>							
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	Western Inland highway CO.,LTD. and others	NH Bank and others	KRW	3,872,072	3,872,072	1,845,918	1,845,918
			-	-	-	-	
POSCO DX(formerly, POSCO ICT)	Jeonngong school keeper co. and others	Northeast Asia Infrastructure Private Placement Special Asset Investment Trust and others	KRW	205,981	205,981	83,193	83,193
			-	-	-	-	

**POSCO HOLDINGS INC. and Subsidiaries**  
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**(Unaudited)**

(b) Other commitments

Details of other commitments of the Company as of June 30, 2023 are as follows:

Company	Description
POSCO HOLDINGS INC.	<p>As of June 30, 2023, POSCO HOLDINGS INC. entered into a commitment with KOREA ENERGY AGENCY for long-term foreign currency borrowings, which are limited up to the amount of USD 1.05 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowings depends on the success of the projects. POSCO HOLDINGS INC. is not liable for the repayment of full or part of the amount borrowed if the respective projects fail. POSCO HOLDINGS INC. has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of June 30, 2023, the ending balance of the borrowing amounts to USD 1.02 million.</p> <p>POSCO HOLDINGS INC. has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to POSCO INTERNATIONAL Corporation, a subsidiary of the Company, under construction of new power plant.</p> <p>POSCO HOLDINGS INC. has deposited 3,176,474 treasury shares for exchange with the Korea Securities Depository in relation to foreign currency exchangeable bonds as of June 30, 2023.</p>
POSCO	<p>POSCO entered into long-term contracts to purchase iron ore, coal, nickel and others. The long-term purchase contract period is more than two years for iron ore, three years for coal, and one year for nickel. These contracts provide for periodic price adjustments based on the market price. As of June 30, 2023, 70 million tons of iron ore and 20 million tons of coal remained to be purchased under such long-term contracts.</p> <p>POSCO entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. Due to decrease of purchase volume in 2023, the purchase volume will be 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>POSCO has a long-term service contract for the transportation of raw material. As of June 30, 2023, there are 36 vessels under contract, and the average remaining contract period is about 7 years.</p> <p>POSCO 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. POSCO has extension option of extending the purchase contract by five years. Meanwhile, POSCO INTERNATIONAL Corporation has signed an LNG SPA with Cheniere Marketing, LLC for the purpose of supplying LNG to POSCO. As an actual buyer of LNG, POSCO provides performance guarantee for POSCO INTERNATIONAL Corporation's SPA to producer, Cheniere Marketing, LLC. The performance guarantee contract period is from September 30, 2022 to the date of expiration of SPA contract which is September 30, 2046, or the date of termination of payment obligation under the guarantee contract.</p>
POSCO INTERNATIONAL Corporation	<p>POSCO INTERNATIONAL Corporation operates a ship-to-ship business in which ships are chartered from ship's owners and leased out to shippers. The Company has entered into a ship purchase agreement with the ship owners and the shippers, which obliges the shippers to pay the agreed amount either at the end of the contract terms or at the agreed termination and to take over the ownership of the vessel from the ship owners. Only if the shipper fails to fulfill its obligation including payment obligation for the purchase of the vessel, the Company is obliged to take over the ship based on the condition that the shipper's contractual obligations and rights are transferred to the Company. As of June 30, 2023, the amount which is exposed to the ship purchase agreements entered into is USD 170 million.</p> <p>The Company invested in the Ambatovy Nickel Project (DMSA/AMSA) in Madagascar through the Korea Ambatovy Consortium (KAC) formed with Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR) and STX Corporation. SHERRITT INTERNATIONAL CORP., the operator, transferred a portion of the project's interests to Sumitomo and AHL (Ambatovy Holdings Limited) in November 2017, and transferred the remaining interests of the project to Sumitomo and AHL2 (Ambatovy Holdings II Limited) in August 2020. KAC has the rights and obligations to the 15.33% stake held by AHL and AHL2.</p>
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	<p>As of June 30, 2023, POSCO Eco &amp; Challenge Co., Ltd. has foreign currency guarantees of up to USD 1,545 million provided by financial institutions and uses USD 668 million with Woori Bank and others.</p> <p>As of June 30, 2023, according to the project agreements related to redevelopment and reconstruction projects, the Company has an agreement to compensate the Korea Housing and Urban Guarantee Corporation for damages of principal and interest amounting to ₩1,942,070 million (limited to ₩3,463,029 million). Furthermore, the Company provides agreements of construction completion (compensation for non-performance) in connection with a number of implementation and union business projects.</p> <p>As of June 30, 2023, according to the investor agreement for the construction of Samcheok Thermal Power Plant, POSCO Eco &amp; Challenge Co., Ltd. is obligated to make contributions for core capital, unqualified investment, excess expenses occurred for business, and acceleration of payment. Among them, the remaining amount of the core capital investment obligation is ₩43,189 million, and the payment period is expected to be in the first quarter of 2024.</p>
POSCO DX(formerly, POSCO ICT)	<p>As of June 30, 2023, in relation to contract enforcement, POSCO DX is provided with a guarantee of ₩108,332 million, ₩48,521 million, and ₩5,594 million from Korea Software Financial Cooperative, Seoul guarantee insurance, and Construction Guarantee Cooperative respectively.</p>

