

# **KT Corporation and Subsidiaries**

**Consolidated Financial Statements  
December 31, 2024 and 2023**

**ATTACHMENT : INDEPENDENT AUDITOR'S REPORT**

**KT Corporation**

# KT CORPORATION and ITS SUBSIDIARIES

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December 31, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

English Translation of Independent Auditor's Report Originally Issued in Korean on March 13, 2025

To the Shareholders and the Board of Directors of KT Corporation:

### Audit Opinion

We have audited the consolidated financial statements of KT Corporation and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the consolidated internal control over financial reporting of the Group as of December 31, 2024, based on the Conceptual Framework for Design and Operation of Internal Control over Financial Reporting, and our report dated March 13, 2025 expressed an unqualified opinion.

### Basis for Audit Opinion

We conducted our audits in accordance with the KSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not

provide a separate opinion on these matters.

- Occurrence and accuracy of Mobile service revenue and revenue related to sale of handset for mobile service ("Mobile revenue")

## (1) Reasons for Determining the matter as a Key Audit Matter

As described in Note 2.26 to the consolidated financial statements, the Group recognizes revenue at the point in time when it fulfills its performance obligations identified from contracts with customers. The Group provides various services and rate plans related to mobile revenue, and due to the large volume of transactions with customers, needs complex and elaborate information technology systems to accurately record occurrence of mobile revenue.

Given the magnitude and complexity of mobile revenue recorded by the billing system of the Group, we determined the occurrence and accuracy of mobile revenue recognized through the billing system as a key audit matter.

## (2) How the matter has been addressed in the audit

Key audit procedures performed regarding the occurrence and accuracy of mobile revenue computed through the billing system include the following:

- During the audit planning phase, we obtained an understanding of the Group's accounting policies and processes related to Mobile revenue recognition.
- We performed an assessment on the environment of the general information technology systems used for collecting usage of voice, text, and data, as well as handling billing and invoicing throughout the process of recording revenue, and tested automated controls, manual controls and general information technology controls.
- We reconciled the mobile revenue in the billing system with the revenue in the ledger.
- We performed substantive analytical procedures using historical data on mobile service revenue by rate plan and subscriber information.
- We performed tests of the control activities addressing the accuracy and completeness of the subscriber information used in our audit procedures.
- To verify the occurrence and accuracy of revenue recognition related to sale of handset for mobile service, we selected transactions from the sub-ledger, reconciled the selection with contractual terms between the Group and customers of the Group, and compared the billed amounts to receipts.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation the accompanying consolidated financial statements in accordance with K-IFRS, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Deloitte.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ho Gye,Choi

**March 13, 2025**

*Deloitte idnjin LLC*

## Notice to Readers

This report is effective as of March 13, 2025, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditor's report.

**KT Corporation and Its Subsidiaries**  
**Consolidated Statements of Financial Position**  
**Years Ended December 31, 2024 and 2023**

(In millions of Korean won)

|                                              | Notes  | December 31, 2024 | December 31, 2023 |
|----------------------------------------------|--------|-------------------|-------------------|
| <b>Assets</b>                                |        |                   |                   |
| <b>Current assets</b>                        |        |                   |                   |
| Cash and cash equivalents                    | 4,5,37 | ₩ 3,716,680       | ₩ 2,879,554       |
| Trade and other receivables, net             | 4,6,37 | 6,147,456         | 7,170,289         |
| Other financial assets                       | 4,7,37 | 1,344,248         | 1,440,200         |
| Current tax assets                           |        | 1,213             | 3,299             |
| Inventories, net                             | 8      | 940,209           | 912,262           |
| Other current assets                         | 9      | 2,102,131         | 2,112,553         |
| Total current assets                         |        | 14,251,937        | 14,518,157        |
| <b>Non-current assets</b>                    |        |                   |                   |
| Trade and other receivables, net             | 4,6,37 | 1,540,727         | 1,404,168         |
| Other financial assets                       | 4,7,37 | 2,759,170         | 2,724,761         |
| Property and equipment, net                  | 10     | 14,825,814        | 14,872,079        |
| Right-of-use assets                          | 20     | 1,212,770         | 1,304,963         |
| Investment properties, net                   | 11,37  | 2,299,616         | 2,198,135         |
| Intangible assets, net                       | 12     | 1,862,740         | 2,533,861         |
| Investments in associates and joint ventures | 13     | 1,562,232         | 1,556,889         |
| Deferred income tax assets                   | 29     | 671,609           | 608,924           |
| Net defined benefit assets                   | 17     | 49,351            | 160,748           |
| Other non-current assets                     | 9      | 843,991           | 827,297           |
| Total non-current assets                     |        | 27,628,020        | 28,191,825        |
| <b>Total assets</b>                          |        | ₩ 41,879,957      | ₩ 42,709,982      |

**KT Corporation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**Years Ended December 31, 2024 and 2023**

| <i>(in millions of Korean won)</i>                           | <b>Notes</b> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|--------------------------------------------------------------|--------------|--------------------------|--------------------------|
| <b>Liabilities</b>                                           |              |                          |                          |
| <b>Current liabilities</b>                                   |              |                          |                          |
| Trade and other payables                                     | 4,14,37      | ₩ 7,394,791              | ₩ 8,054,922              |
| Borrowings                                                   | 4,15,37      | 3,904,752                | 3,058,564                |
| Other financial liabilities                                  | 4,7,37       | 351,632                  | 322,099                  |
| Current income tax liabilities                               |              | 123,145                  | 236,463                  |
| Other provisions                                             | 16           | 112,530                  | 115,209                  |
| Deferred income                                              | 25           | 62,247                   | 51,537                   |
| Other current liabilities                                    | 9            | 1,925,637                | 1,308,615                |
| Total current liabilities                                    |              | <u>13,874,734</u>        | <u>13,147,409</u>        |
| <b>Non-current liabilities</b>                               |              |                          |                          |
| Trade and other payables                                     | 4,14,37      | 578,409                  | 819,558                  |
| Borrowings                                                   | 4,15,37      | 6,615,938                | 7,159,601                |
| Other financial liabilities                                  | 4,7,37       | 722,517                  | 753,739                  |
| Net defined benefit liabilities                              | 17           | 128,457                  | 63,616                   |
| Other provisions                                             | 16           | 111,877                  | 107,014                  |
| Deferred income                                              | 25           | 148,960                  | 153,563                  |
| Deferred income tax liabilities                              | 29           | 919,996                  | 994,330                  |
| Other non-current liabilities                                | 9            | 782,520                  | 950,015                  |
| Total non-current liabilities                                |              | <u>10,008,674</u>        | <u>11,001,436</u>        |
| <b>Total liabilities</b>                                     |              | <u>23,883,408</u>        | <u>24,148,845</u>        |
| <b>Equity attribute to owners of the Controlling Company</b> |              |                          |                          |
| Share capital                                                | 21           | 1,564,499                | 1,564,499                |
| Share premium                                                |              | 1,440,258                | 1,440,258                |
| Retained earnings                                            | 22           | 13,779,776               | 14,494,430               |
| Accumulated other comprehensive income                       | 23           | 63,729                   | 52,407                   |
| Other components of equity                                   | 23           | (637,560)                | (802,418)                |
|                                                              |              | <u>16,210,702</u>        | <u>16,749,176</u>        |
| <b>Non-controlling interest</b>                              |              | <u>1,785,847</u>         | <u>1,811,961</u>         |
| <b>Total equity</b>                                          |              | <u>17,996,549</u>        | <u>18,561,137</u>        |
| <b>Total liabilities and equity</b>                          |              | <u>₩ 41,879,957</u>      | <u>₩ 42,709,982</u>      |

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

# KT Corporation and Its Subsidiaries

## Consolidated Statements of Profit or Loss

### Years Ended December 31, 2024 and 2023

(In millions of Korean won, except per share amounts)

|                                                                                                                     | Notes | 2024         | 2023         |
|---------------------------------------------------------------------------------------------------------------------|-------|--------------|--------------|
| <b>Operating Revenue</b>                                                                                            | 25,34 | ₩ 26,431,204 | ₩ 26,376,273 |
| <b>Operating Expenses</b>                                                                                           | 26    | 25,621,733   | 24,726,499   |
| <b>Operating Profit</b>                                                                                             |       | 809,471      | 1,649,774    |
| Other income                                                                                                        | 27    | 344,829      | 308,044      |
| Other expenses                                                                                                      | 27    | 501,055      | 507,904      |
| Finance income                                                                                                      | 28    | 917,650      | 486,277      |
| Finance costs                                                                                                       | 28    | 994,781      | 568,682      |
| Share of net profits (losses) of associates and joint                                                               | 13    | 8,587        | -43,424      |
| <b>Profit before Income Tax</b>                                                                                     |       | 584,701      | 1,324,085    |
| Income tax expense                                                                                                  | 29    | 167,607      | 335,367      |
| <b>Profit for the Year</b>                                                                                          |       | ₩ 417,094    | ₩ 988,718    |
| <b>Profit for the Year Attributable to:</b>                                                                         |       |              |              |
| Owners of the Parent Company                                                                                        |       | ₩ 470,286    | ₩ 1,009,861  |
| Non-controlling interests                                                                                           |       | (53,192)     | (21,143)     |
| <b>Earnings per share attributable to the equity holders of the Parent Company during the year (in Korean won):</b> |       |              |              |
| Basic earnings per share                                                                                            | 30    | ₩ 1,908      | ₩ 4,043      |
| Diluted earnings per share                                                                                          | 30    | 1,906        | 4,038        |

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

**KT Corporation and Its Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2024 and 2023**

(in millions of Korean won)

|                                                                                                | Notes | 2024             | 2023             |
|------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| <b>Profit for the year</b>                                                                     |       | <u>₩ 417,094</u> | <u>₩ 988,718</u> |
| <b>Other comprehensive income (loss)</b>                                                       |       |                  |                  |
| <b>Items that will not be reclassified to profit or loss:</b>                                  |       |                  |                  |
| Remeasurements of the net defined benefit liabilities                                          | 17    | (117,057)        | (137,465)        |
| Share of remeasurement of the net defined benefit liabilities of associates and joint ventures |       | (490)            | (105)            |
| Valuation gains on equity instruments at fair value through other comprehensive income         | 4     | (8,600)          | 121,271          |
| <b>Items that are or may be subsequently reclassified to profit or loss:</b>                   |       |                  |                  |
| Gain(Loss) on valuation of debt instruments at fair value through other comprehensive income   | 4     | 998              | 534              |
| Valuation gains (losses) on cash flow hedges                                                   | 4,7   | 272,802          | 15,329           |
| Other comprehensive income from cash flow hedges reclassified to profit or loss                | 4     | (285,954)        | (37,942)         |
| Share of other comprehensive income of associates and joint ventures                           |       | 4,011            | 21,595           |
| Exchange differences on translation of foreign operations                                      |       | 44,095           | 24,230           |
| <b>Other comprehensive income (loss) for the period, net of tax</b>                            |       | <u>(90,195)</u>  | <u>7,447</u>     |
| <b>Total comprehensive income for the year</b>                                                 |       | <u>₩ 326,899</u> | <u>₩ 996,165</u> |
| <b>Total comprehensive income for the year attributable to:</b>                                |       |                  |                  |
| Owners of the Parent Company                                                                   |       | ₩ 354,279        | ₩ 1,013,535      |
| Non-controlling interests                                                                      |       | (27,380)         | (17,370)         |

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

**KT Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2024 and 2023**

| Attributable to owners of the Controlling Company                                              |             |             |              |                     |             |              |                 |              |   |   |
|------------------------------------------------------------------------------------------------|-------------|-------------|--------------|---------------------|-------------|--------------|-----------------|--------------|---|---|
| Notes                                                                                          | Share       | Share       | Retained     | Accumulated         | Other       | Total        | Non-controlling | Total        |   |   |
|                                                                                                | capital     | premium     | earnings     | other comprehensive | components  |              |                 |              |   |   |
|                                                                                                | ₩           | ₩           | ₩            | ₩                   | ₩           | ₩            | ₩               | ₩            | ₩ | ₩ |
| <b>Balance as of January 1, 2023</b>                                                           | 1,564,499   | 1,440,258   | 14,257,343   | (77,776)            | (572,152)   | 16,612,172   | 1,802,551       | 18,414,723   |   |   |
| <b>Comprehensive income</b>                                                                    |             |             |              |                     |             |              |                 |              |   |   |
| Profit for the year                                                                            | -           | -           | 1,009,861    | -                   | -           | 1,009,861    | (21,143)        | 988,718      |   |   |
| Remeasurements of net defined benefit liabilities                                              | -           | -           | (126,613)    | -                   | -           | (126,613)    | (10,852)        | (137,465)    |   |   |
| Share of remeasurement of the net defined benefit liabilities of associates and joint ventures | -           | -           | (118)        | -                   | -           | (118)        | 13              | (105)        |   |   |
| Share of other comprehensive income of associates and joint ventures                           | -           | -           | -            | 15,775              | -           | 15,775       | 5,820           | 21,595       |   |   |
| Valuation gains (losses) on cash flow hedges                                                   | -           | -           | -            | (22,252)            | -           | (22,252)     | (361)           | (22,613)     |   |   |
| Valuation gains on financial instruments at fair value through other comprehensive income      | -           | -           | 222          | 126,028             | -           | 126,250      | (4,445)         | 121,805      |   |   |
| Exchange differences on translation of foreign operations                                      | -           | -           | -            | 10,632              | -           | 10,632       | 13,598          | 24,230       |   |   |
| <b>Total comprehensive income for the year</b>                                                 | -           | -           | 883,352      | 130,183             | -           | 1,013,535    | (17,370)        | 996,165      |   |   |
| <b>Transactions with owners</b>                                                                |             |             |              |                     |             |              |                 |              |   |   |
| Dividends paid by the Parent Company                                                           | -           | -           | (501,844)    | -                   | -           | (501,844)    | -               | (501,844)    |   |   |
| Dividends paid to non-controlling interest of subsidiaries                                     | -           | -           | -            | -                   | -           | -            | (24,964)        | (24,964)     |   |   |
| Change in Consolidation Scope                                                                  | -           | -           | -            | -                   | -           | -            | (79,134)        | (79,134)     |   |   |
| Change in ownership interests in subsidiaries                                                  | -           | -           | -            | -                   | 216,841     | 216,841      | 128,526         | 345,367      |   |   |
| Appropriation of retained earnings related to loss on disposal of treasury stock               | -           | -           | (44,421)     | -                   | 44,421      | -            | -               | -            |   |   |
| Acquisition of treasury stock                                                                  | -           | -           | -            | -                   | (300,243)   | (300,243)    | -               | (300,243)    |   |   |
| Disposal of treasury stock                                                                     | -           | -           | -            | -                   | 4,463       | 4,463        | -               | 4,463        |   |   |
| Retirement of treasury stocks                                                                  | -           | -           | (100,000)    | -                   | 100,000     | -            | -               | -            |   |   |
| Recognition of obligation to purchase own equity instruments                                   | -           | -           | -            | -                   | (298,196)   | (298,196)    | -               | (298,196)    |   |   |
| Others                                                                                         | -           | -           | -            | -                   | 2,448       | 2,448        | 2,352           | 4,800        |   |   |
| <b>Subtotal</b>                                                                                | -           | -           | (646,265)    | -                   | (230,266)   | (876,531)    | 26,780          | (849,751)    |   |   |
| <b>Balance as of December 31, 2023</b>                                                         | ₩ 1,564,499 | ₩ 1,440,258 | ₩ 14,494,430 | ₩ 52,407            | ₩ (802,418) | ₩ 16,749,176 | ₩ 1,811,961     | ₩ 18,561,137 |   |   |

