POSCO HOLDINGS INC.

Condensed Separate Interim Financial Statements
(Unaudited)
March 31, 2022

(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 separate interim financial statements of POSCO HOLDINGS INC. (the "Company"), which comprise the condensed separate interim statement of financial position as of March 31, 2022, the condensed separate interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 1034 "Interim Financial Reporting". The Company's management is also responsible for the internal controls determined necessary to prepare condensed separate interim financial statements free of material misstatements due to error or fraud.

Auditor's review responsibility

Our responsibility is to issue a report on the condensed separate 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 statements 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 separate interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No. 1034 "Interim Financial Reporting".

Emphasis of matter
Without qualifying our review conclusion, we draw attention to Note 1 and Note 35 to the separate financial statements, which describes the spin-off by the former POSCO, the controlling company on March 1, 2022. Upon completion of the spin-off, the surviving company was renamed as POSCO HOLDINGS INC., and a new subsidiary, POSCO, was established.

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

The separate statement of financial position of the Company as of December 31, 2021, and the related separate 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 10, 2022, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2021, presented for comparative purposes, is consistent, in all material respect, with the audited separate financial statements from which it has been derived.

KPMG Samjong Accounting Corp.

Seoul, Korea
May 16, 2022

This report is effective as of May 16, 2022, 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 separate interim financial statements. 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.
Condensed Separate Interim Statements of Financial Position
As of March 31, 2022 and December 31, 2021
(Unaudited)

(in millions of Won)	Notes		March 31, 2022	December 31, 2021
Assets				
Cash and cash equivalents	20	₩	532,410	2,042,274
Trade accounts and notes receivable, net	4,14,20,25,32		238,967	6,017,508
Other receivables, net	5,20,32		138,698	545,341
Other short-term financial assets	6,20		4,963,495	9,605,522
Inventories	7,29		-	7,623,202
Assets held for sale	8		-	29,789
Other current assets	13		2,154	55,244
Total current assets			5,875,724	25,918,880
Long-term trade accounts and notes receivable, net	4,20		-	5,675
Other receivables, net	5,20		211,969	274,253
Other long-term financial assets	6,20		1,300,389	1,326,565
Investments in subsidiaries, associates and joint ventures	9		45,561,504	16,002,640
Investment property, net	10		226,832	144,140
Property, plant and equipment, net	11		143,759	19,772,299
Intangible assets, net	12		13,677	551,410
Defined benefit assets, net	18		-	212,531
Other non-current assets	13		12	34,366
Total non-current assets			47,458,142	38,323,879
Total assets		₩	53,333,866	64,242,759

See accompanying notes to the condensed separate interim financial statements.

POSCO HOLDINGS INC.
Condensed Separate Interim Statements of Financial Position, Continued
As of March 31, 2022 and December 31, 2021
(Unaudited)

(in millions of Won)	Notes		March 31, 2022	December 31, 2021
Liabilities				
Trade accounts and notes payable	20,32	₩	-	2,453,068
Short-term borrowings and current installments of long-term borrowings	4,14,20		1,236	2,072,354
Other payables	15,20,32		498,241	1,267,459
Other short-term financial liabilities	16,20		10,327	13,755
Current income tax liabilities			1,224,571	1,832,078
Liabilities directly associated with the assets held for sale	8		-	185
Provisions	17		4,776	84,409
Other current liabilities	19,25		863	144,961
Total current liabilities			1,740,014	7,868,269
Long-term borrowings, excluding current installments	14,20		1,430,117	6,129,778
Other payables	15,20		-	399,144
Other long-term financial liabilities	16,20		20,712	21,991
Defined benefit liabilities, net	18		6,666	-
Deferred tax liabilities			3,009,177	747,653
Long-term provisions	17,33		1,037	36,755
Other non-current liabilities	19,25		-	3,744
Total non-current liabilities			4,467,709	7,339,065
Total liabilities			6,207,723	15,207,334
Equity				
Share capital	21		482,403	482,403
Capital surplus	21		1,348,780	1,339,289
Hybrid bonds	22		-	199,384
Reserves	23		(118,308)	(211,849)
Treasury shares	24		(2,459,781)	(2,508,294)
Other capital adjustments			1,488	-
Retained earnings			47,871,561	49,734,492
Total equity			47,126,143	49,035,425
Total liabilities and equity		₩	53,333,866	64,242,759

See accompanying notes to the condensed separate interim financial statements.

POSCO HOLDINGS INC.

Condensed Separate Interim Statements of Comprehensive Income
For the three-month periods ended March 31, 2022 and 2021
(Unaudited)

(in millions of Won, except per share informations)	Notes		March 31, 2022	March 31, 2021
Operating revenue	25,32			
Revenue		₩	7,779,277	7,800,447
Operating expenses	7,29,32			
Cost of sales			(6,465,260)	(6,466,896)
Reversal of trade accounts and notes receivable			-	31
Other administrative expenses	26		(206,745)	(209,903)
Selling expenses	26		(37,594)	(50,795)
			(6,709,599)	(6,727,563)
Operating profit			1,069,678	1,072,884
Finance income and costs				
Finance income	20,27		170,313	569,274
Finance costs	20,27		(150,318)	(318,759)
Other non-operating income and expenses				
Impairment loss on other receivables			(128)	(348)
Other non-operating income	28		15,368	35,248
Other non-operating expenses	28,29		(26,757)	(52,197)
Profit before income tax			1,078,156	1,306,102
Income tax expense	30		(2,482,383)	(353,926)
Profit (loss)			(1,404,227)	952,176
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	18		(80,011)	(291)
Net changes in fair value of equity investments at fair value through other comprehensive income	6,20,23		94,463	75,307
Total comprehensive income (loss)		₩	(1,389,775)	1,027,192
Earnings (loss) per share (in Won)	31			
Basic earnings (loss) per share (in Won)			(18,562)	12,522
Diluted earnings (loss) per share (in Won)		₩	(18,562)	12,522

See accompanying notes to the condensed separate interim financial statements.

POSCO HOLDINGS INC.
Condensed Separate Interim Statements of Changes in Equity
For the three-month periods ended March 31, 2022 and 2021
(Unaudited)

(in millions of Won)		Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Other capital adjustments	Total
Balance as of January 1, 2021	₩	482,403	1,339,289	199,384	(296,626)	(2,391,523)	45,781,777	-	45,114,704
Comprehensive income:									
Profit		-	-	-	-	-	952,176	-	952,176
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax		-	-	-	-	-	(291)	-	(291)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	77,408	-	(2,101)	-	75,307
Transactions with owners of the Company, recognized directly in equity:									
Year-end dividends		-	-	-	-	-	(342,565)	-	(342,565)
Interest of hybrid bonds		-	-	-	-	-	(2,268)	-	(2,268)
Acquisition of treasury shares		-	-	-	-	(116,771)	-	-	(116,771)
Balance as of March 31, 2021	₩	482,403	1,339,289	199,384	(219,218)	(2,508,294)	46,386,728	-	45,680,292
Balance as of January 1, 2022	₩	482,403	1,339,289	199,384	(211,849)	(2,508,294)	49,734,492	-	49,035,425
Comprehensive income:									
Loss		-	-	-	-	-	(1,404,227)	-	(1,404,227)
Other comprehensive income (loss)									
Remeasurements of defined benefit plans, net of tax		-	-	-	-	-	(80,011)	-	(80,011)
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	93,541	-	922	-	94,463
Transactions with owners of the Company, recognized directly in equity:									
Year-end dividends		-	-	-	-	-	(378,128)	-	(378,128)
Interest of hybrid bonds		-	-	-	-	-	(1,487)	-	(1,487)
Disposal of treasury shares		-	9,491	-	-	48,513	-	-	58,004
Changes from spin-off		-	-	(199,384)	-	-	-	-	(199,384)
Others		-	-	-	-	-	-	1,488	1,488
Balance as of March 31, 2022	₩	482,403	1,348,780	-	(118,308)	(2,459,781)	47,871,561	1,488	47,126,143

See accompanying notes to the condensed separate interim financial statements.

POSCO HOLDINGS INC.
Condensed Separate Interim Statements of Cash Flows
For the three-month periods ended March 31, 2022 and 2021
(Unaudited)

(in millions of Won)	Notes		March 31, 2022	March 31, 2021
Cash flows from operating activities				
Profit (loss)		₩	(1,404,227)	952,176
Adjustments for :				
Expenses related to post-employment benefit			17,505	31,405
Depreciation			384,886	573,174
Amortization			16,653	27,201
Impairment loss on trade and other receivables			128	317
Finance income			(125,556)	(219,540)
Dividend income			(232,591)	(252,271)
Finance costs			109,946	244,304
Loss on valuation of inventories			1,722	1,276
Gain on disposal of property, plant and equipment			(5,443)	(2,770)
Loss on disposal of property, plant and equipment			18,281	23,756
Impairment loss on property, plant and equipment			3	3,113
Impairment loss on intangible assets			-	7,180
Impairment loss on investments in subsidiaries, associates and joint venture			-	1,500
Gain on disposal of assets held for sale			(2,706)	(790)
Loss on disposal of emission rights			-	2,095
Increase to provisions			6,051	4,128
Income tax expense			2,482,383	353,926
Employee benefits			61,603	-
Others			(954)	277
Changes in operating assets and liabilities	34		(770,472)	(1,584,803)
Interest received			38,674	31,087
Interest paid			(50,424)	(51,859)
Dividends received			49,432	88,181
Income taxes paid			(810,025)	(8,287)
Net cash provided by(used in) operating activities		₩	(215,131)	224,776

See accompanying notes to the condensed separate interim financial statements.