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(c) Litigation in progress

The Company is involved in 355 lawsuits aggregating to ₩1,228.8 billion as defendant as of June 30, 2023, which arise from the ordinary course of business such as claim for confirmation of employee status. The Company has recognized provisions amounting to ₩50.7 billion for 108 lawsuits based on its reliable estimate of outflow of resources. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company believes that it does not have a present obligation as of June 30, 2023.

(d) Other Contingencies

Other major contingencies for the Company as of June 30, 2023 are as follows:

Company	Description
POSCO HOLDINGS INC.	POSCO HOLDINGS INC. has provided 3 blank checks to Korea Energy Agency as collateral for long-term foreign currency borrowings. The company has a joint obligation with the company newly established through spin-off, POSCO, to discharge all liabilities (including financial guarantee contracts) incurred prior to the spin-off date.
POSCO INTERNATIONAL Corporation	As of June 30, 2023, POSCO INTERNATIONAL Corporation has provided 29 blank promissory notes and 18 blank checks to Korea Energy Agency and others as collateral for the guarantee on performance for contracts and others.
POSCO Eco & Challenge Co., Ltd. (formerly, POSCO ENGINEERING & CONSTRUCTION CO.,LTD.)	As of June 30, 2023, POSCO Eco & Challenge Co., Ltd. has provided 34 blank checks and 4 blank promissory notes as collateral for agreements and outstanding loans, and has provided joint guarantee of ₩7,872,342 million for guarantee that partners had issued from Korea Housing & Urban Guarantee Corporation and others.
POSCO DX(formerly, POSCO ICT)	As of June 30, 2023, POSCO DX has provided 6 blank checks to financial institutions as collateral for the guarantee on performance for contracts and others.

**36. Cash Flows from Operating Activities**

Changes in operating assets and liabilities for the six-month periods ended June 30, 2023 and 2022 were as follows:

<i>(in millions of Won)</i>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Trade accounts and notes receivable	₩ (1,730,909)	(2,034,899)
Other receivables	(30,340)	(49,796)
Inventories	481,241	(2,506,654)
Other current assets	(78,514)	(257,450)
Other non-current assets	(4,395)	(93,408)
Trade accounts and notes payable	311,826	803,265
Other payables	(487,729)	14,567
Other current liabilities	(169,785)	125,856
Provisions	(98,110)	(87,455)
Payments of severance benefits	(178,504)	(193,399)
Plan assets	125,929	131,610
Other non-current liabilities	(27,549)	2,191
	<u>₩ (1,886,839)</u>	<u>(4,145,572)</u>



**POSCO HOLDINGS INC. and Subsidiaries**  
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**(Unaudited)**

**37. Operating Segments**

The Company's operating businesses are organized based on the nature of markets and customers. During the six-month period ended June 30, 2023, the Company changed its internal organization and internal reporting structures. As a result, operating segments were re-categorized according to the revised reporting materials provided to the management for decision-making. The Company restated the reporting segments information for the six-month period ended June 30, 2022 to conform to the new reporting segmentation.