**KT Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2024 and 2023**

| Attributable to owners of the Controlling Company                                              |       |               |               |                   |                                        |                            |       |                          |              |            |  |  |  |  |
|------------------------------------------------------------------------------------------------|-------|---------------|---------------|-------------------|----------------------------------------|----------------------------|-------|--------------------------|--------------|------------|--|--|--|--|
| (In millions of Korean won)                                                                    |       |               |               |                   |                                        |                            |       |                          |              |            |  |  |  |  |
|                                                                                                | Notes | Share capital | Share premium | Retained earnings | Accumulated other comprehensive income | Other components of equity | Total | Non-controlling interest | Total equity |            |  |  |  |  |
|                                                                                                |       | ₩             | ₩             | ₩                 | ₩                                      | ₩                          | ₩     | ₩                        | ₩            |            |  |  |  |  |
| Balance as of January 1, 2024                                                                  |       |               |               |                   |                                        |                            |       |                          |              | 18,561,137 |  |  |  |  |
| Comprehensive income                                                                           |       |               |               |                   |                                        |                            |       |                          |              |            |  |  |  |  |
| Profit for the year                                                                            |       |               |               |                   |                                        |                            |       |                          |              | 417,094    |  |  |  |  |
| Remeasurements of net defined benefit liabilities                                              |       |               |               |                   |                                        |                            |       |                          |              | (117,057)  |  |  |  |  |
| Share of remeasurement of the net defined benefit liabilities of associates and joint ventures |       |               |               |                   |                                        |                            |       |                          |              | (490)      |  |  |  |  |
| Share of other comprehensive income of associates and joint ventures                           |       |               |               |                   |                                        |                            |       |                          |              | 4,011      |  |  |  |  |
| Valuation gains (losses) on cash flow hedges                                                   |       |               |               |                   |                                        |                            |       |                          |              | (13,152)   |  |  |  |  |
| Valuation gains on financial instruments at fair value through other comprehensive income      |       |               |               |                   |                                        |                            |       |                          |              | (7,602)    |  |  |  |  |
| Exchange differences on translation of foreign operations                                      |       |               |               |                   |                                        |                            |       |                          |              | 44,095     |  |  |  |  |
| Total comprehensive income for the year                                                        |       |               |               |                   |                                        |                            |       |                          |              | 326,899    |  |  |  |  |
| Transactions with owners                                                                       |       |               |               |                   |                                        |                            |       |                          |              |            |  |  |  |  |
| Dividends paid by the Parent Company                                                           |       |               |               |                   |                                        |                            |       |                          |              | (482,970)  |  |  |  |  |
| Interim Dividends paid by the Parent Company                                                   |       |               |               |                   |                                        |                            |       |                          |              | (368,685)  |  |  |  |  |
| Dividends paid to non-controlling interest of subsidiaries                                     |       |               |               |                   |                                        |                            |       |                          |              | (20,578)   |  |  |  |  |
| Change in Consolidation Scope                                                                  |       |               |               |                   |                                        |                            |       |                          |              | 20         |  |  |  |  |
| Change in ownership interests in subsidiaries                                                  |       |               |               |                   |                                        |                            |       |                          |              | 1,814      |  |  |  |  |
| Acquisition of treasury stock                                                                  |       |               |               |                   |                                        |                            |       |                          |              | (27,100)   |  |  |  |  |
| Disposal of treasury stock                                                                     |       |               |               |                   |                                        |                            |       |                          |              | 4,009      |  |  |  |  |
| Retirement of treasury stocks                                                                  |       |               |               |                   |                                        |                            |       |                          |              | -          |  |  |  |  |
| Others                                                                                         |       |               |               |                   |                                        |                            |       |                          |              | 2,003      |  |  |  |  |
| Subtotal                                                                                       |       |               |               |                   |                                        |                            |       |                          |              | (891,487)  |  |  |  |  |
| Balance as of December 31, 2024                                                                |       |               |               |                   |                                        |                            |       |                          |              | 17,996,549 |  |  |  |  |

Interim Dividends paid by the Parent Company

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

**KT Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

(In millions of Korean won)

|                                                                                   | Notes | 2024               | 2023               |
|-----------------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                                       |       |                    |                    |
| Cash generated from operations                                                    | 32    | ₩ 5,349,248        | ₩ 5,747,195        |
| Interest paid                                                                     |       | (394,162)          | (361,741)          |
| Interest received                                                                 |       | 385,672            | 360,614            |
| Dividends received                                                                |       | 75,613             | 60,987             |
| Income tax paid                                                                   |       | (350,575)          | (303,766)          |
| <b>Net cash inflow from operating activities</b>                                  |       | <u>5,065,796</u>   | <u>5,503,289</u>   |
| <b>Cash flows from investing activities</b>                                       |       |                    |                    |
| Collection of loans                                                               |       | 34,510             | 53,885             |
| Disposals of financial assets at fair value through profit or loss                |       | 122,497            | 90,487             |
| Disposal of financial assets at amortized cost                                    |       | 1,633,074          | 1,543,663          |
| Disposals of financial assets at fair value through other compr                   |       | 37,134             | 306                |
| Disposals of investments in associates and joint ventures                         |       | 21,981             | 6,890              |
| Disposals of property, equipment and investment properties                        |       | 103,295            | 100,348            |
| Disposals of intangible assets                                                    |       | 6,955              | 7,078              |
| Disposals of right-of-use assets                                                  |       | 186                | 529                |
| Disposals of derivatives                                                          |       | -                  | 4,888              |
| Increase in cash due to consolidation scope change                                |       | 9,847              | 46,642             |
| Loans granted                                                                     |       | (30,099)           | (37,771)           |
| Acquisitions of financial assets at fair value through profit or loss             |       | (172,476)          | (220,989)          |
| Acquisitions of financial assets at amortized cost                                |       | (1,187,651)        | (1,875,525)        |
| Acquisitions of financial assets at fair value through other comprehensive income |       | (400)              | (10,267)           |
| Acquisitions of investments in associates and joint ventures                      |       | (49,399)           | (106,389)          |
| Acquisitions of property and equipment and investment properties                  |       | (2,909,481)        | (3,692,972)        |
| Acquisitions of intangible assets                                                 |       | (438,653)          | (478,685)          |
| Acquisitions of right-of-use assets                                               |       | (16,447)           | (1,065)            |
| Decrease in cash due to consolidation scope change                                |       | (10,310)           | (51,561)           |
| <b>Net cash outflow from investing activities</b>                                 |       | <u>(2,845,437)</u> | <u>(4,620,508)</u> |

**KT Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

(In millions of Korean won)

|                                                                    | Notes | 2024               | 2023               |
|--------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Cash flows from financing activities</b>                        | 33    |                    |                    |
| Proceeds from borrowings                                           |       | 4,597,704          | 5,381,231          |
| Cash inflows under derivatives contracts                           |       | 81,443             | 48,183             |
| Cash inflow from transactions with non-controlling shareholders    |       | 812                | 632,776            |
| Cash inflow from other financing activities                        |       | 10,442             | 2,082              |
| Repayments of borrowings                                           |       | (4,732,931)        | (5,275,113)        |
| Dividends paid                                                     |       | (872,350)          | (526,826)          |
| Decrease in lease liabilities                                      |       | (414,172)          | (407,051)          |
| Cash outflow under derivatives contracts                           |       | (855)              | -                  |
| Acquisition of treasury stock                                      |       | (27,100)           | (300,086)          |
| Cash outflow from transactions with non-controlling shareholders   |       | (32,124)           | (7,988)            |
| Cash outflow from other financing activities                       |       | (922)              | -                  |
| <b>Net cash inflow (outflow) from financing activities</b>         |       | <b>(1,390,053)</b> | <b>(452,792)</b>   |
| <b>Effect of exchange rate change on cash and cash equivalents</b> |       | <b>6,820</b>       | <b>503</b>         |
| <b>Net increase (decrease) in cash and cash equivalents</b>        |       | <b>837,126</b>     | <b>430,492</b>     |
| <b>Cash and cash equivalents</b>                                   |       |                    |                    |
| Beginning of the year                                              | 5     | 2,879,554          | 2,449,062          |
| End of the year                                                    | 5     | <b>₩ 3,716,680</b> | <b>₩ 2,879,554</b> |

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

# **KT Corporation and Its Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **1. General Information**

The consolidated financial statements have been prepared by KT Corporation, the “Controlling Company” as defined under Korean IFRS 1110 Consolidated Financial Statements, by consolidating 83 subsidiaries (collectively referred to as the “Group”) including BC Card Co., Ltd., etc. as described in Note 1.2

##### **1.1 The Controlling Company**

KT Corporation (the “Controlling Company”) commenced operations on January 1, 1982, when it spun off from the Korea Communications Commission (formerly the Korean Ministry of Information and Communications) to provide telecommunication services and to engage in the development of advanced communications services under the Act of Telecommunications of Korea. The address of the Controlling Company’s registered office is 90, Buljeong-ro, Bundang-gu, Seongnam City, Gyeonggi Province, Korea.

On October 1, 1997, upon the announcement of the Government-Investment Enterprises Management Basic Act and the Privatization Law, the Controlling Company became a government-funded institution under the Commercial Code of Korea.

On December 23, 1998, the Controlling Company’s shares were listed on the Korea Exchange.

On May 29, 1999, the Controlling Company issued 24,282,195 additional shares and issued American Depositary Shares (ADS), which represents new shares and 20,813,311 government-owned shares, on the New York Stock Exchange. On July 2, 2001, additional ADS representing 55,502,161 government-owned shares were issued on the New York Stock Exchange.

In 2002, the Controlling Company acquired all government-owned shares in accordance with the Korean government’s privatization plan. As of December 31, 2024, the Korean government no longer owns any shares in the Controlling Company.

# KT Corporation and Its Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 1.2 Consolidated Subsidiaries

(1) The consolidated subsidiaries as of December 31, 2024 and 2023, are as follows:

| Subsidiary                           | Type of business                                                               | Location   | Controlling Interest <sup>1</sup> (%) |                   | Closing month |
|--------------------------------------|--------------------------------------------------------------------------------|------------|---------------------------------------|-------------------|---------------|
|                                      |                                                                                |            | December 31, 2024                     | December 31, 2023 |               |
| KT Linkus Co., Ltd.                  | Public telephone maintenance                                                   | Korea      | 92.4%                                 | 92.4%             | December      |
| KT Telecop Co., Ltd.                 | Security service                                                               | Korea      | 92.7%                                 | 86.8%             | December      |
| KT Alpha Co., Ltd. <sup>4</sup>      | Data communication                                                             | Korea      | 73.0%                                 | 73.0%             | December      |
| KT Service Bukbu Co., Ltd.           | Opening services of fixed line                                                 | Korea      | 67.3%                                 | 67.3%             | December      |
| KT Service Nambu Co., Ltd.           | Opening services of fixed line                                                 | Korea      | 77.3%                                 | 77.3%             | December      |
| KT Commerce Inc.                     | B2C, B2B service                                                               | Korea      | 100.0%                                | 100.0%            | December      |
| KT Strategic Investment Fund No.3    | Investment fund                                                                | Korea      | 100.0%                                | 100.0%            | December      |
| KT Strategic Investment Fund No.4    | Investment fund                                                                | Korea      | 100.0%                                | 100.0%            | December      |
| KT Strategic Investment Fund No.5    | Investment fund                                                                | Korea      | 100.0%                                | 100.0%            | December      |
| BC-VP Strategic Investment Fund No.1 | Investment fund                                                                | Korea      | 100.0%                                | 100.0%            | December      |
| BC Card Co., Ltd.                    | Credit card business                                                           | Korea      | 69.5%                                 | 69.5%             | December      |
| VP Inc. <sup>4</sup>                 | Payment security service for credit card, others                               | Korea      | 72.2%                                 | 72.2%             | December      |
| H&C Network                          | Call center for financial sectors                                              | Korea      | 100.0%                                | 100.0%            | December      |
| BC Card China Co., Ltd.              | Software development and data processing                                       | China      | 100.0%                                | 100.0%            | December      |
| INITECH Co., Ltd. <sup>4</sup>       | Internet banking ASP and security solutions                                    | Korea      | 67.3%                                 | 63.9%             | December      |
| Smartro Co., Ltd. <sup>9</sup>       | VAN (Value Added Network) business                                             | Korea      | 64.5%                                 | 64.5%             | December      |
| KTDS Co., Ltd. <sup>4</sup>          | System integration and maintenance                                             | Korea      | 91.6%                                 | 91.6%             | December      |
| KT M&S Co., Ltd.                     | PCS distribution                                                               | Korea      | 100.0%                                | 100.0%            | December      |
| GENIE Music Corporation <sup>2</sup> | Online music production and distribution                                       | Korea      | 36.0%                                 | 36.0%             | December      |
| KT MOS Bukbu Co., Ltd. <sup>4</sup>  | Telecommunication facility maintenance                                         | Korea      | 100.0%                                | 100.0%            | December      |
| KT MOS Nambu Co., Ltd. <sup>4</sup>  | Telecommunication facility maintenance                                         | Korea      | 98.4%                                 | 98.4%             | December      |
| KT Skylife <sup>4</sup>              | Satellite TV                                                                   | Korea      | 50.5%                                 | 50.6%             | December      |
| Skylife TV Co., Ltd.                 | TV contents provider                                                           | Korea      | 100.0%                                | 100.0%            | December      |
| KT Estate Inc.                       | Residential building development and supply                                    | Korea      | 100.0%                                | 100.0%            | December      |
| KT Investment Management Inc.        | Asset management, real estate, and consulting services                         | Korea      | 100.0%                                | 100.0%            | December      |
| KTGDH Co., Ltd.                      | Data center development and related service                                    | Korea      | 100.0%                                | 100.0%            | December      |
| KT Sat Co., Ltd.                     | Satellite communication business                                               | Korea      | 100.0%                                | 100.0%            | December      |
| Nasmedia, Co., Ltd. <sup>2,4</sup>   | Solution provider and IPTV advertisement sales business                        | Korea      | 44.1%                                 | 44.1%             | December      |
| KT Sports Co., Ltd.                  | Management of sports teams                                                     | Korea      | 100.0%                                | 100.0%            | December      |
| KT Music Contents Fund No.2          | Music and contents investment business                                         | Korea      | 100.0%                                | 100.0%            | December      |
| KTCS Corporation <sup>2,4</sup>      | Database and online information provider                                       | Korea      | 34.1%                                 | 34.1%             | December      |
| KTIS Corporation <sup>2,4</sup>      | Database and online information provider                                       | Korea      | 33.3%                                 | 33.3%             | December      |
| KT M Mobile Co., Ltd.                | Special category telecommunications operator and sales of communication device | Korea      | 100.0%                                | 100.0%            | December      |
| KT Investment Co., Ltd.              | Financing business for new technology                                          | Korea      | 100.0%                                | 100.0%            | December      |
| PlayD Co., Ltd.                      | Advertising agency                                                             | Korea      | 70.4%                                 | 70.4%             | December      |
| Next Connect PFV                     | Residential building development and supply                                    | Korea      | 100.0%                                | 100.0%            | December      |
| KT Rwanda Networks Ltd.              | Network install management                                                     | Rwanda     | 51.0%                                 | 51.0%             | December      |
| AOS Ltd.                             | System integration and maintenance                                             | Rwanda     | 51.0%                                 | 51.0%             | December      |
| KT Japan Co., Ltd.                   | Foreign investment business and local counter work                             | Japan      | 100.0%                                | 100.0%            | December      |
| East Telecom LLC                     | Wireless/fixed line internet business                                          | Uzbekistan | 91.6%                                 | 91.6%             | December      |