POSCO HOLDINGS INC.
Condensed Separate Interim Statements of Cash Flows, Continued
For the three-month periods ended March 31, 2022 and 2021
(Unaudited)

(in millions of Won)	Notes		March 31, 2022	March 31, 2021
Cash flows from investing activities				
Decrease in deposits		₩	449,966	592,164
Proceeds from disposal of short-term financial instruments			13,514,351	7,935,148
Proceeds from disposal of long-term financial instruments			5	2
Proceeds from disposal of equity securities			2,356	12,372
Proceeds from disposal of debt security			50,050	121,813
Collection of short-term loans			1,416	1,774
Proceeds from disposal of investments in subsidiaries, associates and joint ventures			-	720
Proceeds from disposal of emissions rights			-	3,094
Proceeds from disposal of assets held for sale			3,074	-
Proceeds from disposal of derivatives			-	851
Increase in deposits			(550,571)	(573,250)
Acquisition of short-term financial instruments			(12,364,858)	(7,525,719)
Acquisition of debt securities			(50,000)	(50,033)
Acquisition of other securities			(16,785)	(5,430)
Payment of long-term loans			(3,618)	(6,446)
Acquisition of investment in subsidiaries, associates and joint ventures			(349,670)	(728,714)
Acquisition of property, plant and equipment			(355,822)	(370,230)
Payment for disposal of property, plant and equipment			(14,485)	(16,804)
Acquisition of intangible assets			(8,668)	(18,805)
Cash outflow for spin-off			(1,910,211)	-
Net cash used in investing activities		₩	(1,603,470)	(627,493)
Cash flows from financing activities				
Proceeds from borrowings			537,165	1,139,670
Increase in long-term financial liabilities			15,515	755
Receipt of government grants			-	12
Repayment of borrowings			(232,976)	(605,118)
Decrease in long-term financial liabilities			(279)	(792)
Repayment of lease liabilities			(7,493)	(11,549)
Proceeds from disposal of derivatives			(7,103)	-
Payment of cash dividends			(10)	(17)
Acquisition of treasury shares			-	(116,771)
Payment of interest of hybrid bonds			-	(2,268)
Net cash provided by financing activities		₩	304,819	403,922
Effect of exchange rate fluctuation on cash held			3,918	5,018
Net increase(decrease) in cash and cash equivalents			(1,509,864)	6,223
Cash and cash equivalents at beginning of the period			2,042,274	1,822,660
Cash and cash equivalents at end of the period		₩	532,410	1,828,883

See accompanying notes to the condensed separate interim financial statements.

1. Reporting Entity

POSCO HOLDINGS INC. (the "Company") was incorporated 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.

The Company established a new subsidiary, POSCO, by a vertical spin-off of its steel business on March 1, 2022, and changed the name of the surviving company to POSCO HOLDINGS INC..

As of March 31, 2022, the shares of the Company are listed on the Korea Exchange, while its ADRs are listed on the New York Stock Exchanges.

2. Statement of Compliance

Statement of compliance

The condensed separate 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 separate 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 separate financial statements as of and for the year ended December 31, 2021. These condensed separate interim financial statements do not include all of the disclosures required for full annual financial statements.

These condensed interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No. 1027 "Separate Financial Statements" presented by a parent, an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost.

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

The preparation of the condensed 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.

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 Significant Accounting Policies

Except as described in K-IFRS No. 1034 "Interim Financial Reporting" and below, the accounting policies applied by the Company in these condensed separate interim financial statements are the same as those applied by the Company in its separate financial statements as of and for the year ended December 31, 2021.

Revenue from contracts with customers

As the Company vertically spun off its steel business at the spin-off date on March 1, 2022, the Company's main business has changed from manufacturing and sales of steel, rolled products, and plates to investment business that controls and manages through ownership of shares of subsidiaries etc., and rental business for real estate, etc.

Revenue is measured based on the consideration promised in the contract with the customer. The Company recognizes revenue when the control over a good or service is transferred to the customer. The following are the revenue recognition policies for performance obligations in the contracts with customers in accordance with K-IFRS No. 1115.

(a) Accounting policies applicable from March 1, 2022

1) Dividend income
Dividend income from subsidiaries and others is recognized as revenue when the Company's right to receive the dividend is established.

2) Rental income
Rental income from the Company's real estate is recognized as revenue over the service offering period.

3) Trademark usage income
Trademark usage income is recognized in accordance with the related arrangements over the term of use of trademark.

(b) Accounting policies applicable before March 1, 2022

1) Steel products
For domestic sales, the control of the product is usually transferred to the customer when the product is delivered to the customer, at which point in time revenue is recognized. Invoices are generally due within 10 to 90 days. When a customer makes payment prior to the due date, they are offered a discount at certain percentage of the invoice amount. Only when the price discount period has passed, only the amount of the cumulative revenue that has already been recognized, income recognized including income.

For export sales, revenue is recognized at the time when control of the product is transferred to the customer based on the "International Incoterms for Interpretation of Trade Terms" prescribed in the respective contracts, and the Company's export contract generally transfers control to the customer at the shipping of the product. Invoices are usually issued at the date of bill of lading and revenues are recognized based on the terms of Letter of Credit (L / C), Acceptance Condition (D / A), Payment Condition (D / P), Telegraphic Transfer (T / T) and others.

2) Transportation services
For the performance obligation for transportation services included in the Company's product sales contracts, revenue is recognized over the period when the services are provided and the revenue is measured by reference to the degree to which the service has been completed. The billing date and payment terms for the service charge are the same as the billing date and payment terms for sale of steel products.

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after January 1, 2022 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. 1012 "Income Tax" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment clarifies the coverage of initial recognition exemptions accounting for deferred tax related to both assets and liabilities arising from a single transaction. A transaction that is not a business combination may lead to the initial recognition of deferred tax asset and deferred tax liability, and at the time of the transaction, affect neither accounting profit nor tax profit. The amendment is effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company does not expect the effect of the amendments to the financial statements to be significant.

(b) 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, 2023. Early adoption is permitted. The Company expects that its exchangeable bond(₩1,430,117 million as of March 31, 2022) will be reclassified from non-current liabilities to current liabilities upon the adoption of the amendments.

4. Trade Accounts and Notes Receivable

Trade accounts and notes receivable as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Current			
Trade accounts and notes receivable	₩	238,967	6,031,878
Less: Allowance for doubtful accounts		-	(14,370)
	₩	238,967	6,017,508
Non-current			
Trade accounts and notes receivable	₩	-	7,901
Less: Present value discount		-	(1,555)
Less: Allowance for doubtful accounts		-	(671)
	₩	-	5,675

The Company sold trade accounts and notes receivable with recourse to financial institutions. These trade accounts and notes receivable have not been derecognized from the statement of financial position because the Company retains substantially all of the risks and rewards associated with the transferred assets. The amounts received on transfer have been recognized as secured borrowings. The carrying amounts of such secured borrowings are none as of March 31, 2022 and ₩214,465 million as of December 31, 2021, which are presented in the statements of financial position as short-term borrowings.

5. Other Receivables

Other receivables as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Current			
Other accounts receivable	₩	104,370	506,040
Others		34,328	41,361
Less: Allowance for doubtful accounts		-	(2,060)
	₩	138,698	545,341
Non-current			
Loans	₩	188,834	244,895
Long-term other accounts receivable		23,121	34,260
Others		14	4,185
Less: Allowance for doubtful accounts		-	(9,087)
	₩	211,969	274,253

6. Other Financial Assets

(a) Other financial assets as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Current			
Debt securities	₩	101,400	154,750
Deposit instruments(*1)		51	1,436,915
Short-term financial instruments		4,862,044	8,013,857
	₩	4,963,495	9,605,522
Non-current			
Long-term derivative assets	₩	-	170,471
Equity securities		1,212,112	1,084,574
Other securities		88,277	71,492
Deposit instruments(*2)		-	28
	₩	1,300,389	1,326,565

(*1) As of March 31, 2022 and December 31, 2021, ₩51 million and ₩3,195 million, respectively, are restricted in use for government projects.

(*2) As of December 31, 2021, the Company is required to provide deposits to maintain checking accounts and accordingly the withdrawal of these deposits is restricted.

(b) Equity securities as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)	March 31, 2022						December 31, 2021
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Net changes in fair value of equity securities	Book value	Book value
Marketable equity securities							
Nippon Steel Corporation	15,698,500	1.65	₩ 473,962	338,340	(135,622)	338,340	303,814
KB Financial group Inc.	3,863,520	0.93	178,839	236,834	57,995	236,834	212,493
Woori Financial Group Inc.	20,280,000	2.79	244,447	311,298	66,851	311,298	257,556
CSN Mineracao S.A.	102,186,675	1.83	206,265	156,382	(49,883)	156,382	146,550
SAMWONSTEEL Co., Ltd.	5,700,000	14.25	8,930	18,440	9,510	18,440	18,041
DONGKUK INDUSTRIES COMPANY	2,611,989	4.82	11,911	9,103	(2,808)	9,103	9,260
Kyeong Nam Steel Co., LTD. (*1)	1,329,604	4.90	2,216	7,127	4,911	7,127	-
Others (8 companies)			62,753	53,146	(9,607)	53,146	51,717
			1,189,323	1,130,670	(58,653)	1,130,670	999,431
Non-marketable equity securities							
POSCO PLANTEC Co., Ltd.	18,337,912	10.99	19,437	19,437	-	19,437	19,437
Korea Nickel CO.LTD	75,600	14.00	10,194	10,194	-	10,194	10,194
Poongsan Special Metal Corp.	315,790	5.00	7,657	7,657	-	7,657	7,657
HANKUM.CO.LTD	21,000	4.99	4,599	4,599	-	4,599	4,599
Core-Industry Co., Ltd.	490,000	19.84	4,214	4,214	-	4,214	4,214
Others (26 companies)			139,870	35,341	(104,529)	35,341	39,042
			185,971	81,442	(104,529)	81,442	85,143
			₩ 1,375,294	1,212,112	(163,182)	1,212,112	1,084,574

(*1) During the three-month period ended March 31, 2022, the Company acquired new shares by exercising the right to convert convertible bonds of Kyeong Nam Steel Co., LTD.