Segment assets, liabilities and profit (loss) are generally measured based on separate financial statements in accordance with K-IFRS of the subsidiaries that constitute reportable operating segments.

Meanwhile the Company has classified the business segment and the subsidiaries in each segments are as follows:

Operating segments	Main Business
Steel	Manufacture and sales of steel products
Green infrastructure	Trading
	Construction
	Logistics and others
Green Materials and energy	
Others	

Supply and purchase transactions between domestic and foreign companies, power generation, and resource development  
Design, production and construction of steel mills and their facilities, commercial and residential facilities, etc.  
Logistics, network and system integration business  
EV battery materials such as lithium, nickel, negative/cathode materials, and hydrogen business  
POSCO HOLDINGS, INC., Controlling company and Investment business

(a) Information about reportable segments for the six-month periods ended June 30, 2023 and 2022 were as follows:

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

<i>(in millions of Won)</i>		Green Infrastructure				Green materials and Energy	Others	Total
		Steel	Trading	Construction	Logistics and others			
External revenues	₩	20,821,301	12,377,492	4,128,381	241,952	1,857,367	75,756	39,502,249
Internal revenues		11,495,481	9,792,258	885,957	1,638,778	498,188	771,340	25,082,002
Inter segment revenues		7,808,416	4,690,516	824,581	1,633,246	496,674	761,681	16,215,114
Total revenues		32,316,782	22,169,750	5,014,338	1,880,730	2,355,555	847,096	64,584,251
Segment profits		819,576	505,524	91,304	78,067	52,748	767,936	2,315,155

2) For the six-month period ended June 30, 2022

① The segment results as previously disclosed are as follows:

<i>(in millions of Won)</i>		Green Infrastructure				Green materials and Energy	Others	Total
		Steel	Construction	Trading	Energy and others			
External revenues	₩	24,068,875	3,727,043	13,740,607	1,689,885	1,035,836	85,878	44,348,124
Internal revenues		13,685,014	573,277	13,796,928	1,603,960	488,953	351,018	30,496,150
Inter segment revenues		9,643,528	515,949	7,143,574	1,587,417	487,219	344,444	19,722,131
Total revenues		37,753,889	4,300,320	27,536,535	3,293,845	1,524,789	436,896	74,846,274
Segment profits(losses)		2,508,811	205,428	391,702	172,296	90,672	(1,847,135)	1,521,774

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- ② The restated segment results due to the change of the operating segments are as follows:

(in millions of Won)

	Steel	Trading	Green Infrastructure		Green materials and		Others	Total
			Construction	Logistics and others	Energy			
External revenues	₩ 24,068,875	15,178,565	3,727,043	251,927	1,035,836	85,878	44,348,124	
Internal revenues	13,685,014	13,816,368	573,277	1,583,520	488,953	351,018	30,496,150	
Inter segment revenues	9,643,528	6,872,223	515,949	1,574,225	487,219	344,444	19,437,588	
Total revenues	37,753,889	28,994,933	4,300,320	1,835,447	1,524,789	436,896	74,846,274	
Segment profits(losses)	2,508,811	501,583	205,428	62,415	90,672	(1,847,135)	1,521,774	

- (b) Reconciliations of total segment profit or loss, to their respective consolidated financial statement line items for the six-month periods ended June 30, 2023 and 2022 were as follows:

(in millions of Won)