# KT Corporation and Its Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

| Subsidiary                                                | Type of business                                                        | Location    | Controlling Interest <sup>1</sup> (%) |                   | Closing month |
|-----------------------------------------------------------|-------------------------------------------------------------------------|-------------|---------------------------------------|-------------------|---------------|
|                                                           |                                                                         |             | December 31, 2024                     | December 31, 2023 |               |
| KT America, Inc.                                          | Foreign investment business and local counter work                      | USA         | 100.0%                                | 100.0%            | December      |
| PT. BC Card Asia Pacific                                  | Software development and supply                                         | Indonesia   | 99.9%                                 | 99.9%             | December      |
| KT Hongkong Telecommunications Co., Ltd.                  | Fixed line telecommunication business                                   | Hong Kong   | 100.0%                                | 100.0%            | December      |
| Korea Telecom Singapore Pte. Ltd.                         | Foreign investment business and local counter work                      | Singapore   | 100.0%                                | 100.0%            | December      |
| Texnoprosistem LLC                                        | Fixed line internet business                                            | Uzbekistan  | 100.0%                                | 100.0%            | December      |
| Nasmedia Thailand Co., Ltd.                               | Internet advertising solution                                           | Thailand    | 99.9%                                 | 99.9%             | December      |
| KT Huimangjeum                                            | Manufacturing                                                           | Korea       | 100.0%                                | 100.0%            | December      |
| K-REALTY RENTAL HOUSING REIT 3                            | Residential building                                                    | Korea       | 88.6%                                 | 88.6%             | December      |
| Storywiz Co., Ltd.                                        | Contents and software development and supply                            | Korea       | 100.0%                                | 100.0%            | December      |
| KT Engineering Co., Ltd.                                  | Telecommunication facility construction and maintenance                 | Korea       | 100.0%                                | 100.0%            | December      |
| KT Studio Genie Co., Ltd.                                 | Data communication service and data communication construction business | Korea       | 90.9%                                 | 90.9%             | December      |
| KHS Corporation                                           | Operation and maintenance of facilities                                 | Korea       | 100.0%                                | 100.0%            | December      |
| HCN Co., Ltd.                                             | Cable television service                                                | Korea       | 100.0%                                | 100.0%            | December      |
| Millie Seojae <sup>2</sup>                                | Book contents service                                                   | Korea       | 38.7%                                 | 30.2%             | December      |
| KT ES Pte. Ltd.                                           | Foreign investment business                                             | Singapore   | 68.8%                                 | 57.6%             | December      |
| Epsilon Global Communications PTE. Ltd.                   | Network service industry                                                | Singapore   | 100.0%                                | 100.0%            | December      |
| Epsilon Telecommunications (SP) PTE. Ltd.                 | Fixed line telecommunication business                                   | Singapore   | 100.0%                                | 100.0%            | December      |
| Epsilon Telecommunications (US) PTE. Ltd.                 | Fixed line telecommunication business                                   | Singapore   | 100.0%                                | 100.0%            | December      |
| Epsilon Telecommunications Limited                        | Fixed line telecommunication business                                   | UK          | 100.0%                                | 100.0%            | December      |
| Epsilon Telecommunications (HK) Limited                   | Fixed line telecommunication business                                   | Hong Kong   | 100.0%                                | 100.0%            | December      |
| Epsilon US Inc.                                           | Fixed line telecommunication business                                   | USA         | 100.0%                                | 100.0%            | December      |
| Epsilon Telecommunications (BG) EOOD                      | Employee support service                                                | Bulgaria    | 100.0%                                | 100.0%            | December      |
| Nasmedia-KT Alpha Future Growth Strategic Investment Fund | Investment fund                                                         | Korea       | 100.0%                                | 100.0%            | December      |
| KT Strategic Investment Fund 6                            | Investment fund                                                         | Korea       | 100.0%                                | 100.0%            | December      |
| Altimedia Corporation                                     | Software development and delivery                                       | Korea       | 100.0%                                | 100.0%            | December      |
| Altimedia B.V.                                            | Software development and delivery                                       | Netherlands | 100.0%                                | 100.0%            | December      |
| Altimedia Vietnam                                         | Software development and delivery                                       | Vietnam     | 100.0%                                | 100.0%            | December      |
| BCCARD VIETNAM LTD.                                       | Software sales business                                                 | Vietnam     | 100.0%                                | 100.0%            | December      |
| KTP SERVICES INC.                                         | Fixed line telecommunication business                                   | Philippines | 100.0%                                | 100.0%            | December      |
| KT RUS LLC                                                | Foreign investment business                                             | Russia      | 100.0%                                | 100.0%            | December      |
| Hangang Real Estate Investment Trust No. 24               | Investment fund                                                         | Korea       | 75.0%                                 | 75.0%             | December      |
| KT DX VIETNAM COMPANY LIMITED                             | Software development                                                    | Vietnam     | 100.0%                                | 100.0%            | December      |
| kt Cloud Co., Ltd.                                        | Information and communications development                              | Korea       | 92.7%                                 | 92.7%             | December      |
| PT CRANIUM ROYAL ADITAMA                                  | Software development                                                    | Indonesia   | 67.0%                                 | 67.0%             | December      |
| Open cloud lab Co., Ltd                                   | IT consulting service and Telecommunication equipment sales             | Korea       | 100.0%                                | 100.0%            | December      |
| KT Living, Inc.<br>(formerly KD Living, Inc.)             | Residential building management                                         | Korea       | 100.0%                                | 100.0%            | December      |

# KT Corporation and Its Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

| Subsidiary                                                                 | Type of business                                                             | Location | Controlling Interest <sup>1</sup> (%) |                   | Closing month |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------|----------|---------------------------------------|-------------------|---------------|
|                                                                            |                                                                              |          | December 31, 2024                     | December 31, 2023 |               |
| K-Realty Qualified Private Real Estate Investment Trust No. 1 <sup>3</sup> | Real estate management                                                       | Korea    | 6.5%                                  | 6.5%              | December      |
| AQUA RETAIL VIETNAM COMPANY LIMITED                                        | E-voucher issuance and trading business                                      | Vietnam  | 100.0%                                | 100.0%            | December      |
| K-Realty Qualified Private Real Estate Investment Trust No. 4              | Real estate management                                                       | Korea    | 93.9%                                 | 93.9%             | December      |
| BC Strategic Investment Fund 2                                             | Investment fund                                                              | Korea    | 100.0%                                | -                 | December      |
| K-Logis Hwaseong Inc                                                       | Residential building development and supply                                  | Korea    | 80.0%                                 | -                 | December      |
| kt netcore. Co. Ltd.                                                       | Telecommunication facility maintenance and service business                  | Korea    | 100.0%                                | -                 | December      |
| kt p&m                                                                     | Information and communications development and Electrical design corporation | Korea    | 100.0%                                | -                 | December      |

<sup>1</sup> Sum of the interests owned by the Controlling Company and subsidiaries.

<sup>2</sup> Although the Controlling Company owns less than 50% of the interest in Nasmedia, Co., Ltd., KTCS Corporation and KTIS Corporation, Millie Seojae, and GENIE Music Corporation, these entities are consolidated as the Controlling Company can exercise the majority of voting rights in its decision-making process at all times, based on voting patterns at previous shareholders' meetings.

<sup>3</sup> Although the Controlling Company owns less than 50% interest in K-Realty Qualified Private Real Estate Investment Trust No. 1, this entity is consolidated by comprehensively considering the criteria for determining control, such as 'power', 'variable profit', and 'relationship between power and variable profit', rather than simply judging by the interests owned by the Controlling Company.

<sup>4</sup> The number of treasury stock held by subsidiaries are deducted from the total number of shares when calculating the controlling percentage interest.

**KT Corporation and Its Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

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(2) Changes in Scope of Consolidation

Subsidiaries newly included and excluded in the consolidation during the year ended December 31, 2024:

| <b>Changes</b> | <b>Location</b> | <b>Name of subsidiary</b>                | <b>Reason</b>     |
|----------------|-----------------|------------------------------------------|-------------------|
| Included       | Korea           | BC Strategic Investment Fund 2           | Newly established |
| Included       | Korea           | K-Logis Hwaseong Inc                     | Newly established |
| Included       | Korea           | kt netcore. Co. Ltd.                     | Newly established |
| Included       | Korea           | kt p&m                                   | Newly established |
| Excluded       | Korea           | Lolab Co., Ltd.                          | Shares disposed   |
| Excluded       | Korea           | Pocheon Jeonggyori Development Co., Ltd. | Liquidated        |
| Excluded       | Vietnam         | KT HEALTHCARE VINA COMPANY LIMITED       | Shares disposed   |
| Excluded       | Korea           | KT NEXR Co., Ltd.                        | Merged            |
| Excluded       | Korea           | Juice                                    | Shares disposed   |

# KT Corporation and Its Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(3) Summarized information for consolidated subsidiaries as at and for the years ended December 31, 2024 and 2023, is as follows:

(In millions of Korean won)

|                                              |   | December 31, 2024 |                      | 2024 <sup>3</sup>  |                                |
|----------------------------------------------|---|-------------------|----------------------|--------------------|--------------------------------|
|                                              |   | Total<br>assets   | Total<br>liabilities | Operating revenues | Profit(loss) for the<br>period |
| KT Linkus Co., Ltd.                          | ₩ | 54,247            | 55,750               | 78,600             | (1,726)                        |
| KT Telecop Co., Ltd.                         |   | 400,437           | 253,509              | 531,670            | 8,793                          |
| KT Alpha Co., Ltd.                           |   | 464,180           | 201,902              | 419,641            | 20,682                         |
| KT Service Bukbu Co., Ltd.                   |   | 56,706            | 56,846               | 228,636            | (6,665)                        |
| KT Service Nambu Co., Ltd.                   |   | 57,827            | 51,826               | 285,371            | (5,881)                        |
| BC Card Co., Ltd. <sup>1</sup>               |   | 5,961,047         | 4,196,724            | 3,805,755          | 141,149                        |
| H&C Network                                  |   | 59,808            | 5,039                | 26,187             | 1,868                          |
| Nasmedia Co., Ltd. <sup>1</sup>              |   | 492,782           | 252,707              | 142,552            | (3,884)                        |
| KTDS Co., Ltd. <sup>1</sup>                  |   | 388,812           | 179,630              | 720,397            | 34,883                         |
| KT M&S Co., Ltd.                             |   | 261,539           | 193,526              | 807,308            | 19,681                         |
| KT MOS Bukbu Co., Ltd.                       |   | 50,262            | 32,012               | 103,264            | 1,287                          |
| KT MOS Nambu Co., Ltd.                       |   | 51,458            | 28,427               | 103,032            | 3,719                          |
| KT Skylife Co., Ltd. <sup>1</sup>            |   | 1,040,188         | 463,594              | 1,022,930          | (156,033)                      |
| KT Estate Inc. <sup>1</sup>                  |   | 2,617,662         | 947,834              | 604,912            | 34,715                         |
| KT GDH Co., Ltd.                             |   | 7,998             | 1,462                | 3,977              | 303                            |
| KT Sat Co., Ltd.                             |   | 733,574           | 92,877               | 188,214            | 30,741                         |
| KT Sports Co., Ltd.                          |   | 23,299            | 7,435                | 82,284             | 859                            |
| KT Music Contents Fund No.2                  |   | 5,508             | 1,589                | 199                | 134                            |
| KT M Mobile Co., Ltd.                        |   | 195,196           | 74,570               | 345,583            | 13,142                         |
| KT Investment Co., Ltd. <sup>1</sup>         |   | 84,369            | 56,721               | 19,355             | 1,621                          |
| KTCS Corporation <sup>1</sup>                |   | 435,066           | 232,129              | 1,121,341          | 6,814                          |
| KTIS Corporation                             |   | 469,932           | 261,826              | 603,899            | 11,862                         |
| Next Connect PFV                             |   | 1,429,260         | 1,133,891            | -                  | (21,508)                       |
| KT Japan Co., Ltd. <sup>1</sup>              |   | 1,750             | 3,289                | 2,857              | (180)                          |
| KT America, Inc.                             |   | 6,843             | 614                  | 7,445              | 192                            |
| KT Rwanda Networks Ltd. <sup>2</sup>         |   | 131,362           | 341,313              | 21,621             | (21,025)                       |
| AOS Ltd. <sup>2</sup>                        |   | 14,305            | 19,422               | 10,758             | 643                            |
| KT Hong Kong Telecommunications<br>Co., Ltd. |   | 9,105             | 1,680                | 16,813             | 423                            |
| KT Huimangjiseum <sup>1</sup>                |   | 8,854             | 2,275                | 17,817             | 1,338                          |
| KT Engineering Co., Ltd.                     |   | 183,753           | 123,132              | 333,440            | 2,634                          |
| KT Studio Genie Co., Ltd. <sup>1</sup>       |   | 880,509           | 212,683              | 450,916            | (29,364)                       |
| East Telecom LLC <sup>1</sup>                |   | 75,828            | 40,371               | 37,994             | 6,938                          |
| KT ES Pte. Ltd. <sup>1</sup>                 |   | 78,800            | 59,114               | 93,358             | (79,014)                       |
| KTP SERVICES INC.                            |   | 3,257             | 750                  | 718                | 272                            |
| Altimedia Corporation <sup>1</sup>           |   | 45,287            | 11,919               | 36,773             | 290                            |
| KT RUS LLC                                   |   | 420               | -                    | -                  | (31)                           |
| KT DX VIETNAM COMPANY                        |   | 1,568             | 120                  | 465                | (262)                          |