7. Inventories

Inventories as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Finished goods	₩	-	1,164,685
Semi-finished goods		-	2,227,433
By-products		-	19,317
Raw materials		-	1,682,946
Fuel and materials		-	459,784
Materials-in-transit		-	2,073,218
Others		-	673
		-	7,628,056
Less: Allowance for inventories valuation		-	(4,854)
	₩	-	7,623,202

The amount of loss on valuation of inventories recognized in cost of sales during the three-month period ended March 31, 2022 and the year ended December 31, 2021 were ₩1,722 million and ₩4,854 million, respectively.

8. Assets Held for Sale

Assets held for sale as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Assets			
Property, plant and equipment(*1)	₩	-	29,236
Intangible Assets		-	553
		-	29,789
Liabilities			
Others		-	185
	₩	-	185

(*1) During the year ended December 31, 2021, the Company decided to dispose Synthetic Natural Gas (SNG) facility for which use was discontinued, and classified as asset held for sale. Meanwhile, the facility was transferred to the newly established company (POSCO) through spin-off during the three-month period ended March 31, 2022.

9. Investments in Subsidiaries, Associates and Joint ventures

(a) Details of subsidiaries and carrying amounts as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)

			March 31, 2022		December 31, 2021
	Country	Principal operations	Ownership (%)	Book value	Book value
[Domestic]					
POSCO(*1)	Korea	Steel, rolled products, and plates manufacturing and sales	100.00	₩ 29,441,678	-
POSCO INTERNATIONAL Corporation	Korea	Trading and natural resources exploration	62.91	3,156,434	3,156,434
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	Korea	Engineering and construction	52.80	1,014,314	1,014,314
POSCO ENERGY CO., LTD.	Korea	Power generation, fuel cell manufacturing and sales	89.02	658,176	658,176
POSCO STEELEON Co., Ltd. (formerly, POSCO COATED & COLOR STEEL Co., Ltd.)(*2,5)	Korea	Coated steel manufacturing and sales	-	-	108,421
POSCO Venture Capital Co., Ltd.	Korea	Investment in venture companies	95.00	103,780	103,780
POSCO CHEMICAL CO., LTD	Korea	Refractory and anode/cathode material manufacturing and sales	59.72	895,707	895,707
POSCO O&M Co., Ltd(*3)	Korea	Business facility maintenance	47.17	73,374	73,374
POSCO ICT	Korea	Computer hardware and software distribution	65.38	70,990	70,990
POSCO M-TECH(*2)	Korea	Packing materials manufacturing and sales	-	-	107,278
Busan E&E Co,. Ltd.	Korea	Municipal solid waste fuel and power generation	70.00	30,148	30,148
POSCO-Pilbara LITHIUM SOLUTION (formerly, POSCO Lithium Solution Co., Ltd.)(*6)	Korea	Lithium manufacturing and sales	100.00	150,000	150,000
Others (11 companies)(*2)				372,094	384,735
				35,966,695	6,753,357
[Foreign]					
PT. KRAKATAU POSCO	Indonesia	Steel manufacturing and sales	70.00	633,421	633,421
POSCO WA PTY LTD	Australia	Iron ore sales and mine development	100.00	646,574	646,574
POSCO Maharashtra Steel Private Limited	India	Steel manufacturing and sales	100.00	722,569	722,569
POSCO Canada Ltd.	Canada	Coal sales	100.00	560,879	560,879
POSCO AUSTRALIA PTY LTD	Australia	Iron ore sales and mine development	100.00	330,623	330,623
POSCO (Zhangjiagang) Stainless Steel Co.,Ltd.	China	Stainless steel manufacturing and sales	58.60	283,845	283,845
POSCO Thainox Public Company Limited	Thailand	Cold rolled STS manufacturing and sales	74.56	178,785	178,785
POSCO-China Holding Corp.	China	Holding company	100.00	593,841	593,841
POSCO-India Private Limited	India	Steel manufacturing and sales	99.99	75,567	75,567
POSCO MEXICO S.A. DE C.V.	Mexico	Plate steel manufacturing and sales	83.28	180,072	180,072
POSCO America Corporation	USA	Researching and consulting	99.45	192,156	192,156
POSCO-VIETNAM Co., Ltd.	Vietnam	Steel manufacturing and sales	100.00	160,572	160,572
POSCO VST CO., LTD.	Vietnam	Stainless steel manufacturing and sales	95.65	144,573	144,573
POSCO COATED STEEL (THAILAND) CO., LTD.	Thailand	Plate steel manufacturing and sales	100.00	121,592	121,592
POSCO Asia Co., Ltd.	Hong Kong	Activities Auxiliary to financial service	100.00	117,710	117,710
POSCO ASSAN TST STEEL INDUSTRY	Turkey	Steel manufacturing and sales	60.00	71,707	71,707
POSCO JAPAN Co., Ltd.	Japan	Steel marketing, demand development, and technology research	100.00	68,436	68,436
Qingdao Pohang Stainless Steel Co., Ltd.	China	Stainless steel manufacturing and sales	70.00	65,982	65,982
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	China	Steel manufacturing and sales	90.00	62,494	62,494
POSCO AFRICA (PROPRIETARY) LIMITED	South Africa	Mine development	100.00	50,297	50,297
POSCO-Malaysia SDN. BHD.	Malaysia	Steel manufacturing and sales	81.79	45,479	45,479
POSCO Argentina S.A.U.(*4)	Argentina	Mineral exploration, manufacturing and sales	100.00	630,264	376,906
POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Vietnam	Steel manufacturing and sales	51.00	130,526	130,526
Others (29 companies)				529,080	529,080
				6,597,044	6,343,686
				₩ 42,563,739	13,097,043

(*1) During the three-month period ended March 31, 2022, the Company acquired the shares of the newly established company(POSCO) by a vertical spin-off of its steel business.

(*2) During the three-month period ended March 31, 2022, the shares of POSCO STEELEON Co., Ltd. (formerly, POSCO COATED & COLOR STEEL Co., Ltd.), POSCO M-TECH, POSCO Humans and POSCO NIPPON STEEL RHF JOINT VENTURE.CO.,Ltd. were transferred to the newly established company(POSCO) by a vertical spin-off.

(*3) The Company classified POSCO O&M Co., Ltd. as the investments in a subsidiary, considering additional facts and circumstances, such as the relative size of the voting rights held by the Company and the degree of diversification of other voting rights holders, although the Company holds less than half of the voting rights of POSCO O&M Co., Ltd.

(*4) During the three-month period March 31, 2022, the Company acquired investments in subsidiary amounting to ₩253,358 million by participating in POSCO Argentina S.A.U's capital increase to invest in an Argentine brine lithium commercialization plant.

(*5) During the three-month period March 31, 2022, POSCO COATED & COLOR STEEL Co., Ltd. changed the name to POSCO STEELEON Co., Ltd..

(*6) During the April 2022, POSCO Lithium Solution Co., Ltd. changed the name to POSCO-Pilbara LITHIUM SOLUTION.

(b) Details of associates and carrying amounts as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)

			March 31, 2022			December 31, 2021
	Country	Principal operations	Ownership (%)		Book value	Book value
[Domestic]						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	Korea	Investment in venture companies	40.57	₩	169,316	169,316
SNNC	Korea	STS material manufacturing and sales	49.00		100,655	100,655
QSONE Co.,Ltd.	Korea	Real estate rental business and facility management	50.00		85,550	85,550
Others (8 companies)					48,106	21,331
					403,627	376,852
[Foreign]						
Nickel Mining Company SAS	New Caledonia	Raw material manufacturing and sales	49.00		189,197	189,197
9404-5515 Quebec Inc.(*1)	Canada	Investments	10.40		124,341	124,341
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	China	Tinplate manufacturing and sales	24.00		11,003	11,003
FQM Australia Holdings Pty Ltd	Australia	Non ferrous metal mining	30.00		109,568	109,568
Others (8 companies)					51,761	48,071
					485,870	482,180
				₩	889,497	859,032

(*1) As of March 31, 2022, 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 the structure of its Board of Directors and others.

(c) Details of joint ventures and carrying amounts as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)			March 31, 2022		December 31, 2021
	Country	Principal operations	Ownership (%)	Book value	Book value
Roy Hill Holdings Pty Ltd(*1)	Australia	Natural resources exploration	10.00	₩ 1,225,464	1,225,464
CSP - Compania Siderurgica do Pecem	Brazil	Steel manufacturing and sales	20.00	175,990	175,990
POSCO-NPS Niobium LLC	USA	Foreign investments in mining	50.00	364,609	364,609
KOBRASCO	Brazil	Steel materials manufacturing and sales	50.00	98,962	98,962
HBIS-POSCO Automotive Steel Co., Ltd	China	Steel manufacturing and sales	50.00	170,760	109,057
Others (3 companies)				72,483	72,483
				₩ 2,108,268	2,046,565

(*1) As of March 31, 2022 and December 31, 2021, the investments in joint ventures amounting to ₩1,225,464 million were provided as collateral in relation to revolving loan of Roy Hill Holdings Pty Ltd.