		<b>June 30, 2023</b>	<b>June 30, 2022</b>
Total profit for reportable segments	₩	2,315,155	1,521,774
Corporate fair value adjustments		183,004	(32,793)
Elimination of inter-segment profit (loss)		(881,889)	2,216,845
Income tax expense		414,884	1,095,716
Profit before income tax expense	₩	<b>2,031,154</b>	<b>4,801,542</b>

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**38. Business combination**

(a) General Information

As of March 30, 2023, the Company acquired 50% of the remaining shares of QSONE Co.,Ltd. which had previously been classified as an associate, and incorporated into a subsidiary (100% of the shares held after additional acquisition). QSONE Co.,Ltd. owns POSCO Tower Yeoksam, located in Seoul, South Korea, and operates in the business of real estate rental and facility management. With QSONE Co.,Ltd.'s inclusion as a subsidiary, the Company plans to reallocate some of consolidated entities which are dispersed due to space limitation, and expects that the Company will ultimately be able to promote collaboration and improve work efficiency.

Had QSONE Co.,Ltd. been acquired on January 1, 2023, the Company's revenue and profit would have been ₩39,505,704 million and ₩1,617,324 million. In addition, revenue and profit based on separate financial statements of QSONE Co.,Ltd. after the acquisition are ₩6,953 million and ₩2,066 million.

(b) Consideration transferred

As of the acquisition date, the fair values of the major categories of the consideration transferred in the acquisition are as follows:

<i>(in millions of Won)</i>	<b>March 30, 2023</b>	
Cash	₩	152,749
Investments in associates(*1)		268,951

(\*1) As a result of reassessing 50% of the shares previously held by the Company at fair value, a gain on disposal of ₩184,556 million has been recognized as other non-operating income in the consolidated statement of comprehensive income.

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(c) Identifiable assets acquired and liabilities assumed

The fair value of the identifiable assets acquired and liabilities assumed as of the date of acquisition is as follows:

*(in millions of Won)*

	<b>March 30, 2023</b>	
<b>Assets</b>		
Cash and cash equivalents	₩	2,220
Trade accounts, notes receivable and other receivables, net		205
Other financial assets		12,000
Other current assets		132
<b>Total current assets</b>		<b>14,557</b>
Other receivables, net		41
Investment property, net		557,040
Property, plant and equipment, net		42,641
Deferred tax assets		10
<b>Total non-current assets</b>		<b>599,732</b>
<b>Total assets</b>	₩	<b>614,289</b>
<b>Liabilities</b>		
Short-term borrowings	₩	10,000
Other payables		5,612
Current income tax liabilities		401
Other current liabilities		812
<b>Total current liabilities</b>		<b>16,825</b>
Long-term borrowings		48,000
Other payables		6,546
Other non-current liabilities		967
Deferred tax liabilities		85,127
<b>Total non-current liabilities</b>		<b>140,640</b>
<b>Total liabilities</b>	₩	<b>157,465</b>
<b>Net assets</b>	₩	<b>456,824</b>

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(d) Gain on bargain purchase

The acquisition cost for the remaining 50% shares held by the seller was determined by comprehensively considering factors based on the sales contract, such as the fair value increase of POSCO Tower Yeoksam during the seller's investment period, target earnings which is calculated by deducting amounts paid by QSONE Co.,Ltd. to the seller as a right of shareholder and creditor, from the seller's initial investment. Therefore, gain on bargain purchase from this business combination is ₩32,965 million which the Company recognized as other non-operating income.

(e) Costs related to business combination

During six-month period ended June 30, 2023 expenses related to the business combination, including evaluation fees were ₩179 million, which the Company recognized as other administrative expenses in the consolidated statements of comprehensive income.

**39. Events after the reporting period**

Pursuant to the resolution of the Board of Directors on August 8, 2023, the Company decided to pay interim cash dividends of ₩2,500 per common share (total dividend: ₩189.7 billion).