# KT Corporation and Its Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(In millions of Korean won)

|                                                                  | December 31, 2024 |                      | 2024 <sup>3</sup>  |                                |
|------------------------------------------------------------------|-------------------|----------------------|--------------------|--------------------------------|
|                                                                  | Total<br>assets   | Total<br>liabilities | Operating revenues | Profit(loss) for the<br>period |
| LIMITED                                                          |                   |                      |                    |                                |
| kt Cloud Co., Ltd. <sup>1</sup>                                  | 2,061,020         | 542,569              | 783,181            | 35,676                         |
| K-Realty Qualified Private Real<br>Estate Investment Trust No. 1 | 79,220            | 50,681               | 4,356              | (1,034)                        |
| AQUA RETAIL VIETNAM COMPANY<br>LIMITED                           | 1,903             | 497                  | 528                | (827)                          |
| kt netcore. Co. Ltd.                                             | 61,213            | 79                   | -                  | 134                            |
| kt p&m                                                           | 10,029            | 96                   | -                  | (67)                           |

<sup>1</sup> As intermediate controlling companies, financial information from their consolidated financial statements is presented.

<sup>2</sup> Convertible preferred stock issued by subsidiaries as of the end of the reporting period is included in liabilities.

<sup>3</sup> Profit or loss of companies newly included in consolidated financial statements from the acquisition date of control to the end of the reporting period is included.

# KT Corporation and Its Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(In millions of Korean won)

|                                              |   | December 31, 2023 |                      | 2023 <sup>3</sup>  |                                |
|----------------------------------------------|---|-------------------|----------------------|--------------------|--------------------------------|
|                                              |   | Total<br>assets   | Total<br>liabilities | Operating revenues | Profit(loss)<br>for the period |
| KT Linkus Co., Ltd.                          | ₩ | 64,178            | 63,452               | 81,139             | 821                            |
| KT Telecop Co., Ltd.                         |   | 375,596           | 235,947              | 525,946            | 5,728                          |
| KT Alpha Co., Ltd.                           |   | 443,639           | 191,254              | 434,839            | 19,352                         |
| KT Service Bukbu Co., Ltd.                   |   | 63,760            | 55,360               | 241,792            | 1,212                          |
| KT Service Nambu Co., Ltd.                   |   | 71,576            | 58,745               | 290,985            | 1,354                          |
| BC Card Co., Ltd. <sup>1</sup>               |   | 6,352,878         | 4,722,432            | 4,025,023          | 76,545                         |
| H&C Network                                  |   | 81,107            | 4,863                | 27,204             | 1,814                          |
| Nasmedia Co., Ltd. <sup>1</sup>              |   | 513,311           | 262,336              | 146,769            | 17,703                         |
| KTDS Co., Ltd. <sup>1</sup>                  |   | 393,667           | 202,067              | 727,261            | 33,971                         |
| KT M&S Co., Ltd.                             |   | 258,477           | 209,075              | 695,134            | 3,783                          |
| KT MOS Bukbu Co., Ltd.                       |   | 50,750            | 28,431               | 101,237            | 8,457                          |
| KT MOS Nambu Co., Ltd.                       |   | 46,839            | 26,012               | 101,071            | 5,749                          |
| KT Skylife Co., Ltd. <sup>1</sup>            |   | 1,220,842         | 479,369              | 1,027,986          | (109,407)                      |
| KT Estate Inc. <sup>1</sup>                  |   | 2,664,880         | 1,021,741            | 594,526            | 17,407                         |
| KT GDH Co., Ltd.                             |   | 7,760             | 1,501                | 4,346              | 648                            |
| KT Sat Co., Ltd.                             |   | 699,607           | 88,524               | 182,149            | 30,502                         |
| KT Sports Co., Ltd.                          |   | 26,615            | 11,299               | 66,251             | (12,386)                       |
| KT Music Contents Fund No.2                  |   | 5,558             | 1,772                | 534                | (992)                          |
| KT M Mobile Co., Ltd.                        |   | 176,838           | 69,317               | 300,523            | 5,605                          |
| KT Investment Co., Ltd. <sup>1</sup>         |   | 83,638            | 57,420               | 24,976             | 2,180                          |
| KTCS Corporation <sup>1</sup>                |   | 434,900           | 234,850              | 1,035,366          | 15,804                         |
| KTIS Corporation                             |   | 447,609           | 243,519              | 592,960            | 13,922                         |
| Next Connect PFV                             |   | 946,687           | 629,809              | -                  | (29,889)                       |
| KT Japan Co., Ltd. <sup>1</sup>              |   | 2,015             | 3,341                | 2,770              | (110)                          |
| KT America, Inc.                             |   | 6,013             | 701                  | 8,928              | 133                            |
| KT Rwanda Networks Ltd. <sup>2</sup>         |   | 134,847           | 313,787              | 26,750             | (57,628)                       |
| AOS Ltd. <sup>2</sup>                        |   | 10,763            | 1,983                | 8,252              | 128                            |
| KT Hong Kong Telecommunications<br>Co., Ltd. |   | 11,142            | 5,121                | 19,279             | 143                            |
| KT Huimangjeum <sup>1</sup>                  |   | 8,073             | 2,715                | 16,280             | 1,012                          |
| KT Engineering Co., Ltd.                     |   | 160,243           | 104,005              | 250,483            | 5,327                          |
| KT Studio Genie Co., Ltd. <sup>1</sup>       |   | 989,187           | 259,413              | 540,256            | 13,507                         |
| Lolab Co., Ltd.                              |   | 42,744            | 37,838               | 172,543            | (12,938)                       |
| East Telecom LLC <sup>1</sup>                |   | 48,483            | 22,632               | 30,212             | 7,723                          |
| KT ES Pte. Ltd. <sup>1</sup>                 |   | 117,009           | 90,392               | 87,837             | (124,850)                      |
| KTP SERVICES INC.                            |   | 2,967             | 919                  | 671                | 235                            |
| Altimedia Corporation <sup>1</sup>           |   | 48,381            | 12,374               | 45,013             | 7,352                          |
| KT RUS LLC                                   |   | 501               | 10                   | -                  | (378)                          |
| KT DX VIETNAM COMPANY<br>LIMITED             |   | 1,694             | 102                  | 82                 | (207)                          |

# KT Corporation and Its Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

| (In millions of Korean won)                                      | December 31, 2023 |                      | 2023 <sup>3</sup>  |                                |
|------------------------------------------------------------------|-------------------|----------------------|--------------------|--------------------------------|
|                                                                  | Total<br>assets   | Total<br>liabilities | Operating revenues | Profit(loss)<br>for the period |
| kt cloud Co., Ltd. <sup>1</sup>                                  | 1,983,972         | 503,241              | 678,313            | 63,956                         |
| KT HEALTHCARE VINA COMPANY<br>LIMITED                            | 12,730            | 439                  | -                  | (721)                          |
| K-Realty Qualified Private Real<br>Estate Investment Trust No. 1 | 80,266            | 50,693               | 4,682              | (1,037)                        |
| AQUA RETAIL VIETNAM<br>COMPANY LIMITED                           | 1,202             | 62                   | 14                 | (248)                          |

<sup>1</sup> As intermediate controlling companies, financial information from their consolidated financial statements is presented.

<sup>2</sup> Convertible preferred stock issued by subsidiaries as of the end of the reporting period is included in liabilities.

<sup>3</sup> Profit or loss of companies newly included in consolidated financial statements from the acquisition date of control to the end of the reporting period is include

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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## **2 Material Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Basis of Preparation**

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (K-IFRS). The accompanying consolidated financial statements have been condensed, reformatted and translated into English from the original Korean language financial statements.

The consolidated financial statements of the Group have been prepared in accordance with K-IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments)
- Defined benefit pension plans – plan assets measured at fair value

The preparation of the consolidated financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

### **2.2 Changes in Accounting Policy and Disclosures**

#### *(1) New and amended standards and interpretations adopted by the Group*

The Group has the following standards and interpretations for the first time for their annual reporting period commencing January 1, 2024.

- K-IFRS 1001 *Presentation of Financial Statements* (Amendment in 2020) - Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **- K-IFRS 1001 *Presentation of Financial Statements* (Amendment in 2023) – Non-current Liabilities with Covenants**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date.

The amendments also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

#### **- K-IFRS 1007 *Statement of Cash Flows* and K-IFRS 1107 *Financial Instruments: Disclosures* (Amendment) - Supplier Finance Arrangements**

The amendments add a disclosure objective to K-IFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, K-IFRS 1117 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

Note 19 provides the required disclosures related to these amendments.

#### **- K-IFRS 1116 *Leases* (Amendment) - Lease Liability in a Sale and Leaseback**

The amendments to K-IFRS 1116 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in K-IFRS 1115 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

A seller-lessee applies the amendments retrospectively in accordance with K-IFRS 1008 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied K-IFRS 1116.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **- K-IFRS 1001 *Presentation of Financial Statements* (Amendment in 2023) – Disclosure of Virtual Assets**

The amendments to K-IFRS 1001 add additional disclosure requirements required by other standards for transactions related to virtual assets, setting out disclosure requirement for each case of 1) holding virtual assets, 2) holding virtual assets on behalf of customer, and 3) issuing virtual assets.

When holding a virtual asset, disclosure on the general information about virtual assets, the accounting policy applied and each virtual asset's acquisition method, cost and the fair value at the end of the reporting period is required. Also, when issuing a virtual asset, the entity's obligations and status of fulfilment of the obligation related to the issued virtual asset, the timing and amount of the recognized revenue of the sold virtual asset, the number of virtual assets held after issuance, and important contract details shall be disclosed.

#### ***(2) New and revised standards and interpretations in issue but not yet effective or adopted by the Group***

At the date of authorization of these financial statements, the Group has not applied the following new and amended K-IFRS standards that have been issued but are not yet effective:

#### **- K-IFRS 1021 *The Effects of Changes in Foreign Exchange Rates* - Lack of Exchangeability**

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

#### **- K-IFRS 1109 *Financial Instruments* and K-IFRS 1107 *Financial Instruments: Disclosures* – Classification and measurement requirements of financial instruments**

The amendments clarify the conditions related to the discharge of a financial liability before the settlement date when settling such financial liabilities using an electronic payment system. They further specify an interest feature, a contingent feature, financial assets with non-recourse features and contractually linked instruments which should be considered in assessing whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. Furthermore, the amendments include additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows. The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **- K-IFRS 1109 *Financial Instruments* – Derecognition of lease liabilities and Transaction price**

The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with K-IFRS 1109, the lessee is required to recognise any resulting gain or loss in profit or loss. Additionally, the amendments have replaced 'their transaction price (as defined in K-IFRS 1115)' in K-IFRS 1109:5.1.3 with 'the amount determined by applying K-IFRS 1115' to remove an inconsistency between K-IFRS 1109 and the requirements in K-IFRS 1115.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

#### **- K-IFRS 1110 *Consolidated Financial Statements* – Determination of 'de facto agent'**

The amendments have amended KIFRS 1110:B74 to use less conclusive language and to clarify that the relationship described in K-IFRS1110:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

#### **- K-IFRS 1101 *First-time adoption of Korean International Financial Reporting Standards* – Hedging accounting by a first-time adopter**

The amendments have improved the consistency of the wording of K-IFRS 1101:B6 with the requirements for hedge accounting in K-IFRS 1109 and added cross-references to K-IFRS 1109:6.4.1 to improve the understandability of K-IFRS 1101.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

#### **- K-IFRS 1107 *Financial Instruments: Disclosures* – Gain or loss on derecognition**

The amendments have updated the obsolete cross-reference in K-IFRS 1107:B38 and aligned the wording of this paragraph with the terms used in K-IFRS.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

#### **- K-IFRS 1007 *Statement of Cash Flows*: Cost method**

The amendments have replaced the term 'cost method' with 'at cost' in K-IFRS 1007:37.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The Group is reviewing the impact of the above-listed amendments on the financial statements.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **2.3 Consolidation**

The Group has prepared the consolidated financial statements in accordance with K-IFRS 1110 *Consolidated Financial Statements*.

##### *(a) Subsidiaries*

Subsidiaries are all entities (including special purpose entities ("SPEs")) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions among group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### *(b) Changes in ownership interests in subsidiaries without loss of control*

Any differences between the amount of the adjustment to non-controlling interest that do not result in loss of control and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Controlling Company.