10. Investment Property, Net

Changes in the carrying amount of investment property for the three-month period ended March 31, 2022 and the year ended December 31, 2021 were as follows:

(a) For the three-month period ended March 31, 2022

(in millions of Won)		Beginning	Depreciation(*1)	Spin-off	Transfer(*2)	Ending
Land	₩	87,568	-	(3,639)	46,908	130,837
Buildings		48,989	(1,164)	(4,990)	46,372	89,207
Structures		7,583	(127)	(4,304)	3,636	6,788
	₩	144,140	(1,291)	(12,933)	96,916	226,832

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

(*2) Mainly includes assets transferred from property, plant and equipment in relation to changes in rental ratio and the purpose of use.

(b) For the year ended December 31, 2021

(in millions of Won)		Beginning	Depreciation(*1)	Transfer(*2)	Ending
Land	₩	89,848	-	(2,280)	87,568
Buildings		51,417	(3,998)	1,570	48,989
Structures		8,352	(598)	(171)	7,583
	₩	149,617	(4,596)	(881)	144,140

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

(*2) Mainly includes assets transferred from property, plant and equipment in relation to changes in rental ratio and the purpose of use.

11. Property, Plant and Equipment, Net

Changes in the carrying amount of property, plant and equipment for the three-month period ended March 31, 2022 and the year ended December 31, 2021 were as follows:

(a) For the three-month period ended March 31, 2022

(in millions of Won)		Beginning	Acquisitions	Disposals	Depreciation	Spin-off	Others(*1)	Ending
Land	₩	1,349,266	-	-	-	(1,250,818)	(46,907)	51,541
Buildings		2,175,291	-	(1,045)	(34,626)	(2,079,343)	(24,464)	35,813
Structures		2,096,662	-	(117)	(31,444)	(2,075,346)	16,247	6,002
Machinery and equipment		12,299,612	2,178	(1,110)	(302,225)	(12,046,595)	59,191	11,051
Vehicles		18,357	622	-	(1,523)	(17,410)	6	52
Tools		24,891	102	-	(1,923)	(23,763)	693	-
Furniture and fixtures		88,524	9	-	(4,252)	(72,237)	892	12,936
Lease assets		448,328	966	-	(7,602)	(440,464)	(1,228)	-
Construction-in-progress		1,271,368	264,182	-	-	(1,403,761)	(105,425)	26,364
	₩	19,772,299	268,059	(2,272)	(383,595)	(19,409,737)	(100,995)	143,759

(*1) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, assets transferred from investment properties, and others.

(b) For the year ended December 31, 2021

(in millions of Won)		Beginning	Acquisitions	Disposals	Depreciation	Impairment(*1,2)	Others(*3)	Ending
Land	₩	1,401,605	-	(49,131)	-	-	(3,208)	1,349,266
Buildings		2,080,843	5,870	(514)	(206,062)	(17,406)	312,560	2,175,291
Structures		2,073,097	1,287	(14,384)	(182,926)	(3,733)	223,321	2,096,662
Machinery and equipment		12,651,431	52,534	(27,432)	(1,812,571)	(42,126)	1,477,776	12,299,612
Vehicles		14,486	3,290	(5)	(7,670)	-	8,256	18,357
Tools		24,333	4,652	(14)	(11,283)	-	7,203	24,891
Furniture and fixtures		44,426	8,126	(159)	(17,745)	-	53,876	88,524
Lease assets		331,588	130,610	-	(46,654)	-	32,784	448,328
Construction-in-progress		1,595,123	1,987,316	(6,027)	-	(164,906)	(2,140,138)	1,271,368
	₩	20,216,932	2,193,685	(97,666)	(2,284,911)	(228,171)	(27,570)	19,772,299

(*1) The Company estimated the recoverable amount of individual assets that it ceased their use due to the disposal plan and others at fair value less costs to sell based on sale price or scrap value, and recognized an impairment loss since recoverable amounts are less than their carrying amounts for the year ended December 31, 2021. During the year ended December 31, 2021, the Company recognized impairment losses on damaged assets caused by the fire.

(*2) The Company decided to stop the intended use for Synthetic Natural Gas (SNG) facility and sell the related assets. The Company estimated the recoverable amount based on expected sale price and recognized ₩223,273 million of impairment loss in 2021. The remaining balances were classified as assets held for sale as of December 31, 2021.

(*3) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, assets transferred from investment properties, assets transferred to assets held for sale, and others.

(c) Information on lease agreements for which the Company is a lessee is as follows:

1) Right-of-use assets

① Changes in the carrying amount of right-of-use assets presented as property, plant and equipment for the three-month period ended March 31, 2022 were as follows.

(in millions of Won)		Beginning	Acquisitions	Depreciation	Spin-off	Others	Ending
Land	₩	8,402	-	(49)	(7,874)	(479)	-
Buildings		67,658	-	(1,207)	(66,451)	-	-
Structures		54,009	-	(869)	(53,140)	-	-
Machinery and equipment		83,290	-	(1,592)	(81,698)	-	-
Vehicles		5,755	-	(83)	(5,672)	-	-
Ships		210,058	-	(2,781)	(207,277)	-	-
Furniture and fixtures		19,156	966	(1,021)	(18,352)	(749)	-
	₩	448,328	966	(7,602)	(440,464)	(1,228)	-

② Changes in the carrying amount of right-of-use assets presented as property, plant and equipment for the year ended December 31, 2021 were as follows.

(in millions of Won)		Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩	8,703	-	(301)	-	8,402
Buildings		71,431	3,471	(7,244)	-	67,658
Structures		59,221	-	(5,212)	-	54,009
Machinery and equipment		54,698	-	(8,532)	37,124	83,290
Vehicles		6,255	-	(500)	-	5,755
Ships		106,555	120,217	(16,714)	-	210,058
Furniture and fixtures		24,725	6,922	(8,151)	(4,340)	19,156
	₩	331,588	130,610	(46,654)	32,784	448,328

2) Amount recognized in profit or loss

The amounts recognized in profit or loss related to leases for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Interest on lease liabilities	₩	1,969	3,015
Expenses relating to short-term leases		564	723
Expenses relating to leases of low-value assets		1,197	1,523
	₩	3,730	5,261

12. Intangible Assets, Net

Changes in the carrying amount of intangible assets for the three-month period ended March 31, 2022 and the year ended December 31, 2021 were as follows:

(a) For the three-month period ended March 31, 2022

(in millions of Won)		Beginning	Acquisitions	Disposals	Amortization	Impairment	Spin-off	Others(*2)	Ending
Intellectual property rights	₩	22,846	-	(525)	(1,160)	-	(24,180)	3,455	436
Membership(*1)		84,758	-	-	-	828	(73,968)	-	11,618
Development expense		176,812	-	-	(12,486)	-	(164,135)	619	810
Port facilities usage rights		212,808	-	-	(2,476)	-	(210,332)	-	-
Construction-in-progress		32,392	8,074	-	-	-	(33,497)	(6,156)	813
Other intangible assets		21,794	726	-	(531)	-	(21,288)	(701)	-
	₩	551,410	8,800	(525)	(16,653)	828	(527,400)	(2,783)	13,677

(*1) Economic useful life of membership is indefinite.
(*2) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, and others.

(b) For the year ended December 31, 2021

(in millions of Won)		Beginning	Acquisitions	Disposals	Amortization	Impairment(*2)	Others(*3)	Ending
Intellectual property rights	₩	22,758	-	(573)	(6,145)	-	6,806	22,846
Membership(*1)		81,795	3,690	(727)	-	-	-	84,758
Development expense		224,854	2,000	-	(76,588)	-	26,546	176,812
Port facilities usage rights		233,447	-	-	(20,639)	-	-	212,808
Construction-in-progress		34,924	28,590	(4,770)	-	-	(26,352)	32,392
Other intangible assets		24,148	15,775	(10,030)	(4,093)	(7,180)	3,174	21,794
	₩	621,926	50,055	(16,100)	(107,465)	(7,180)	10,174	551,410

(*1) Economic useful life of membership is indefinite.
(*2) During the year ended December 31, 2021, the Company decided to sell a portion of purchased emission rights and recognized impairment loss which is the difference between carrying amount and net fair value.
(*3) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, and others.

13. Other Assets

Other assets as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Current			
Advance payments	₩	1,617	17,398
Prepaid expenses		537	25,405
Emission rights		-	12,441
		2,154	55,244
Non-current			
Long-term prepaid expenses		3	3,659
Others		9	30,707
	₩	12	34,366

14. Borrowings

(a) Borrowings as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Short-term borrowings			
Short-term borrowings	₩	-	672,303
Current portion of debentures		-	1,402,750
Less: Current portion of discount on debentures issued		-	(2,699)
Current portion of long-term borrowings		1,236	-
	₩	1,236	2,072,354
Long-term borrowings			
Long-term borrowings	₩	-	1,210
Debentures		1,430,117	6,146,233
Less: Discount on debentures issued		-	(17,665)
	₩	1,430,117	6,129,778

(b) Short-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)	Lenders	Issuance date	Maturity date	Annual interest rate (%)		March 31, 2022	December 31, 2021
Transfers of account receivables that do not qualify for derecognition	-	-	-	-	₩	-	214,465
Borrowings in foreign trade	-	-	-	-		-	457,838
					₩	-	672,303

(c) Current portion of debentures and long-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)	Lenders	Issuance date	Maturity date	Annual interest rate (%)		March 31, 2022	December 31, 2021
Debentures	-	-	-	-	₩	-	809,447
Foreign debentures	-	-	-	-		-	590,604
Foreign borrowings	KOREA ENERGY AGENCY	2007.12.27~ 2008.12.29	2022.12.29	3 year Government bond		1,236	-
					₩	1,236	1,400,051

(d) Long-term borrowings and others excluding current portion, as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)	Lenders	Issuance date	Maturity date	Annual interest rate (%)		March 31, 2022	December 31, 2021
Foreign borrowings	-	-	-	-	₩	-	1,210
Debentures	-	-	-	-		-	1,736,868
Foreign debentures	-	-	-	-		-	2,956,507
Exchangeable bonds(*1)	Foreign currency exchangeable bonds	2021.09.01.	2026.09.01.	-		1,430,117	1,435,193
					₩	1,430,117	6,129,778

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

	Foreign currency exchangeable bonds
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 excercised 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)	478,124
Underlying shares	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 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.