##### *(c) Disposal of subsidiaries*

When the Group ceases to have control over a subsidiary, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### *(d) Associates*

Associates are entities over which the Group has significant influence but does not possess control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

#### *(e) Joint arrangements*

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues, and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues, and expenses. A joint venture has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

## **2.4 Segment Reporting**

Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision-maker (Note 34). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **2.5 Foreign Currency Translation**

##### *(a) Functional and presentation currency*

Items included in the financial statements of each entities in the Group are measured using the currency of the primary economic environment in which each entity operates (its functional currency). The consolidated financial statements are presented in Korean won, which is the presentation currency for the consolidated financial statements.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to financial instruments are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other income' or 'other expense'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities, such as equities held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets, such as equities classified as available-for-sale financial assets, are recognized in other comprehensive income.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **2.6 Financial Assets**

##### *(a) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

##### *(b) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### *A. Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (and reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income' or 'finance costs' and impairment loss in 'finance costs' or 'operating expenses'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income' or 'finance costs' in the period in which it arises.

#### *B. Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income' or 'finance costs' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments, measured at fair value through other comprehensive income, are not reported separately from other changes in fair value.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### *(c) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

#### *(d) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

#### *(e) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **2.7 Derivative Instruments**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting treatment for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge relationships and designates certain derivatives as:

- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 37.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability is classified as a current or non-current based on its expected maturity and its settlement, respectively.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity to the limit of the cumulative change in fair value (present value) of the hedge item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in 'finance income (costs)'.

Amounts of changes in fair value of effective hedging instruments accumulated in equity are recognized as 'finance income (costs)' for the periods when the corresponding transactions affect profit or loss.

When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any accumulated cash flow hedge reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cash flow hedge reserve and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

#### **2.8 Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 6 for further information about the Group's accounting treatment for trade receivables and Note 2.6 (c) for a description of the Group's accounting policy on impairment.

#### **2.9 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving average method, except for inventories in-transit(specific identification method).

#### **2.10 Non-Current Assets Held-for-Sale**

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount will be recovered principally through a sale transaction rather than through continued use and when a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less selling costs.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **2.11 Property and Equipment**

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

Depreciation of all property and equipment, except for land, is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

|                                                                      | <b>Useful Life</b> |
|----------------------------------------------------------------------|--------------------|
| Buildings                                                            | 5 – 40 years       |
| Structures                                                           | 5 – 40 years       |
| Machinery and equipment<br>(Telecommunications equipment and others) | 2 – 40 years       |
| Vehicles                                                             | 4 – 10 years       |
| Tools                                                                | 3 – 6 years        |
| Office equipment                                                     | 2 – 10 years       |

The depreciation method, residual values, and useful lives of property and equipment are reviewed at the end of each reporting period and, if appropriate, accounted for as changes in accounting estimates.

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#### 2.12 Investment Property

Real estate held for rental income or investment gains is classified as investment property and right-of-use asset. An investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives from 5 to 40 years.

#### 2.13 Intangible Assets

##### (a) Goodwill

Goodwill is measured as explained in Note 2.3 (a) and goodwill arising from acquisition of subsidiaries and businesses is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of subsidiaries and business include the carrying amount of goodwill relating to the subsidiaries and businesses sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or group of CGUs, that is expected to benefit from the synergies of the combination. Goodwill is monitored at the operating segment level.

##### (b) Intangible assets excluding goodwill

Intangible assets, except for goodwill, are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses. Membership rights (condominium membership and golf membership), subscription rights, broadcast license, facility-use rights, and transportation rights that have indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

|                        | Useful Life  |
|------------------------|--------------|
| Development costs      | 3 - 10 years |
| Software               | 3 - 10 years |
| Frequency usage rights | 5 - 10 years |
| Others <sup>1</sup>    | 1 - 50 years |

<sup>1</sup> Membership rights (condominium membership and golf membership), subscription rights, broadcast license, facility usage rights and transportation license included in others are classified as intangible assets with indefinite useful life.

#### 2.14 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

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#### **2.15 Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by setting up the grant as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset. Grants related to income are deferred and are presented as a credit in the statement of profit or loss within 'other income'.

#### **2.16 Impairment of Non-Financial Assets**

Goodwill and intangible assets with indefinite useful life are tested annually for impairment at the end of each reporting period. If certain assets are deemed to be impaired, their recoverable amount is estimated in order to determine the impairment loss. The Group estimates the recoverable amount for each asset, and, in cases when the recoverable amount cannot be estimated for an asset, the recoverable amount of the cash generating unit to which the asset belongs is estimated. Corporate assets are allocated to individual cash generating units on a reasonable and consistent basis and if they cannot be allocated to individual cash generating units, they are allocated to the smallest group of cash generating units on a reasonable and consistent basis. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount (higher of its fair value less costs of disposal and value in use). Impairment loss on non-financial assets other than goodwill are evaluated for reversal at the end of each reporting period.

#### **2.17 Trade and Other Payables**

Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

#### **2.18 Financial Liabilities**

##### *(a) Classification and measurement*

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. Derivatives that are not designated as hedging instruments or derivatives separated from financial instruments containing embedded derivatives are also categorized as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables', 'borrowings' and 'other financial liabilities' in the statement of financial position.

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Borrowings are initially recognized as the amount obtained by subtracting the transaction cost incurred from the fair value and is then measured as amortized cost. The difference between the consideration received (net of transaction cost) and the redemption amount is recognized as profit or loss over the period using the effective interest rate method. Fees paid to receive the borrowing limit are recognized as transaction costs for loans to the extent that they are likely to be borrowed as part or all of the borrowing limit. In this case, the fee will be deferred until the draw-down occurs. There is a high possibility that borrowings will be executed as part or all of the borrowing limit agreement (relevant fees to the extent that there is no evidence) are recognized as assets as advance payments for liquidity services and amortized over the relevant borrowing limit period.

Preferred shares that require mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the statement of profit or loss as 'finance costs', together with interest expenses recognized from other financial liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### *(b) Derecognition*

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading. Financial liabilities designated as at fair value through profit or loss are structured financial liabilities containing embedded derivatives issued by the Group.

## **2.19 Financial Guarantee Contracts**

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of the following amount, and the related liability is recognized as 'other financial liabilities' in the consolidated statement of financial position:

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments*
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

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## **Notes to the Consolidated Financial Statements**

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#### **2.20 Employee Benefits**

##### *(a) Post-employment benefits*

The Group operates both defined contribution and defined benefit pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expenses when an employee has rendered service.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

##### *(b) Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: when the entity can no longer withdraw the offer of those benefits or when the entity recognizes costs for a restructuring.

##### *(c) Long-term employee benefits*

Certain entities within the Group provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

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#### **2.21 Share-Based Payments**

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The acquiree may have outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions. If vested, those acquiree share-based payment transactions are part of the non-controlling interest in the acquiree and are measured at their market-based measure. If unvested, the market-based measure of unvested share-based payment transactions is allocated to the non-controlling interest on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period and the original vesting period of the share-based payment transaction. The balance is allocated to post-combination service.

#### **2.22 Provisions**

Provisions for service warranties, recoveries, litigations and claims, and others are recognized when the Group presently hold legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

#### **2.23 Leases**

##### *(a) Lessee*

The Group leases various repeater server racks, offices, communication line facilities, machinery, cars, and others.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs (leasehold deposits)
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

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a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less, such as vehicles, machinery, and others. Low-value assets are comprised of tools, office equipment, and others.

#### *(b) Lessor*

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

#### *(c) Extension and termination option*

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Information on critical accounting estimates and assumptions related to the determination of the lease term is presented in Note 3.

## **2.24 Share Capital**

The Controlling Company classifies ordinary shares as equity.

Where the Controlling Company purchases its own shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until the share are cancelled or reissued. When these treasury shares are reissued, any consideration received is included in equity attributable to the equity holders of the Controlling Company.

## **2.25 Revenue Recognition**

#### *(a) Identifying performance obligations*

The Group mainly provides telecommunication services and sells handsets. The Group identifies performance obligations with a customer such as providing telecommunication services, selling handsets, and others. Revenue from handsets is recognized when a performance obligation is satisfied by transferring promised goods to customers, and the revenue from telecommunication services is recognized over the estimated contract periods of each service by transferring promised services to customers.

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#### *(b) Allocation the transaction price and revenue recognition*

The Group allocates the transaction price to each performance obligation identified in the contract based on a relative stand-alone selling prices of the goods or services being provided to the customer. To allocate the transaction price to each performance obligation on a relative stand-alone price basis, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price on a relative stand-alone selling price basis. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to the customer. The best evidence of a stand-alone selling price is the observable price of a good or service when the Group sells that good or service separately in similar circumstances and to similar customers. The Group recognizes the allocated amount as contract assets or contract liabilities, and amortizes it through the remaining period which is adjusted in operating income.

#### *(c) Incremental contract acquisition costs*

The Group pays commission fees when new customers subscribe to telecommunication services. The incremental contract acquisition costs are those commission fees that the Group incurs to acquire a contract with a customer that would not have been incurred if the contract had not been acquired. The Group recognizes the incremental contract acquisition costs as an asset and amortizes it over the expected period of benefit. However, as a practical expedient, the Group may recognize the incremental contract acquisition costs as an expense when it is incurred if the amortization period of the asset is one year or less.

#### *(d) Commission fees*

Commission fees are recognized when it is probable that future economic benefits will flow to the entity and these benefits can be reliably measured. Revenues are measured at the fair value of the consideration received.

## **2.26 Current and Deferred Income Tax**

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amount will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

#### **2.27 Dividend**

Dividend distribution to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders.

#### **2.28 Approval on Issuance of the Consolidated Financial Statements**

The consolidated financial statements of 2024 were approved for issuance by the Board of Directors on March 10, 2025 and are subject to change with the approval of shareholders at their Annual General Meeting.

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## **Notes to the Consolidated Financial Statements**

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### **3 Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Group to make estimates and assumptions about the future. Management also needs to exercise judgment in applying the Group's accounting policies. Estimates and assumptions are evaluated continuously and are based on historical experience and other factors, including reasonable expectations of future events under the given circumstances. As it is rare for the results of accounting estimates to be identical to actual results, significant risks exist that may lead to material adjustments.

Estimates and assumptions that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

#### **3.1 Impairment of Non-Financial Assets (including Goodwill)**

The Group determines the recoverable amount of a cash generating unit (CGU) based on fair value or value-in-use calculations to assess non-financial assets (including goodwill) for impairment (Note 12, 13).

#### **3.2 Income Taxes**

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 29).

If a certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the *Tax System for Recirculation of Corporate Income*, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments as well as wage increase, there is uncertainty in measuring the final tax effects (Note 29).

#### **3.3 Fair Value of Financial Instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 37).

#### **3.4 Net Defined Benefit Liability**

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 17).

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## **Notes to the Consolidated Financial Statements**

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#### **3.5 Amortization of Contract Assets, Contract Liabilities and Contract Cost Assets**

Contract assets, contract liabilities and contract cost assets recognized under the application of K-IFRS 1115 are amortized over the expected periods of customer relationships. The estimate of the expected terms of customer relationship is based on the historical data. If management's estimate changes, it may cause significant differences in the timing of revenue recognition and amounts recognized.

#### **3.6 Critical Judgments in Determining the Lease Term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of property, machinery, and communication line facilities, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices, retail stores and vehicles leases have not been included in the lease liability, because the Group can replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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**4 Financial Instruments by Category**

(1) Financial instruments by category as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

| Financial assets            | December 31, 2024                  |                           |                           |                              |           |
|-----------------------------|------------------------------------|---------------------------|---------------------------|------------------------------|-----------|
|                             | Financial assets at amortized cost | Financial assets at FVTPL | Financial assets at FVOCI | Derivatives used for hedging | Total     |
| Cash and cash equivalents ₩ | 3,716,680                          | -                         | -                         | -                            | 3,716,680 |
| Trade and other receivables | 7,573,409                          | -                         | 114,774                   | -                            | 7,688,183 |
| Other financial assets      | 962,653                            | 1,029,926                 | 1,665,368                 | 445,471                      | 4,103,418 |

(In millions of Korean won)

| Financial liabilities                   | December 31, 2024                       |                                |                              |           |            |
|-----------------------------------------|-----------------------------------------|--------------------------------|------------------------------|-----------|------------|
|                                         | Financial liabilities at amortized cost | Financial liabilities at FVTPL | Derivatives used for hedging | Others    | Total      |
| Trade and other payables <sup>1</sup> ₩ | 7,214,174                               | -                              | -                            | -         | 7,214,174  |
| Borrowings                              | 10,520,690                              | -                              | -                            | -         | 10,520,690 |
| Other financial liabilities             | 942,135                                 | 132,011                        | 3                            | -         | 1,074,149  |
| Lease liabilities                       | -                                       | -                              | -                            | 1,059,453 | 1,059,453  |

<sup>1</sup> Amounts related to employee benefit plans are excluded in Trade and other payables.

(In millions of Korean won)

| Financial assets            | December 31, 2023                  |                           |                           |                              |           |
|-----------------------------|------------------------------------|---------------------------|---------------------------|------------------------------|-----------|
|                             | Financial assets at amortized cost | Financial assets at FVTPL | Financial assets at FVOCI | Derivatives used for hedging | Total     |
| Cash and cash equivalents ₩ | 2,879,554                          | -                         | -                         | -                            | 2,879,554 |
| Trade and other receivables | 8,458,259                          | -                         | 116,198                   | -                            | 8,574,457 |
| Other financial assets      | 1,385,921                          | 939,661                   | 1,680,168                 | 159,211                      | 4,164,961 |

(In millions of Korean won)

| Financial liabilities                   | December 31, 2023                       |                                |                              |           |            |
|-----------------------------------------|-----------------------------------------|--------------------------------|------------------------------|-----------|------------|
|                                         | Financial liabilities at amortized cost | Financial liabilities at FVTPL | Derivatives used for hedging | Others    | Total      |
| Trade and other payables <sup>1</sup> ₩ | 8,317,822                               | -                              | -                            | -         | 8,317,822  |
| Borrowings                              | 10,218,165                              | -                              | -                            | -         | 10,218,165 |
| Other financial liabilities             | 915,185                                 | 136,106                        | 24,547                       | -         | 1,075,838  |
| Lease liabilities                       | -                                       | -                              | -                            | 1,179,909 | 1,179,909  |

<sup>1</sup> Amounts related to employee benefit plans are excluded in Trade and other payables.

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**December 31, 2024 and 2023**

(2) Gains or losses arising from financial instruments by category for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                                                                                            | 2024        | 2023      |
|--------------------------------------------------------------------------------------------|-------------|-----------|
| <b>Financial assets at amortized cost</b>                                                  |             |           |
| Interest income <sup>1</sup>                                                               | ₩ 379,371   | 360,134   |
| Gain on foreign currency transactions <sup>4</sup>                                         | 27,748      | 22,782    |
| Gain on foreign currency translation                                                       | 9,534       | 5,741     |
| Loss on disposal                                                                           | (2)         | (3,409)   |
| Loss on valuation                                                                          | (184,942)   | (172,966) |
| <b>Financial assets at fair value through profit or loss</b>                               |             |           |
| Interest income <sup>1</sup>                                                               | 10,281      | 13,480    |
| Dividend income <sup>5</sup>                                                               | 8,411       | 6,918     |
| Loss on valuation <sup>6</sup>                                                             | (66,133)    | (31,965)  |
| Gain on disposal                                                                           | 13,811      | 14,237    |
| Gain on foreign currency transactions <sup>4</sup>                                         | 2,469       | -         |
| Gain on foreign currency translation                                                       | 29,029      | 3,396     |
| <b>Financial assets at fair value through other comprehensive income</b>                   |             |           |
| Interest income <sup>1</sup>                                                               | 19,888      | 18,966    |
| Dividend income <sup>5</sup>                                                               | 62,220      | 52,813    |
| Loss on disposal                                                                           | (8,277)     | (11,193)  |
| Other comprehensive income (loss) for the year <sup>2</sup>                                | (7,602)     | 121,805   |
| <b>Derivative used for hedging</b>                                                         |             |           |
| Gain on transactions                                                                       | 38,620      | 10,192    |
| Gain on valuation <sup>7</sup>                                                             | 361,844     | 34,092    |
| Other comprehensive income for the year <sup>2</sup>                                       | 273,673     | 7,772     |
| Reclassified to profit or loss from other comprehensive income for the year <sup>2,3</sup> | (276,568)   | (29,178)  |
| <b>Financial liabilities at amortized cost</b>                                             |             |           |
| Interest expense <sup>1</sup>                                                              | (387,535)   | (358,486) |
| Gain on valuation <sup>8</sup>                                                             | (5,866)     | 3,411     |
| Loss on foreign currency transactions <sup>4</sup>                                         | (41,959)    | (24,054)  |
| Loss on foreign currency translation                                                       | (421,608)   | (93,004)  |
| <b>Financial liabilities at fair value through profit or loss</b>                          |             |           |
| Loss on valuation                                                                          | (3,221)     | (7,394)   |
| Gain on disposal                                                                           | -           | 4,788     |
| Interest expense <sup>1</sup>                                                              | -           | (44)      |
| Loss on foreign currency transactions <sup>4</sup>                                         | -           | (5)       |
| <b>Derivatives used for hedging</b>                                                        |             |           |
| Gain on valuation                                                                          | 9,337       | 11,503    |
| Other comprehensive income (loss) for the year <sup>2</sup>                                | (871)       | 7,557     |
| Reclassified to profit or loss from other comprehensive income for the year <sup>2,3</sup> | (9,386)     | (8,764)   |
| <b>Lease liabilities</b>                                                                   |             |           |
| Interest expense <sup>1</sup>                                                              | (47,556)    | (52,035)  |
| Total                                                                                      | ₩ (215,290) | (92,910)  |

<sup>1</sup> BC Card Co., Ltd., etc., subsidiaries of the Group, recognized interest income and expenses as operating revenue and expenses, respectively. Related interest income recognized as operating revenue is ₩ 106,005 million (2023: ₩ 112,973 million) and related interest expense recognized as operating expense is ₩ 57,872

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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million (2023: ₩ 55,677 million) for the year ended December 31, 2024.

<sup>2</sup> The amounts directly reflected in equity after adjustments of deferred income tax.

<sup>3</sup> During the years ended December 31, 2024 and 2023, certain derivatives of the Group were settled and the related gain or loss on valuation of cash flow hedge in other comprehensive income was reclassified to profit or loss for the year.

<sup>4</sup> BC Card Co., Ltd., a subsidiary of the Group, recognized foreign currency transaction gain and loss and as operating revenue and expense. In relation to this, foreign currency transaction gain and loss recognized as operating revenue and expense amount to foreign exchange gain ₩ 10,298 million (2023 foreign exchange gain: ₩ 5,597 million), respectively, for the year ended December 31, 2024.

<sup>5</sup> BC Card Co., Ltd., a subsidiary of the Group, recognized dividend income as operating revenue. Related dividend income recognized as operating revenue is ₩ 1,701 million (2023: ₩ 1,759 million) for the year ended December 31, 2024.

<sup>6</sup> KT Investment Co., Ltd., etc., subsidiaries of the Group, recognized gain and loss on valuation of financial instruments measured at fair value through profit or loss as operating income and expenses. In relation to this, valuation gain and loss recognized as operating revenue and expense amount to valuation loss ₩ 576 million (2023 valuation loss: ₩ 11,112 million), for the year ended December 31, 2024.

<sup>7</sup> BC Card Co., Ltd., a subsidiary of the Group, recognized gain and loss on valuation of derivatives as operating income and expenses. Related valuation gain recognized as operating revenue and expense is ₩ 57 million (2023 valuation gain: ₩ 48 million), for the year ended December 31, 2024.

<sup>8</sup> KT Cloud Co., Ltd., a subsidiary of the Group, recognized gain on valuation as convertible preferred stock of ₩ 317,178 million for the year ended December 31, 2024.

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**5 Cash and Cash Equivalents**

Restricted cash and cash equivalents as of December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i> |   | <u>December 31, 2024</u> | <u>December 31, 2023</u> | <u>Description</u>            |
|------------------------------------|---|--------------------------|--------------------------|-------------------------------|
|                                    |   |                          |                          | Deposit restricted for        |
| Bank deposits                      | ₩ | 153,185                  | 49,555                   | government project and others |

Cash and cash equivalents in the consolidated statement of financial position equal to cash and cash equivalents in the consolidated statement of cash flows.

**6 Trade and Other Receivables**

(1) Trade and other receivables as of December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i> |   | <u>December 31, 2024</u> |                                 |                               |                        |
|------------------------------------|---|--------------------------|---------------------------------|-------------------------------|------------------------|
|                                    |   | <u>Total amounts</u>     | <u>Provision for impairment</u> | <u>Present value discount</u> | <u>Carrying amount</u> |
| <b>Current assets</b>              |   |                          |                                 |                               |                        |
| Trade receivables                  | ₩ | 3,309,177                | (378,327)                       | (9,011)                       | 2,921,839              |
| Other receivables                  |   | 3,335,066                | (107,653)                       | (1,796)                       | 3,225,617              |
| Total                              |   | <u>6,644,243</u>         | <u>(485,980)</u>                | <u>(10,807)</u>               | <u>6,147,456</u>       |
| <b>Non-current assets</b>          |   |                          |                                 |                               |                        |
| Trade receivables                  |   | 260,154                  | (1,299)                         | (14,977)                      | 243,878                |
| Other receivables                  |   | 1,405,923                | (96,941)                        | (12,133)                      | 1,296,849              |
| Total                              | ₩ | <u>1,666,077</u>         | <u>(98,240)</u>                 | <u>(27,110)</u>               | <u>1,540,727</u>       |

| <i>(In millions of Korean won)</i> |   | <u>December 31, 2023</u> |                                 |                               |                        |
|------------------------------------|---|--------------------------|---------------------------------|-------------------------------|------------------------|
|                                    |   | <u>Total amounts</u>     | <u>Provision for impairment</u> | <u>Present value discount</u> | <u>Carrying amount</u> |
| <b>Current assets</b>              |   |                          |                                 |                               |                        |
| Trade receivables                  | ₩ | 3,596,899                | (330,002)                       | (9,165)                       | 3,257,732              |
| Other receivables                  |   | 3,990,900                | (76,089)                        | (2,254)                       | 3,912,557              |
| Total                              |   | <u>7,587,799</u>         | <u>(406,091)</u>                | <u>(11,419)</u>               | <u>7,170,289</u>       |
| <b>Non-current assets</b>          |   |                          |                                 |                               |                        |
| Trade receivables                  |   | 318,429                  | (1,288)                         | (19,476)                      | 297,665                |
| Other receivables                  |   | 1,227,929                | (107,547)                       | (13,879)                      | 1,106,503              |
| Total                              | ₩ | <u>1,546,358</u>         | <u>(108,835)</u>                | <u>(33,355)</u>               | <u>1,404,168</u>       |

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(2) The fair values of trade and other receivables with original maturities less than one year are equal to their carrying amounts because the discounting effect is immaterial. The fair value of trade and other receivables with original maturities longer than one year, which are mainly from sales of goods, is determined by discounting the expected future cash flow at the weighted average interest rate.

(3) Details of changes in provisions for impairment the years ended December 31, 2024 and 2023, are as follows:

| (in millions of Korean won)    |   | 2024              |                   | 2023              |                   |
|--------------------------------|---|-------------------|-------------------|-------------------|-------------------|
|                                |   | Trade receivables | Other receivables | Trade receivables | Other receivables |
| Beginning balance              | ₩ | 331,290           | 183,636           | 343,738           | 218,543           |
| Provision                      |   | 95,060            | 82,123            | 69,972            | 114,501           |
| Reversal                       |   | -                 | (380)             | -                 | (14,941)          |
| Write-off/reimbursement        |   | (51,811)          | (65,921)          | (69,246)          | (129,108)         |
| Changes in consolidation scope |   | -                 | -                 | (310)             | (17)              |
| Others                         |   | 5,087             | 5,136             | (12,864)          | (5,342)           |
| Ending balance                 | ₩ | <u>379,626</u>    | <u>204,594</u>    | <u>331,290</u>    | <u>183,636</u>    |

Provisions for impairment on trade and other receivables are recognized as operating expenses, other expenses and finance costs.

(4) Details of other receivables as of December 31, 2024 and 2023, are as follows:

| (In millions of Korean won)    | December 31, 2024  | December 31, 2023 |
|--------------------------------|--------------------|-------------------|
| Loans                          | ₩ 42,413           | 51,854            |
| Receivables <sup>1</sup>       | 2,913,728          | 3,539,742         |
| Accrued income                 | 40,950             | 43,920            |
| Refundable deposits            | 264,054            | 299,935           |
| Loans receivable               | 1,209,887          | 1,067,005         |
| Finance lease receivables      | 202,372            | 141,883           |
| Others                         | 53,656             | 58,357            |
| Less: Provision for impairment | <u>(204,594)</u>   | <u>(183,636)</u>  |
| Total                          | ₩ <u>4,522,466</u> | <u>5,019,060</u>  |

<sup>1</sup> As of December 31, 2024, credit sales asset of ₩ 1,970,895 million (December 31, 2023: ₩ 2,696,505 million) held by BC Card Co., Ltd. are included.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

- (5) The maximum exposure of trade and other receivables to credit risk is the carrying amount of each class of receivables mentioned above as of December 31, 2024.
- (6) The Group classifies a certain portion of trade receivables as financial assets at fair value through other comprehensive income, based on business model for managing the asset and the cash flow characteristics of the contract.

## 7 Other Financial Assets and Liabilities

- (1) Details of other financial assets and liabilities as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                                                                       |   | December 31, 2024 | December 31, 2023 |
|-----------------------------------------------------------------------|---|-------------------|-------------------|
| <b>Other financial assets</b>                                         |   |                   |                   |
| Financial assets at amortized cost <sup>1</sup>                       | ₩ | 962,653           | 1,385,921         |
| Financial assets at fair value through profits of loss <sup>1,2</sup> |   | 1,029,926         | 939,661           |
| Financial assets at fair value through other comprehensive income     |   | 1,665,368         | 1,680,168         |
| Derivatives used for hedging                                          |   | 445,471           | 159,211           |
| Less: Non-current                                                     |   | (2,759,170)       | (2,724,761)       |
| Current                                                               | ₩ | 1,344,248         | 1,440,200         |
| <b>Other financial liabilities</b>                                    |   |                   |                   |
| Financial liabilities at amortized cost <sup>3,4</sup>                | ₩ | 942,135           | 915,185           |
| Financial liabilities at fair value through profits or loss           |   | 132,011           | 136,106           |
| Derivatives used for hedging                                          |   | 3                 | 24,547            |
| Less: Non-current                                                     |   | (722,517)         | (753,739)         |
| Current                                                               | ₩ | 351,632           | 322,099           |

<sup>1</sup> As of December 31, 2024, the Group's financial instruments amount to ₩ 97,913 million (December 31, 2023: ₩ 98,309 million) and consist of checking account deposits, time deposits, and others which are subject to withdrawal restrictions.

<sup>2</sup> As of December 31, 2024, the Group provided investments in Korea Software Financial Cooperative and others amounting to ₩ 10,511 million (December 31, 2023: ₩ 9,016 million) as a collateral in exchange for the payment guarantee provided by the Korea Software Financial Cooperative and others.

<sup>3</sup> The amount includes liabilities related to the obligation to acquire additional shares in Epsilon Global Communications Pte. Ltd. and kt Cloud Co., Ltd. (Note 19).

<sup>4</sup> The amount includes liabilities convertible preferred Stock issued by kt Cloud Co., Ltd. (Note 19).

**KT Corporation and Subsidiaries**  
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(2) Financial Assets at fair value through profit or loss

- 1) Details of financial assets at fair value through profit or loss as of December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Equity instruments (Listed)        | ₩ 5,620                  | 13,911                   |
| Equity instruments (Unlisted)      | 47,227                   | 42,185                   |
| Debt instruments                   | 971,805                  | 880,549                  |
| Derivatives held for trading       | 5,274                    | 3,016                    |
| Total                              | 1,029,926                | 939,661                  |
| Less: Non-current                  | (826,708)                | (782,143)                |
| Current                            | ₩ 203,218                | 157,518                  |

- 2) The maximum exposure to credit risks for debt instruments of financial assets at fair value through profit or loss is the carrying amount of each class of debt instruments above as of December 31, 2024.

(3) Financial Assets at fair value through other comprehensive income

- 1) Details of financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Equity instruments (Listed)        | ₩ 1,317,458              | 1,231,188                |
| Equity instruments (Unlisted)      | 341,753                  | 443,067                  |
| Debt instruments                   | 6,157                    | 5,913                    |
| Total                              | 1,665,368                | 1,680,168                |
| Less: Non-current                  | (1,665,368)              | (1,680,168)              |
| Current                            | ₩ -                      | -                        |

- 2) Upon disposal of these equity investments, any balance within the accumulated other comprehensive income is reclassified not to profit or loss, but to retained earnings. Upon disposal of these debt investments, the remaining balance of the accumulated other comprehensive income is reclassified to profit or loss.