15. Other Payables

Other payables as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Current			
Accounts payable	₩	86,982	727,844
Accrued expenses		4,203	475,056
Dividend payable		380,876	3,237
Lease liabilities		-	48,062
Withholdings		26,180	13,260
	₩	498,241	1,267,459
Non-current			
Long-term accrued expenses	₩	-	27
Lease liabilities		-	398,513
Long-term withholdings		-	604
	₩	-	399,144

16. Other Financial Liabilities

Other financial liabilities as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Current			
Derivative liabilities	₩	-	3,429
Financial guarantee liabilities		10,327	10,326
	₩	10,327	13,755
Non-current			
Financial guarantee liabilities	₩	20,712	21,991

17. Provisions

(a) Provisions as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022		December 31, 2021	
		Current	Non-current	Current	Non-current
Provision for bonus payments(*1,2)	₩	2,184	151	21,365	25,155
Provision for restoration(*3)		2,592	886	5,902	6,601
Emission liabilities(*4)		-	-	34,059	-
Provision for product warranties(*5)		-	-	23,083	4,999
	₩	4,776	1,037	84,409	36,755

(*1) Represents the provision for bonuses limited to 100% of annual salaries for executives.
(*2) The Company estimated the present value of estimated future cash payments about the long-term service award, based on actuarial measurement.
(*3) Due to contamination of land near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery as provisions for restoration as of March 31, 2022. 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 discount rates of 2.67% to assess present value of these costs.
(*4) The Company has recognized emission liabilities for greenhouse gas emissions exceeding the quantity of the quantity of emission quota rights as of December 31, 2021.
(*5) As of December 31, 2021, the Company recognized the expected claim cost to be charged as a provision.

(b) Changes in provisions for the three-month period ended March 31, 2022 and the year ended December 31, 2021 were as follows:

1) For the three-month period ended March 31, 2022

(in millions of Won)		Beginning	Increase	Reversal	Utilization	Spin-off	Ending
Provision for bonus payments	₩	46,520	17,549	(325)	(29,796)	(31,613)	2,335
Provision for restoration		12,503	1,144	-	(1,325)	(8,844)	3,478
Provision for legal contingencies and claims		-	417	-	-	(417)	-
Emission liabilities		34,059	1,510	-	-	(35,569)	-
Provision for product warranties		28,082	2,980	-	-	(31,062)	-
	₩	121,164	23,600	(325)	(31,121)	(107,505)	5,813

2) For the year ended December 31, 2021

(in millions of Won)		Beginning	Increase	Reversal	Utilization	Ending
Provision for bonus payments	₩	48,979	74,240	-	(76,699)	46,520
Provision for restoration		17,561	291	(186)	(5,163)	12,503
Provision for legal contingencies and claims		6,989	2,500	(2,052)	(7,437)	-
Emission liabilities		20,224	34,059	(19,391)	(833)	34,059
Provision for product warranties		22,453	27,434	-	(21,805)	28,082
	₩	116,206	138,524	(21,629)	(111,937)	121,164

18. Employee Benefits

(a) Defined contribution plans

The expense related to post-employment benefit plans under defined contribution plans for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Expense related to post-employment benefit plans under defined contribution plans	₩	6,134	8,556

(b) Defined benefit plans

1) The amounts recognized in relation to net defined benefit liabilities (assets) in the statements of financial position as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Present value of funded obligations	₩	25,090	1,330,938
Fair value of plan assets		(18,424)	(1,543,469)
Net defined benefit liabilities (assets)	₩	6,666	(212,531)

2) Changes in present value of defined benefit obligations for the three-month period ended March 31, 2022 and the year ended December 31, 2021 were as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Defined benefit obligation at the beginning of period	₩	1,330,938	1,378,597
Current service costs		18,741	123,312
Interest costs		5,468	28,892
Remeasurement		106,795	(49,259)
Reclassification to liabilities directly related to assets held for sale		-	(5,675)
Benefits paid		(58,210)	(144,929)
Spin-off		(1,378,642)	-
Defined benefit obligation at the end of period	₩	25,090	1,330,938

3) Changes in the fair value of plan assets for the three-month period ended March 31, 2022 and the year ended December 31, 2021 were as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Fair value of plan assets at the beginning of period	₩	1,543,469	1,455,098
Interest on plan assets		6,704	31,145
Remeasurement of plan assets		(3,565)	(4,534)
Contributions to plan assets		-	200,000
Reclassification to liabilities directly related to assets held for sale		-	(5,490)
Benefits paid		(51,222)	(132,750)
Spin-off		(1,476,962)	-
Fair value of plan assets at the end of period	₩	18,424	1,543,469

4) The amounts recognized in the statements of comprehensive income for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Current service costs	₩	18,741	32,051
Net interest costs		(1,236)	(646)
	₩	17,505	31,405

19. Other Liabilities

Other liabilities as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Current			
Advances received	₩	6	24,807
Withholdings		857	60,535
Unearned revenue		-	59,619
	₩	863	144,961
Non-current			
Unearned revenue	₩	-	3,744

20. Financial Instruments

(a) Classification and fair value of financial instruments

1) The carrying amount and the fair values of financial assets and financial liabilities by fair value hierarchy as of March 31, 2022 and December 31, 2021 are as follows:

① March 31, 2022

(in millions of Won)			Fair value			
		Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets						
Fair value through profit or loss						
Short term financial instruments	₩	4,862,044	-	4,862,044	-	4,862,044
Debt securities		1,400	-	-	1,400	1,400
Other securities		88,277	-	-	88,277	88,277
Other receivables		2,000	-	-	2,000	2,000
Fair value through other comprehensive income						
Equity securities		1,212,112	1,130,670	-	81,442	1,212,112
Financial assets measured at amortized cost(*1)						
Cash and cash equivalents		532,410	-	-	-	-
Trade accounts and notes receivable		221,904	-	-	-	-
Debt securities		100,000	-	-	-	-
Other receivables		271,099	-	-	-	-
Deposit instruments		51	-	-	-	-
	₩	7,291,297	1,130,670	4,862,044	173,119	6,165,833
Financial liabilities						
Fair value through profit or loss						
Borrowings		1,430,117	1,430,117	-	-	1,430,117
Financial liabilities measured at amortized cost(*1)						
Borrowings		1,236	-	-	-	-
Financial guarantee liabilities		31,039	-	-	-	-
Others		495,423	-	-	-	-
	₩	1,957,815	1,430,117	-	-	1,430,117

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

② December 31, 2021

(in millions of Won)			Fair value			
		Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets						
Fair value through profit or loss						
Derivative assets	₩	170,471	-	170,471	-	170,471
Short-term financial instruments		8,013,857	-	8,013,857	-	8,013,857
Debt securities		4,750	-	-	4,750	4,750
Other securities		71,492	-	-	71,492	71,492
Other receivables		2,000	-	-	2,000	2,000
Fair value through other comprehensive income						
Equity securities		1,084,574	999,431	-	85,143	1,084,574
Financial assets measured at amortized cost(*1)						
Cash and cash equivalents		2,042,274	-	-	-	-
Trade accounts and notes receivable		6,005,022	-	-	-	-
Debt securities		150,000	-	-	-	-
Other receivables		495,306	-	-	-	-
Deposit instruments		1,436,943	-	-	-	-
	₩	19,476,689	999,431	8,184,328	163,385	9,347,144
Financial liabilities						
Fair value through profit or loss						
Derivative liabilities	₩	3,429	-	3,429	-	3,429
Borrowings		1,435,193	1,435,193	-	-	1,435,193
Financial liabilities measured at amortized cost(*1)						
Trade accounts and notes payable		2,453,068	-	-	-	-
Borrowings		6,766,939	-	6,875,206	-	6,875,206
Financial guarantee liabilities		32,317	-	-	-	-
Others		1,546,986	-	-	-	-
	₩	12,237,932	1,435,193	6,878,635	-	8,313,828

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

2) Financial liabilities were recognized in connection with financial guarantee contracts as of March 31, 2022. The details of the amount of guarantees provided are as follows:

(in millions of Won)