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(4) Derivatives used for hedging

- 1) Details of valuation of derivatives used for hedging as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                            | December 31, 2024 |             | December 31, 2023 |             |
|----------------------------|-------------------|-------------|-------------------|-------------|
|                            | Assets            | Liabilities | Assets            | Liabilities |
| Interest rate swap         | ₩ 352             | 3           | 1,530             | 191         |
| Currency swap <sup>1</sup> | 445,119           | -           | 157,681           | 24,356      |
| Total                      | 445,471           | 3           | 159,211           | 24,547      |
| Less: Non-current          | (261,719)         | -           | (107,802)         | (23,696)    |
| Current                    | ₩ 183,752         | 3           | 51,409            | 851         |

<sup>1</sup> The currency swap contract is to hedge the risk of variability in cash flow from the borrowings due to changes in interest rate and foreign exchange rate and the expected maximum period for the Group to be exposed to risks of cash flow fluctuation by hedged items is until September 7, 2034.

The entire fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item exceeds 12 months and, as a current asset or liability, if the maturity of the hedged item is within 12 months.

- 2) Details of valuation gains and losses on the derivative instruments for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

| Type of transaction | 2024           |                |                                       | 2023           |                |                                       |
|---------------------|----------------|----------------|---------------------------------------|----------------|----------------|---------------------------------------|
|                     | Valuation gain | Valuation loss | Other comprehensive loss <sup>1</sup> | Valuation gain | Valuation loss | Other comprehensive loss <sup>1</sup> |
| Interest rate swap  | ₩ 76           | -              | (1,044)                               | 48             | -              | (2,945)                               |
| Currency swap       | 374,898        | 3,793          | (16,773)                              | 45,709         | 162            | (27,273)                              |
| Total               | ₩ 374,974      | 3,793          | (17,817)                              | 45,757         | 162            | (30,218)                              |

<sup>1</sup> The amounts are before adjustments for deferred income tax and allocations to non-controlling interests and have been directly reflected in equity.

- 3) The effective portion recognized in profit or loss related to cash flow hedges amounts to valuation gains of ₩ 364,863 million as other comprehensive income for the year ended December 31, 2024 (2023: valuation gains of ₩ 20,430 million). The ineffective portion recognized in profit or loss related to cash flow hedges amounts to valuation gains of ₩ 963 million as current profit or loss for the year ended December 31, 2024 (2023: valuation loss of ₩ 41 million). In addition, the valuation gains reclassified from other comprehensive income to profit or loss amounts to ₩ 382,680 million for the year ended December 31, 2024 (2023: ₩ 50,648 million).

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- 4) The unsettled amount of derivative instruments for the years ended December 31, 2024 and 2023, are as follows:

(i) Hedging instruments

(in millions of Korean won and thousands of foreign currencies)

|          |                  |                 | 2024                              |             | Changes in fair value to calculate the ineffective portion of hedges |
|----------|------------------|-----------------|-----------------------------------|-------------|----------------------------------------------------------------------|
|          |                  |                 | Book value of hedging instruments |             |                                                                      |
| Currency | Foreign currency | Contract amount | Assets                            | Liabilities |                                                                      |
| USD      | 2,150,937 ₩      | 2,658,775       | 444,786                           | -           | 362,588                                                              |
| EUR      | 6,900            | 10,166          | 333                               | -           | 548                                                                  |
| KRW      | -                | 120,000         | 352                               | 3           | 842                                                                  |
| Total    | ₩                | 2,788,941       | 445,471                           | 3           | 363,978                                                              |

(in millions of Korean won and thousands of foreign currencies)

|          |                  |                 | 2023                              |             | Changes in fair value to calculate the ineffective portion of hedges |
|----------|------------------|-----------------|-----------------------------------|-------------|----------------------------------------------------------------------|
|          |                  |                 | Book value of hedging instruments |             |                                                                      |
| Currency | Foreign currency | Contract amount | Assets                            | Liabilities |                                                                      |
| USD      | 2,011,509 ₩      | 2,417,473       | 157,681                           | 23,465      | 44,413                                                               |
| JPY      | 400,000          | 4,357           | -                                 | 660         | (162)                                                                |
| EUR      | 7,700            | 10,283          | -                                 | 231         | 381                                                                  |
| KRW      | -                | 240,000         | 1,530                             | 191         | 707                                                                  |
| Total    | ₩                | 2,672,113       | 159,211                           | 24,547      | 45,339                                                               |

(ii) Hedged item

(in millions of Korean won)

|          |   | 2024                                                                 |                                       |          | 2023                                                                 |                                       |          |
|----------|---|----------------------------------------------------------------------|---------------------------------------|----------|----------------------------------------------------------------------|---------------------------------------|----------|
|          |   | Changes in fair value to calculate the ineffective portion of hedges |                                       |          | Changes in fair value to calculate the ineffective portion of hedges |                                       |          |
| Currency |   | Book value of hedged items                                           | Cash flow hedge reserves <sup>1</sup> |          | Book value of hedged items                                           | Cash flow hedge reserves <sup>1</sup> |          |
| USD      | ₩ | 3,160,554                                                            | (358,087)                             | (42,425) | 2,593,707                                                            | (44,365)                              | (30,415) |
| JPY      |   | -                                                                    | -                                     | -        | 3,651                                                                | 162                                   | 49       |
| EUR      |   | 10,548                                                               | (437)                                 | (228)    | 10,985                                                               | (581)                                 | 158      |
| KRW      |   | 189,967                                                              | (674)                                 | 513      | 239,944                                                              | (596)                                 | 1,315    |
| Total    | ₩ | 3,361,069                                                            | (359,198)                             | (42,140) | 2,848,287                                                            | (45,380)                              | (28,893) |

<sup>1</sup> The amount is after the deferred tax directly added or subtracted to the capital is reflected.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### (5) Financial Liabilities at fair value through profit or loss

- 1) Details of financial liabilities at fair value through profit or loss as of December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>          |   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------------------|---|--------------------------|--------------------------|
| Derivatives held for trading <sup>1,2</sup> | ₩ | 132,011                  | 136,106                  |

<sup>1</sup> The Group signed a shareholder-to-share agreement with financial investors participating in the paid-in capital increase of K Bank Inc. for the year ended December 31, 2024. According to the Drag-Along Right, if K Back inc. fails to be listed on the terms agreed upon for the date of completion of the acquisition, financial investors may exercise the Drag-Along right to the Group, and the Group may comply or exercise the right to claim for sale. If financial investors exercise the Drag-Along Right, the Group must exercise the right to claim for sale or guarantee the return on the terms agreed upon by financial investors.

<sup>2</sup> The amount includes derivatives separated from convertible bonds issued by the Group (Note 15).

- 2) The valuation gain and loss on financial liabilities at fair value through profit or loss for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>       |   | <b>2024</b>           |                       | <b>2023</b>           |                       |
|------------------------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
|                                          |   | <b>Valuation gain</b> | <b>Valuation loss</b> | <b>Valuation gain</b> | <b>Valuation loss</b> |
| Derivatives liabilities held for trading | ₩ | 2,550                 | 5,722                 | 3,316                 | 10,710                |

## 8 Inventories

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

*(In millions of Korean won)*

|             |   | <b>December 31, 2024</b> |                            |                        | <b>December 31, 2023</b> |                            |                        |
|-------------|---|--------------------------|----------------------------|------------------------|--------------------------|----------------------------|------------------------|
|             |   | <b>Acquisition cost</b>  | <b>Valuation allowance</b> | <b>Carrying amount</b> | <b>Acquisition cost</b>  | <b>Valuation allowance</b> | <b>Carrying amount</b> |
| Merchandise | ₩ | 1,003,127                | (99,517)                   | 903,610                | 981,127                  | (102,215)                  | 878,912                |
| Others      |   | 37,123                   | (524)                      | 36,599                 | 33,350                   | -                          | 33,350                 |
| Total       | ₩ | <u>1,040,250</u>         | <u>(100,041)</u>           | <u>940,209</u>         | <u>1,014,477</u>         | <u>(102,215)</u>           | <u>912,262</u>         |

Cost of inventories recognized as expenses for the year ended December 31, 2024 amounts to ₩ 3,500,950 million (2023: ₩ 3,386,069 million) and reversal valuation loss on inventory amounts to ₩ 2,174 million for the year ended December 31, 2024 (2023: ₩ 6,205 million loss).

# KT Corporation and Subsidiaries

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#### 9 Other Assets and Liabilities

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

| <i>(In millions of Korean won)</i> |   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|---|--------------------------|--------------------------|
| <b>Other assets</b>                |   |                          |                          |
| Advance payments                   | ₩ | 217,679                  | 217,997                  |
| Prepaid expenses                   |   | 170,544                  | 146,628                  |
| Contract cost                      |   | 1,738,164                | 1,727,468                |
| Contract assets                    |   | 800,806                  | 832,520                  |
| Others                             |   | 18,929                   | 15,237                   |
| Less: Non-current                  |   | (843,991)                | (827,297)                |
| Current                            | ₩ | <u>2,102,131</u>         | <u>2,112,553</u>         |
| <b>Other liabilities</b>           |   |                          |                          |
| Advances received <sup>1</sup>     | ₩ | 1,151,499                | 582,652                  |
| Withholdings                       |   | 154,355                  | 159,080                  |
| Unearned revenue <sup>1</sup>      |   | 38,327                   | 27,392                   |
| Lease liabilities                  |   | 1,059,453                | 1,179,909                |
| Contract liabilities               |   | 273,320                  | 278,749                  |
| Others                             |   | 31,203                   | 30,848                   |
| Less: Non-current                  |   | (782,520)                | (950,015)                |
| Current                            | ₩ | <u>1,925,637</u>         | <u>1,308,615</u>         |

<sup>1</sup> The amounts include adjustments arising from adoption of Korean IFRS 1115 *Revenue from Contracts with Customers* (Note 25).

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**10 Property and Equipment**

(1) Changes in property and equipment for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                                                                                         |   | 2024                     |             |                            |             |                              |              |
|-----------------------------------------------------------------------------------------|---|--------------------------|-------------|----------------------------|-------------|------------------------------|--------------|
|                                                                                         |   | Buildings<br>and<br>Land |             | Machinery and<br>equipment | Others      | Construction-<br>in-progress | Total        |
| Acquisition cost                                                                        | ₩ | 1,324,508                | 4,903,073   | 43,611,280                 | 1,182,144   | 1,035,198                    | 52,056,203   |
| Less: Accumulated depreciation<br>(including accumulated<br>impairment loss and others) |   | (132)                    | (2,384,943) | (33,804,601)               | (993,798)   | (650)                        | (37,184,124) |
| Beginning, net                                                                          |   | 1,324,376                | 2,518,130   | 9,806,679                  | 188,346     | 1,034,548                    | 14,872,079   |
| Acquisition and capital<br>expenditure                                                  |   | 213                      | 1,031       | 52,336                     | 67,480      | 2,787,450                    | 2,908,510    |
| Disposal and termination                                                                |   | (1,928)                  | (3,095)     | (68,834)                   | (2,758)     | (5,470)                      | (82,085)     |
| Depreciation                                                                            |   | -                        | (153,399)   | (2,589,318)                | (72,676)    | -                            | (2,815,393)  |
| Impairment<br>(recovery of impairment)                                                  |   | -                        | -           | (6,374)                    | (809)       | -                            | (7,183)      |
| Transfer in (out)                                                                       |   | 4,430                    | 42,289      | 2,306,814                  | 13,324      | (2,473,118)                  | (106,261)    |
| Transfer from (to) investment<br>properties                                             |   | 24,429                   | 21,442      | -                          | -           | 1,159                        | 47,030       |
| Acquisitions and dispositions of<br>subsidiaries                                        |   | -                        | (617)       | (328)                      | (415)       | -                            | (1,360)      |
| Others                                                                                  |   | 139                      | 8,399       | 7,053                      | 313         | (5,427)                      | 10,477       |
| Ending, net                                                                             | ₩ | 1,351,659                | 2,434,180   | 9,508,028                  | 192,805     | 1,339,142                    | 14,825,814   |
| Acquisition cost                                                                        | ₩ | 1,351,791                | 4,981,282   | 44,584,135                 | 1,222,671   | 1,339,225                    | 53,479,104   |
| Less: Accumulated depreciation<br>(including accumulated<br>impairment loss and others) |   | (132)                    | (2,547,102) | (35,076,107)               | (1,029,866) | (83)                         | (38,653,290) |

**KT Corporation and Subsidiaries**  
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(in millions of Korean won)

| (in millions of Korean won)                                                             |   | 2023                           |             |                            |             |                              |              |
|-----------------------------------------------------------------------------------------|---|--------------------------------|-------------|----------------------------|-------------|------------------------------|--------------|
|                                                                                         |   | Buildings<br>and<br>structures |             | Machinery and<br>equipment | Others      | Construction-<br>in-progress | Total        |
| (in millions of Korean won)                                                             |   | Land                           |             |                            |             |                              |              |
| Acquisition cost                                                                        | ₩ | 1,272,940                      | 4,830,853   | 42,091,573                 | 1,276,779   | 1,108,043                    | 50,580,188   |
| Less: Accumulated depreciation<br>(including accumulated<br>impairment loss and others) |   | (132)                          | (2,276,292) | (32,477,744)               | (1,053,343) | (498)                        | (35,808,009) |
| Beginning, net                                                                          |   | 1,272,808                      | 2,554,561   | 9,613,829                  | 223,436     | 1,107,545                    | 14,772,179   |
| Acquisition and capital<br>expenditure                                                  |   | 844                            | 5,072       | 75,412                     | 78,400      | 3,029,380                    | 3,189,108    |
| Disposal and termination                                                                |   | (3,651)                        | (5,012)     | (70,418)                   | (1,711)     | (327)                        | (81,119)     |
| Depreciation                                                                            |   | -                              | (148,981)   | (2,495,402)                | (75,900)    | -                            | (2,720,283)  |
| Impairment<br>(recovery of impairment)                                                  |   | -                              | -           | (6,577)                    | (1)         | (1,294)                      | (7,872)      |
| Transfer in (out)                                                                       |   | 58,790                         | 151,157     | 2,706,444                  | 16,407      | (3,092,670)                  | (159,872)    |
| Transfer from (to) investment<br>properties                                             |   | (37,725)                       | (88,336)    | -                          | -           | (189)                        | (126,250)    |
| Acquisitions and dispositions of<br>subsidiaries                                        |   | 18,761                         | 49,532      | (14,981)                   | (44,543)    | (3,205)                      | 5,564        |
| Others                                                                                  |   | 14,549                         | 137         | (1,628)                    | (7,742)     | (4,692)                      | 624          |
| Ending, net                                                                             | ₩ | 1,324,376                      | 2,518,130   | 9,806,679                  | 188,346     | 1,034,548                    | 14,872,079   |
| Acquisition cost                                                                        | ₩ | 1,324,508                      | 4,903,073   | 43,611,280                 | 1,182,144   | 1,035,198                    | 52,056,203   |
| Less: Accumulated depreciation<br>(including accumulated<br>impairment loss and others) |   | (132)                          | (2,384,943) | (33,804,601)               | (993,798)   | (650)                        | (37,184,124) |

- (2) The borrowing costs capitalized for qualifying assets amount to ₩ 18,976 million (2023: ₩ 17,671 million) for the year ended December 31, 2024. The interest rate applied to calculate the capitalized borrowing costs, for the year ended December 31, 2024, is 1.86%~6.89% (2023: 1.86%~7.28%).