Guarantee beneficiary	Financial institution	Guarantee limit			Guarantee amount	
		Foreign currency		Won equivalent	Foreign currency	Won equivalent
Subsidiaries						
POSCO Maharashtra Steel Private Limited	DBS	USD	35,000,000	42,378	35,000,000	42,378
	SMBC	USD	35,000,000	42,378	35,000,000	42,378
	BNP	USD	30,000,000	36,324	30,000,000	36,324
	CITI	USD	20,000,000	24,216	20,000,000	24,216
	SC	USD	19,784,000	23,954	19,784,000	23,954
POSCO ASSAN TST STEEL INDUSTRY	SOCIETE GENERALE	USD	37,800,000	45,768	37,800,000	45,768
	CITI	USD	36,000,000	43,589	36,000,000	43,589
	ING	USD	36,000,000	43,589	36,000,000	43,589
	BNP	USD	22,074,750	26,728	22,074,750	26,728
POSCO Asia Co., Ltd.	Credit Agricole	USD	50,000,000	60,540	-	-
	ING	USD	50,000,000	60,540	-	-
	MIZUHO	USD	50,000,000	60,540	-	-
	Shinhan	USD	50,000,000	60,540	-	-
POSCO MEXICO S.A. DE C.V	BOA	USD	30,000,000	36,324	25,000,000	30,270
	Citi BANAMEX	USD	30,000,000	36,324	25,000,000	30,270
	ANZ	USD	20,000,000	24,216	16,666,667	20,180
	MIZUHO	USD	20,000,000	24,216	16,666,667	20,180
	SMBC	USD	20,000,000	24,216	16,666,667	20,180
POSCO-VIETNAM Co., Ltd.	Credit Agricole	USD	40,000,000	48,432	35,897,436	43,465
	SMBC	USD	50,000,000	60,540	35,897,436	43,465
	MUFG	USD	26,000,000	31,481	32,307,692	39,118
	CITI	USD	20,000,000	24,216	17,948,718	21,732
	MIZUHO	USD	20,000,000	24,216	17,948,718	21,732
PT. KRAKATAU POSCO	Export-Import Bank of Korea	USD	757,000,000	916,576	454,192,580	549,936
	SMBC	USD	290,000,000	351,132	215,332,522	260,725
	HSBC	USD	221,000,000	267,587	171,780,870	207,992
	SC	USD	110,000,000	133,188	110,000,000	133,188
	SCB	USD	107,800,000	130,524	50,548,522	61,204
	MUFG	USD	60,000,000	72,648	60,000,000	72,648
	BTMU	USD	119,000,000	144,085	54,636,522	66,154
	MIZUHO	USD	165,000,000	199,782	108,208,696	131,019
	ANZ	USD	103,500,000	125,318	64,800,348	78,460
	Credit Suisse	USD	91,000,000	110,183	41,780,870	50,588
	BOA	USD	105,000,000	127,134	86,069,565	104,213
	The Tokyo Star Bank	USD	21,000,000	25,427	9,641,739	11,674
POSCO COATED STEEL (THAILAND) CO., LTD.	ANZ	THB	1,175,000,000	42,700	1,072,473,187	38,974
	MUFG	THB	1,175,000,000	42,700	1,072,473,187	38,974
	SC	THB	1,175,000,000	42,700	1,072,473,187	38,974
	SMBC	THB	1,175,000,000	42,700	1,072,473,187	38,974
	CITI	THB	801,000,000	29,108	731,107,253	26,568
Associates						
LLP POSUK Titanium	SMBC	USD	13,500,000	16,346	13,500,000	16,346
Nickel Mining Company SAS	SMBC	EUR	46,000,000	62,152	46,000,000	62,152
Joint ventures						
CSP - Compania Siderurgica do Pecem	BNDES	BRL	464,060,000	117,774	464,060,000	117,774
	Export-Import Bank of Korea	USD	182,000,000	220,364	159,984,600	193,710
	BNP	USD	47,600,000	57,634	41,156,200	49,832
	MIZUHO	USD	47,600,000	57,634	41,156,200	49,832
	Santander	USD	47,600,000	57,634	41,156,200	49,832
	Credit Agricole	USD	20,000,000	24,216	17,292,600	20,938
	KfW	USD	20,000,000	24,216	17,292,600	20,938
	SOCIETE GENERALE	USD	20,000,000	24,216	17,292,600	20,938
	BBVA Seoul	USD	17,600,000	21,310	15,217,400	18,425
	ING	USD	17,600,000	21,310	15,217,400	18,425
		USD	3,331,458,750	4,033,729	2,317,916,785	2,806,533
		THB	5,501,000,000	199,908	5,021,000,001	182,464
		BRL	464,060,000	117,774	464,060,000	117,774
		EUR	46,000,000	62,152	46,000,000	62,152

3) Finance income and costs by category of financial instrument for the three-month periods ended March 31, 2022 and 2021 were as follows:

① For the three-month period ended March 31, 2022

(in millions of Won)

		Finance income and costs						
		Interest income (expense)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	Other comprehensive income (loss)
Financial assets at fair value through profit or loss	₩	41,350	-	204	19,774	-	61,328	-
Financial assets at fair value through other comprehensive income		-	-	-	-	-	-	94,463
Financial assets measured at amortized cost		7,828	58,797	-	-	-	66,625	-
Financial liabilities at fair value through profit or loss		-	(9,302)	(4,188)	11,358	-	(2,132)	-
Financial liabilities measured at amortized cost		(24,469)	(83,927)	-	-	2,569	(105,827)	-
	₩	24,709	(34,432)	(3,984)	31,132	2,569	19,994	94,463

② For the three-month period ended March 31, 2021

(in millions of Won)

		Finance income and costs							
		Interest income (expense)	Dividend income(*1)	Gain and loss on foreign currency	Gain and loss on disposal	Gain and loss on valuation	Others	Total	Other comprehensive income (loss)
Financial assets at fair value through profit or loss	₩	30,166	-	-	166	42,811	-	73,143	-
Financial assets at fair value through other comprehensive income		-	19,940	-	92	-	-	20,032	75,307
Financial assets measured at amortized cost		2,758	-	103,734	-	-	-	106,492	-
Financial liabilities at fair value through profit or loss		-	-	-	1,674	86,957	-	88,631	-
Financial liabilities measured at amortized cost		(47,307)	-	(224,098)	-	-	1,291	(270,114)	-
	₩	(14,383)	19,940	(120,364)	1,932	129,768	1,291	18,184	75,307

(*1) Finance income in the statement of comprehensive income includes the dividends from subsidiaries, associates and joint ventures of ₩232,331 million for the three-month period ended March 31, 2021.

(b) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Company's financial risk management objectives and policies are consistent with those disclosed in the separate financial statements as of and for the year ended December 31, 2021.

21. Share Capital and Capital Surplus

(a) Share capital as of March 31, 2022 and December 31, 2021 are as follows:

(in Won, except share information)		March 31, 2022	December 31, 2021
Authorized shares		200,000,000	200,000,000
Par value	₩	5,000	5,000
Issued shares(*1)		87,186,835	87,186,835
Shared capital(*2)	₩	482,403,125,000	482,403,125,000

(*1) As of March 31, 2022, total shares of ADRs of 26,101,884 are equivalent to 6,525,471 shares of common stock.
(*2) As of March 31, 2022, the difference between the ending balance of common stock and the par value of issued common stock is ₩46,469 million due to retirement of 9,293,790 treasury stocks.

(b) Capital surplus as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Share premium	₩	463,825	463,825
Gain on disposal of treasury shares		806,114	796,623
Gain from merger		80,628	80,628
Loss on disposal of hybrid bonds		(1,787)	(1,787)
	₩	1,348,780	1,339,289

22. Hybrid Bonds

Hybrid bonds classified as equity as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)	Date of issue	Date of maturity	Rate of interest (%)		March 31, 2022	December 31, 2021
Hybrid bond 1-2(*1)	2013-06-13	2043-06-13	4.60	₩	-	200,000
Issuance cost					-	(616)
				₩	-	199,384

(*1) During the three-month period ended March 31, 2022, it was transferred to a newly established company(POSCO) upon a vertical spin-off.

23. Reserves

Reserves as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Changes in fair value of equity investments at fair value through other comprehensive income	₩	(118,308)	(211,849)

24. Treasury Shares

Based on the Board of Directors' resolution, the Company holds treasury shares for business purposes including price stabilization. The changes in treasury shares for three-month period ended March 31, 2022 and the year ended December 31, 2021 were as follows:

(shares, in millions of Won)	March 31, 2022			December 31, 2021		
	Number of shares		Amount	Number of shares		Amount
Beginning	11,561,263	₩	2,508,294	11,171,363	₩	2,391,523
Acqusition of treasury shares	-		-	389,900		116,771
Disposal of treasury shares	(223,605)		(48,513)	-		-
Ending	11,337,658	₩	2,459,781	11,561,263	₩	2,508,294

25. Revenue

(a) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Types of revenue			
Sales of steel product	₩	7,262,347	7,512,143
Transportation services		241,733	244,129
Dividend income		232,591	-
Others		42,606	44,175
	₩	7,779,277	7,800,447
Timing of revenue recognition			
Revenue recognized at a point in time	₩	7,513,655	7,540,281
Revenue recognized over time		265,622	260,166
	₩	7,779,277	7,800,447

(b) Details of contract assets and liabilities from contracts with customers as of March 31, 2022 and December 31, 2021 are as follows:

(in millions of Won)		March 31, 2022	December 31, 2021
Receivables			
Account receivables	₩	221,904	6,005,022
Contract assets			
Account receivables		17,063	18,161
Contract liabilities			
Advance received		6	24,807
Unearned income		-	63,363

26. Selling and Administrative Expenses

(a) Other administrative expenses

Other administrative expenses for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Wages and salaries	₩	67,495	63,308
Expenses related to post-employment benefits		6,816	10,571
Other employee benefits		17,654	12,958
Travel		1,785	2,243
Depreciation		7,361	6,602
Amortization		5,161	18,852
Rental		12,474	15,421
Repairs		1,108	1,584
Advertising		14,563	12,844
Research & development		19,924	18,623
Service fees		33,954	36,773
Supplies		137	514
Vehicles maintenance		861	1,138
Industry association fee		1,412	1,465
Training		812	244
Conference		1,014	977
Others		14,214	5,786
	₩	206,745	209,903

(b) Selling expenses

Selling expenses for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Freight and custody	₩	20,724	30,580
Operating expenses for distribution center		935	1,533
Sales commissions		14,486	16,664
Sales advertising		29	49
Sales promotion		201	295
Sample		133	233
Sales insurance premium		1,086	1,441
	₩	37,594	50,795

27. Finance income and costs

Details of finance income and costs for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Finance income			
Interest income(*1)	₩	49,178	32,924
Dividend income		-	252,271
Gain on foreign currency transactions		44,563	97,128
Gain on foreign currency translations		37,270	48,847
Gain on valuation of derivatives		21,631	134,140
Others		17,671	3,964
	₩	170,313	569,274
Finance costs			
Interest expenses	₩	24,469	47,307
Loss on foreign currency transactions		39,852	73,714
Loss on foreign currency translations		76,413	192,625
Others		9,584	5,112
	₩	150,318	318,758

(*1) Interest income calculated using the effective interest method for the three-month periods ended March 31, 2022 and 2021 were ₩7,828 million and ₩2,757 million, respectively.

28. Other Non-Operating income and expenses

Details of other non-operating income and expenses for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Other non-operating income			
Gain on disposals of property, plant and equipment	₩	5,443	2,770
Gain on disposals of assets held for sale		2,706	790
Gain on insurance settlements		8	287
Others(*1)		7,211	31,401
	₩	15,368	35,248
Other non-operating expenses			
Loss on disposals of property, plant and equipment	₩	18,281	23,756
Impairment loss on property, plant and equipment		3	3,113
Impairment loss on investment in subsidiaries, associates and joint ventures		-	1,500
Donations		19	2,004
Impairment loss on intangible assets		-	7,180
Others		8,454	14,644
	₩	26,757	52,197

(*1) During the three-month period ended March 31, 2021, the Company recognized ₩28,366 million of non-operating income for refund of other than income tax as a result of administrative litigation for tax audits.

29. Expenses by nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses and other non-operating expenses in the statements of comprehensive income for the three-month periods ended March 31, 2022 and 2021 were as follows (excluding finance costs and income tax expenses):

(in millions of Won)		March 31, 2022	March 31, 2021
Changes in inventories(*1)	₩	(3,222)	(216,576)
Raw materials and consumables used		4,881,888	4,695,958
Employee benefits expenses		319,856	463,321
Outsourced processing cost		429,127	589,023
Depreciation(*2)		384,886	573,174
Amortization		16,653	27,201
Electricity and water expenses		80,787	71,855
Service fees		40,594	52,133
Rental		19,090	24,732
Advertising		14,563	12,844
Freight and custody expenses		207,320	200,802
Sales commissions		14,486	16,664
Loss on disposals of property, plant and equipment		18,281	23,756
Other expenses		312,175	245,221
	₩	6,736,484	6,780,108

(*1) Changes in inventories are the changes in product, semi-finished products and by-products.
(*2) Includes depreciation of investment property.

30. Income taxes

The effective tax rates of the Company for the three-month periods ended March 31, 2022 and 2021 were 230.24% and 27.10% respectively.

The Company's vertical spin-off meets the requirements for qualified spin-off under the Corporate Tax Act. Accordingly, transfer gains of ₩8,166,109 million under the Corporate Tax Act were incurred for the net asset transferred to the newly established company, and the Company simultaneously set a provision for accelerated depreciation on the transfer gains and recognized deferred tax liabilities of ₩2,245,680 million.

Deductible temporary differences related to the investment in newly established company (POSCO) which is caused by transfer gains under the Corporate Tax Act were not recognized as deferred tax assets, since it is not probable they will reverse through disposal or liquidation. The effect of our estimation and accounting for the recoverability of temporary differences on the increase in corporate tax costs for the three-month period ended March 31, 2022 is ₩2,245,680 million.

31. Earnings per Share

Basic earnings(loss) per share for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in Won, except share information)		March 31, 2022	March 31, 2021
Profit(loss) for the period	₩	(1,404,227,032,116)	952,175,503,207
Interests of hybrid bonds, net of tax		(1,078,164,383)	(1,644,657,534)
Weighted-average number of common shares outstanding(*1)		75,710,045	75,911,805
Basic earnings(loss) per share	₩	(18,562)	12,522

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

(shares)	March 31, 2022	March 31, 2021
Total number of common shares issued	87,186,835	87,186,835
Weighted-average number of treasury shares	(11,476,790)	(11,275,030)
Weighted-average number of common shares outstanding	75,710,045	75,911,805

The Company holds exchangeable bonds as potential common stocks with a diluting effect as of three-month period ended March 31, 2022, but the Company did not calculate diluted loss per share due to anti-dilutive effect. Meanwhile, since there were no potential shares of common stock which had dilutive effects as of March 31, 2021, diluted earnings per share is equal to basic earnings per share.

32. Related Party Transactions

(a) Significant transactions with related companies for the three-month periods ended March 31, 2022 and 2021 were as follows:

1) For the three-month period ended March 31, 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
Subsidiaries(*3)								
POSCO	₩	1,467	-	-	-	-	-	3
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.		1,505	16,555	7	-	85,302	-	9,711
POSCO STEELEON CO., Ltd (formerly, POSCO COATED & COLOR STEEL Co., Ltd.)		131,512	-	215	-	-	7,656	6
POSCO ICT(*4)		336	4,970	18	-	24,115	10,190	32,403
eNtoB Corporation		2	24	-	60,649	9,698	32	3,197
POSCO CHEMICAL CO., LTD		80,582	13,878	44	84,301	4,757	56,325	908
POSCO ENERGY CO., LTD.		762	-	-	6,682	-	-	3,925
POSCO MOBILITY SOLUTION		175,738	-	-	-	-	8,802	28
POSCO INTERNATIONAL Corporation		2,099,457	62,093	-	244,230	-	768	1,049
POSCO Thainox Public Company Limited		48,679	-	-	-	-	-	1
POSCO Canada Ltd.		-	-	139	77,703	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.		32,423	-	-	-	-	-	-
POSCO JAPAN Co., Ltd.		28,790	-	-	835	-	-	16
POSCO-VIETNAM Co., Ltd.		43,769	-	53	-	-	-	-
POSCO MEXICO S.A. DE C.V.		102,428	-	16	-	-	-	-
POSCO Maharashtra Steel Private Limited		170,671	-	66	-	-	-	120
POSCO(Suzhou) Automotive Processing Center Co., Ltd.		42,320	-	-	-	-	-	15
POSCO VST CO., LTD.		27,906	-	-	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	-	417	380,061	-	-	-
POSCO ASSAN TST STEEL INDUSTRY		47,018	-	60	-	-	-	8
Others		189,573	963	1,174	61,471	13,042	53,139	199,484
		3,224,938	98,483	2,209	915,932	136,914	136,912	250,874
Associates and joint ventures(*3)								
SNNC		3,122	5,348	8	148,239	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center		25,614	-	-	-	-	-	-
Roy Hill Holdings Pty Ltd		-	90,388	-	210,455	-	-	-
Others		76,723	8,617	3,373	16,485	-	-	301
		105,459	104,353	3,381	375,179	-	-	301
	₩	3,330,397	202,836	5,590	1,291,111	136,914	136,912	251,175

(*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 services and purchases of raw materials to manufacture steel products.
(*3) As of March 31, 2022, the Company provided guarantees to related companies (Note 20).
(*4) Others (purchase) mainly consist of service fees related to maintenance and repair of ERP System.

2) For the three-month period ended March 31, 2021

(in millions of Won)	Sales and others			Purchase and others			
	Sales	Dividends	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	₩ 1,614	11,037	32	-	88,862	60	6,463
POSCO STEELEON CO., Ltd (formerly, POSCO COATED & COLOR STEEL Co., Ltd.)	123,426	1,706	328	-	-	7,447	161
POSCO ICT	447	4,970	20	-	34,290	10,706	49,422
eNtoB Corporation	4	-	-	60,190	9,647	14	4,507
POSCO CHEMICAL CO., LTD	57,959	11,208	5,072	114,065	1,389	74,295	1,426
POSCO ENERGY CO., LTD.	760	-	689	2,129	-	-	5,605
POSCO MOBILITY SOLUTION	148,773	-	-	-	-	10,694	206
POSCO INTERNATIONAL Corporation	1,898,357	54,331	-	166,152	-	347	536
POSCO Thainox Public Company Limited	60,873	-	-	-	-	-	20
POSCO Canada Ltd.	-	-	491	34,796	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	40,948	-		-	-	-	-
POSCO JAPAN Co., Ltd.	357,971	-	1	7,601	4	-	480
POSCO-VIETNAM Co., Ltd.	80,910	-	339	-	-	-	-
POSCO MEXICO S.A. DE C.V.	92,791	-	34	-	-	-	-
POSCO Maharashtra Steel Private Limited	168,852	-	84	-	-	-	89
POSCO(Suzhou) Automotive Processing Center Co., Ltd.	28,512	-	-	-	-	-	-
POSCO VST CO., LTD.	56,408	-	-	-	-	-	8
POSCO INTERNATIONAL SINGAPORE PTE LTD.	-	-	610	350,571	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	65,532	-	49	8	-	-	10
Others	341,735	19,712	1,709	34,716	9,752	60,982	20,974
	3,525,872	102,964	9,458	770,228	143,944	164,545	89,907
Associates and joint ventures							
SNNC	7,513	1,469	574	151,759	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center	12,649	-	-	-	-	-	-
Roy Hill Holdings Pty Ltd	-	116,076	-	486,975	-	-	-
Others	8,837	11,577	1,362	21,723	-	-	9,173
	28,999	129,122	1,936	660,457	-	-	9,173
	₩ 3,554,871	232,086	11,394	1,430,685	143,944	164,545	99,080

(b) The related account balances of significant transactions with related companies as of March 31, 2022 and December 31, 2021 are as follows:

1) March 31, 2022

(in millions of Won)	Receivables			Payables		
	Trade accounts and notes receivable	Others	Total	Accounts payable	Others	Total
Subsidiaries						
POSCO	₩ 1,614	14,663	16,277	77,846	-	77,846
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	17,029	-	17,029	-	-	-
POSCO STEELEON CO., Ltd (formerly, POSCO COATED & COLOR STEEL Co., Ltd.)	109	-	109	-	-	-
POSCO ICT	4,324	-	4,324	-	917	917
eNtoB Corporation	24	-	24	-	-	-
POSCO CHEMICAL CO., LTD	14,006	-	14,006	-	636	636
POSCO ENERGY CO., LTD.	291	-	291	-	1,593	1,593
POSCO MOBILITY SOLUTION	22	-	22	-	-	-
POSCO INTERNATIONAL Corporation	62,189	-	62,189	-	502	502
Qingdao Pohang Stainless Steel Co., Ltd.	12	-	12	-	-	-
POSCO Maharashtra Steel Private Limited	43	1,084	1,127	-	-	-
POSCO ASSAN TST STEEL INDUSTRY	6	984	990	-	-	-
PT. KRAKATAU POSCO	-	14,630	14,630	-	-	-
Others	1,759	2,800	4,559	552	3,334	3,886
	101,428	34,161	135,589	78,398	6,982	85,380
Associates and joint ventures						
SNNC	5,355	-	5,355	-	-	-
Roy Hill Holdings Pty Ltd	90,388	-	90,388	-	-	-
FQM Australia Holdings Pty Ltd	-	181,620	181,620	-	-	-
Others	8	14,754	14,762	-	-	-
	95,751	196,374	292,125	-	-	-
	₩ 197,179	230,535	427,714	78,398	6,982	85,380

2) December 31, 2021

(in millions of Won)		Receivables			Payables			
		Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries								
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	₩	5,692	10	5,702	-	97,007	507	97,514
POSCO STEELEON CO., Ltd (formerly, POSCO COATED & COLOR STEEL Co., Ltd.)		95,001	-	95,001	-	154	5,082	5,236
POSCO ICT		221	3	224	3,736	155,064	27,562	186,362
eNtoB Corporation		-	-	-	1,683	23,851	-	25,534
POSCO CHEMICAL CO., LTD		35,895	3,664	39,559	12,969	57,498	17,990	88,457
POSCO ENERGY CO., LTD.		1,485	292	1,777	-	6,169	10,066	16,235
POSCO MOBILITY SOLUTION		133,608	-	133,608	71	2,232	5,104	7,407
POSCO INTERNATIONAL Corporation		1,279,463	4	1,279,467	4,831	483	502	5,816
POSCO Thainox Public Company Limited		54,804	-	54,804	-	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.		35,423	-	35,423	-	83	-	83
POSCO MEXICO S.A. DE C.V.		179,428	251	179,679	-	-	-	-
POSCO Maharashtra Steel Private Limited		530,693	1,048	531,741	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	14	14	169,565	90	-	169,655
POSCO ASSAN TST STEEL INDUSTRY		220,481	951	221,432	-	-	-	-
PT.KRAKATAU POSCO		1,395	14,750	16,145	-	-	-	-
Others		366,857	7,011	373,868	22,583	48,274	84,778	155,635
		2,940,446	27,998	2,968,444	215,438	390,905	151,591	757,934
Associates and joint ventures								
SNNC		420	65	485	52,396	-	-	52,396
Roy Hill Holdings Pty Ltd		-	34,356	34,356	436,774	-	-	436,774
FQM Australia Holdings Pty Ltd		-	181,122	181,122	-	-	-	-
Others		168,167	15,895	184,062	5,549	187	-	5,736
		168,587	231,438	400,025	494,719	187	-	494,906
	₩	3,109,033	259,436	3,368,469	710,157	391,092	151,591	1,252,840

(c) For the three-month periods ended March 31, 2022 and 2021, details of compensation to key management officers were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Short-term benefits	₩	26,477	11,217
Long-term benefits		-	1,383
Retirement benefits		2,903	4,835
	₩	29,380	17,435

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

33. Commitments and Contingencies

(a) Commitments

1) As of March 31, 2022, the Company entered into commitments with KOREA ENERGY AGENCY for long-term foreign currency borrowing, which is limited up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowing depends on the success of the project. The Company is not liable for the repayment of full or part of the money borrowed if the respective project fail. The Company has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements. As of March 31, 2022, the ending balance of the borrowing amounts to USD 1.02 million.

2) The Company has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors, including Norddeutsche Landesbank, for seamless funding to the construction of new power plant by POSCO ENERGY CO., LTD.

3) The Company has deposited 3,032,613 treasury shares for exchange with the Korea Securities Depository in relation to foreign currency exchangeable bonds as of March 31, 2022.

(b) As of March 31, 2022, the Company has provided three blank checks to KOREA ENERGY AGENCY as collateral for long-term foreign currency borrowings.

(c) Litigation in progress

The Company is involved in 1 lawsuit for validity of Board of Directors' approval amounted to ₩100 million as defendant as of March 31, 2022. However, the Company has not recognized any provisions for the lawsuit since the Company does not believe it has a present obligation as of March 31, 2022.

(d) The Company is jointly liable for guarantees of indebtedness (including financial guarantee contracts) before the spin-off date of POSCO.

34. Cash Flows from Operating Activities

Changes in operating assets and liabilities for the three-month periods ended March 31, 2022 and 2021 were as follows:

(in millions of Won)		March 31, 2022	March 31, 2021
Trade accounts and notes receivable, net	₩	(450,186)	(392,886)
Other accounts receivable		(94,448)	(22,993)
Accrued revenues		(2,129)	(5,140)
Inventories		354,262	(663,730)
Prepaid expenses		(41,384)	(13,893)
Other current assets		(1,041)	40
Long-term guarantee deposits		17	(26)
Derivative assets		5,781	(3,574)
Other non-current assets		126	(18,614)
Trade accounts and notes payable		(417,714)	(250,809)
Other accounts payable		(30,194)	(171,395)
Accrued expenses		(60,428)	(22,664)
Advances received		(3,599)	(411)
Withholdings		(5,926)	3,472
Unearned revenue		(2,731)	5,029
Other current liabilities		(13,607)	(17,147)
Derivative liabliities		-	6,523
Payments of severance benefits		(58,204)	(48,770)
Plan assets		51,222	32,499
Other non-current liabilities		(289)	(314)
	₩	(770,472)	(1,584,803)

35. Spin-off

(a) On March 1, 2022, the Company executed the spin-off for the purpose of production and sales of steel rolled products and plates, and established a new wholly owned subsidiary with the name of POSCO.

	Details
Method	Vertical Spin-off
Related Entities	POSCO HOLDINGS INC. (surviving company after the spin-off) POSCO (newly established entity for the spin-off)
Board of Directors date	December 10, 2021
Approval of shareholders' meeting	January 28, 2022
Effective spin-off date	March 1, 2022

(b) Assets and liabilities transferred to the newly established company through spin-off and its value

Assets and liabilities were carried over to the newly established company as specified in the spin-off plan approved by the shareholders on January 28, 2022. Changes in assets and liabilities related to the division, which occur as a result of operations until the spin-off date, were adjusted.

(c) Accounting of spin-off

① Assets and liabilities transferred to the newly established company were measured at their carrying amount prior to the spin-off.

② Among the deferred tax assets (liabilities) related to the transferred assets and liabilities, only those items that can be transferred under the Corporate Tax Act were transferred to the newly established company.

(d) Rights and obligations transferred to the newly established company

Active and passive assets, other rights and obligations including rights and obligations under public law, and factual relations with monetary value (including licensing, labor relations, contract relations, litigation and others), which are related to the business subject to divide, are carried over to the newly established company. Otherwise, it is carried over to the surviving company.

(e) Obligations of the Company as a result of the spin-off

Pursuant to Article 530-3(1) of the Commercial Code of the Republic of Korea, the spin-off shall be approved by the special resolution at the shareholders' meeting. The surviving company and the newly established company are jointly liable for the liabilities of the Company before the spin-off date under Article 530(9)(1) of the Commercial Code of the Republic of Korea.

(f) Details of assets and liabilities transferred to the newly established company as of the spin-off date are as follows:

(in millions of Won)		**March 1, 2022**
Assets		
Cash and cash equivalents	₩	1,910,211
Trade accounts and notes receivable, net		6,469,413
Other receivables, net		477,252
Other short-term financial assets		3,589,789
Inventories		7,268,929
Assets held for sale		24,250
Other current assets		96,266
Total current assets		19,836,110
Long-term trade accounts and notes receivable, net		5,374
Other receivables, net		81,731
Other long-term financial assets		184,487
Investments in subsidiaries, associates and joint ventures		236,174
Investment property, net		12,933
Property, plant and equipment, net		19,409,737
Intangible assets, net		527,400
Defined benefit assets, net		98,320
Other non-current assets		34,232
Total non-current assets		20,590,388
Total assets	₩	40,426,498
Liabilities		
Trade accounts and notes payable	₩	2,042,473
Short-term borrowings and current installments of long-term borrowings		2,994,566
Other payables		956,789
Other short-term financial liabilities		3,534
Provisions		70,000
Other current liabilities		126,904
Total current liabilities		6,194,266
Long-term borrowings, excluding current installments		4,127,763
Other payables		395,278
Long-term provisions		37,505
Deferred tax liabilities		26,926
Other non-current liabilities		3,698
Total non-current liabilities		4,591,170
Total liabilities		10,785,436
Equity		
Hybrid bonds		199,384
Total equity		199,384
Total liabilities and equity	₩	10,984,820
Net assets transferred (Investment in subsidiary)	₩	29,441,678

36. Events after the reporting period

Pursuant to the resolution of the Board of Directors on May 13, 2022, the Company decided to pay interim cash dividends of ₩ 4,000 per common share (total dividend: ₩ 303.4 billion).