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 11 Investment Properties

(1) Changes in investment properties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                                      |   | 2024     |           |                               |           |
|--------------------------------------|---|----------|-----------|-------------------------------|-----------|
|                                      |   | Land     | Buildings | Construction- in-<br>progress | Total     |
| Acquisition cost                     | ₩ | 910,919  | 1,750,677 | 261,109                       | 2,922,705 |
| Less: Accumulated depreciation       |   | (1,568)  | (723,002) | -                             | (724,570) |
| Beginning, net                       |   | 909,351  | 1,027,675 | 261,109                       | 2,198,135 |
| Acquisition                          |   | 19,184   | 7,035     | 218,703                       | 244,922   |
| Disposal                             |   | (1,586)  | (32,390)  | -                             | (33,976)  |
| Depreciation                         |   | -        | (51,581)  | -                             | (51,581)  |
| Transfer from property and equipment |   | (24,429) | (21,442)  | (1,159)                       | (47,030)  |
| Transfer and others                  |   | (5,939)  | 856       | (5,771)                       | (10,854)  |
| Ending, net                          | ₩ | 896,581  | 930,153   | 472,882                       | 2,299,616 |
| Acquisition cost                     | ₩ | 898,149  | 1,665,797 | 472,882                       | 3,036,828 |
| Less: Accumulated depreciation       |   | (1,568)  | (735,644) | -                             | (737,212) |

(in millions of Korean won)

|                                      |   | 2023    |           |                               |           |
|--------------------------------------|---|---------|-----------|-------------------------------|-----------|
|                                      |   | Land    | Buildings | Construction- in-<br>progress | Total     |
| Acquisition cost                     | ₩ | 881,360 | 1,577,736 | 137,108                       | 2,596,204 |
| Less: Accumulated depreciation       |   | (1,568) | (661,278) | -                             | (662,846) |
| Beginning, net                       |   | 879,792 | 916,458   | 137,108                       | 1,933,358 |
| Acquisition                          |   | -       | 57,529    | 153,279                       | 210,808   |
| Disposal                             |   | (8,167) | (9,323)   | -                             | (17,490)  |
| Depreciation                         |   | -       | (52,869)  | -                             | (52,869)  |
| Transfer from property and equipment |   | 37,725  | 88,336    | 189                           | 126,250   |
| Transfer and others                  |   | 1       | 27,544    | (29,467)                      | (1,922)   |
| Ending, net                          | ₩ | 909,351 | 1,027,675 | 261,109                       | 2,198,135 |
| Acquisition cost                     | ₩ | 910,919 | 1,750,677 | 261,109                       | 2,922,705 |
| Less: Accumulated depreciation       |   | (1,568) | (723,002) | -                             | (724,570) |

(2) The fair value of the Group's investment properties is ₩ 6,899,105 million as of December 31, 2024 (December 31, 2023: ₩ 5,276,169 million). The fair value of investment properties is estimated based on the expected cash flow.

(3) Rental income from investment properties is ₩ 232,799 million in 2024 (2023: ₩ 224,016 million) and direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period are recognized as operating expenses.

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- (4) As of December 31, 2024, the Group (Lessor) has entered into a non-cancellable operating lease contract relating to real estate lease. The future minimum lease fee under this contract is ₩ 98,315 million for one year or less, ₩ 122,058 million for more than one year and less than five years, ₩ 11,495 million for over five years, and ₩ 231,868 million in total.

## 12 Intangible Assets

- (1) Changes in intangible assets for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                                                                                         | 2024        |             |             |              |             |             |
|-----------------------------------------------------------------------------------------|-------------|-------------|-------------|--------------|-------------|-------------|
|                                                                                         | Development |             |             | Frequency    |             | Total       |
|                                                                                         | Goodwill    | costs       | Software    | usage rights | Others      |             |
| Acquisition cost                                                                        | ₩ 1,036,354 | 1,790,446   | 1,196,329   | 2,415,243    | 1,725,087   | 8,163,459   |
| Less: Accumulated amortization<br>(including accumulated<br>impairment loss and others) | (547,927)   | (1,651,846) | (1,043,667) | (1,277,051)  | (1,109,107) | (5,629,598) |
| Beginning, net                                                                          | 488,427     | 138,600     | 152,662     | 1,138,192    | 615,980     | 2,533,861   |
| Acquisition and capital<br>expenditure <sup>1</sup>                                     | -           | 12,417      | 23,404      | -            | 185,424     | 221,245     |
| Disposal and termination                                                                | -           | (8,394)     | (2,206)     | -            | (10,256)    | (20,856)    |
| Amortization                                                                            | -           | (39,959)    | (50,811)    | (348,297)    | (212,582)   | (651,649)   |
| Impairment                                                                              | (211,806)   | -           | (118)       | -            | (27,388)    | (239,312)   |
| Changes in consolidation scope                                                          | (4,214)     | -           | (116)       | -            | (9,516)     | (13,846)    |
| Others                                                                                  | 1,372       | 1,447       | 31,776      | 2,646        | (3,944)     | 33,297      |
| Ending, net                                                                             | ₩ 273,779   | 104,111     | 154,591     | 792,541      | 537,718     | 1,862,740   |
| Acquisition cost                                                                        | ₩ 1,055,180 | 1,763,627   | 1,251,365   | 2,415,507    | 1,811,079   | 8,296,758   |
| Less: Accumulated amortization<br>(including accumulated<br>impairment loss and others) | (781,401)   | (1,659,516) | (1,096,774) | (1,622,966)  | (1,273,361) | (6,434,018) |

<sup>1</sup> The amounts include the transferred amount from Property and Equipment account.

**KT Corporation and Subsidiaries**  
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(in millions of Korean won)

|                                                                                         | 2023        |             |             |              |             |  |             |
|-----------------------------------------------------------------------------------------|-------------|-------------|-------------|--------------|-------------|--|-------------|
|                                                                                         | Development |             | Frequency   |              |             |  | Total       |
|                                                                                         | Goodwill    | costs       | Software    | usage rights | Others      |  |             |
| Acquisition cost                                                                        | ₩ 1,037,887 | ₩ 1,803,687 | 1,156,951   | 2,617,707    | 1,532,061   |  | 8,148,293   |
| Less: Accumulated amortization<br>(including accumulated<br>impairment loss and others) | (329,664)   | (1,631,831) | (1,001,875) | (1,129,451)  | (925,639)   |  | (5,018,460) |
| Beginning, net                                                                          | 708,223     | 171,856     | 155,076     | 1,488,256    | 606,422     |  | 3,129,833   |
| Acquisition and capital<br>expenditure <sup>1</sup>                                     | -           | 33,078      | 38,603      | 37           | 238,019     |  | 309,737     |
| Disposal and termination                                                                | -           | (4,812)     | (397)       | -            | (6,431)     |  | (11,640)    |
| Amortization <sup>2, 3</sup>                                                            | -           | (63,052)    | (52,265)    | (350,276)    | (226,316)   |  | (691,909)   |
| Impairment                                                                              | (230,352)   | (128)       | (16)        | -            | (5,711)     |  | (236,207)   |
| Changes in consolidation scope                                                          | 6,207       | -           | (108)       | -            | (69)        |  | 6,030       |
| Others                                                                                  | 4,349       | 1,658       | 11,769      | 175          | 10,066      |  | 28,017      |
| Ending, net                                                                             | ₩ 488,427   | 138,600     | 152,662     | 1,138,192    | 615,980     |  | 2,533,861   |
| Acquisition cost                                                                        | ₩ 1,036,354 | 1,790,446   | 1,196,329   | 2,415,243    | 1,725,087   |  | 8,163,459   |
| Less: Accumulated amortization<br>(including accumulated<br>impairment loss and others) | (547,927)   | (1,651,846) | (1,043,667) | (1,277,051)  | (1,109,107) |  | (5,629,598) |

<sup>1</sup> The amounts include the transferred amount from Property and Equipment account.

<sup>2</sup> The amounts include the transferred amount to Servicing costs.

<sup>3</sup> Amounts include ₩ 52,179 million which is the changed effect of useful life from Media Contents asset.

- (2) The carrying amount of membership rights with an indefinite useful life not subject to amortization, except for goodwill, is ₩ 203,227 million as of December 31, 2024 (December 31, 2023: ₩ 212,910 million).

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(3) Goodwill is allocated to the Group's cash-generating unit, which is identified by operating segments. As of December 31, 2024, goodwill allocated to each cash-generation unit is as follows:

*(In millions of Korean won)*

| <b>Cash-Generating Unit</b>       |   | <b>Amount</b> |
|-----------------------------------|---|---------------|
| Mobile services                   | ₩ | 65,057        |
| BC Card Co., Ltd.                 |   | 41,234        |
| HCN Co., Ltd.                     |   | 2,630         |
| GENIE Music Corporation           |   | 38,296        |
| MILLIE Co., Ltd.                  |   | 54,725        |
| PlayD Co., Ltd.                   |   | 26,225        |
| KT Telecop Co., Ltd.              |   | 15,418        |
| KT MOS Bukbu Co., Ltd. and others |   | 30,194        |
| Total                             | ₩ | 273,779       |

The recoverable amount of goodwill has been determined based on the fair value obtained by calculating the value in use or deducting the cost of disposal. The pre-tax cash flow estimate was used to calculate the value of use based on the financial budget, such as the budget for the next five years. Cash flows after the estimated period were estimated using the expected growth rate, and the growth rate does not exceed the long-term average growth rate of the industry to which the cash-generating unit belongs. The Group determines the growth margin rate based on past performance and expectations of future market changes. The Group has determined pre-tax cash flow estimates based on past earnings and market growth forecasts, and the discount rate used reflects the specific risks of related operations.

The pre-tax discount rates applied to the calculation of the value in use of major goodwill related to BC Card Co., Ltd., GENIE Music Corporation, MILLIE Co., Ltd., etc. are 4.09%, 17.28%, 17.19%, etc., and the terminal growth rates are 0%, 0%, 1%, etc., respectively.

As a result of the impairment test of goodwill, the impairment loss are ₩ 211,805 million, allocated in full to goodwill and recognized as other expenses.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 13 Investments in Associates and Joint Ventures

(1) Details of associates as of December 31, 2024 and 2023, are as follows:

|                                                                                   | Percentage of ownership (%) |                   | Location | Closing month |
|-----------------------------------------------------------------------------------|-----------------------------|-------------------|----------|---------------|
|                                                                                   | December 31, 2024           | December 31, 2023 |          |               |
| KIF Investment Fund                                                               | 33.3%                       | 33.3%             | Korea    | December      |
| K Bank Inc.                                                                       | 33.7%                       | 33.7%             | Korea    | December      |
| HD Hyundai Robotics Co., Ltd. <sup>1</sup>                                        | 10.0%                       | 10.0%             | Korea    | December      |
| Megazone Cloud Corporation <sup>1</sup>                                           | 6.8%                        | 6.8%              | Korea    | December      |
| IGIS No. 468-1 General Private Real Estate Investment Company                     | 44.6%                       | 44.6%             | Korea    | December      |
| KT-DSC Creative Economy Youth Start-up Investment Fund                            | 28.6%                       | 28.6%             | Korea    | December      |
| IGIS No. 395 Professional Investors Private Investment Real Estate Investment LLC | 35.3%                       | 35.3%             | Korea    | December      |

<sup>1</sup> Although the Group holds less than 20% interest in ordinary share as of December 31, 2024, these entities are included in investments in associates as the Group exerts significant influence over operational and financial policies.

(2) Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                                                                                  |   | 2024      |                        |                                                                            |          |           |
|----------------------------------------------------------------------------------|---|-----------|------------------------|----------------------------------------------------------------------------|----------|-----------|
|                                                                                  |   | Beginning | Acquisition (Disposal) | Share of net profit (loss) from associates and joint ventures <sup>1</sup> | Others   | Ending    |
| KIF Investment Fund                                                              | ₩ | 177,054   | -                      | 12,396                                                                     | 1,675    | 191,125   |
| K Bank Inc.                                                                      |   | 872,881   | -                      | 43,614                                                                     | 1,146    | 917,641   |
| HD Hyundai Robotics Co., Ltd.                                                    |   | 47,734    | -                      | (1,138)                                                                    | (766)    | 45,830    |
| Megazone Cloud Corporation                                                       |   | 131,694   | -                      | (3,047)                                                                    | 2,126    | 130,773   |
| IGIS No. 468-1 General Private Real Estate Investment Company                    |   | 23,484    | -                      | (110)                                                                      | -        | 23,374    |
| KT-DSC Creative Economy Youth Start-up Investment Fund                           |   | 25,117    | (275)                  | (8,046)                                                                    | (845)    | 15,951    |
| IGIS Professional Investors Private Investment Real Estate Investment LLC No 395 |   | 11,942    | -                      | (2,215)                                                                    | -        | 9,727     |
| LS Marine Solution Co., Ltd.                                                     |   | 23,492    | (19,656)               | 237                                                                        | (4,073)  | -         |
| Others <sup>1</sup>                                                              |   | 243,491   | 41,542                 | (35,662)                                                                   | (21,560) | 227,811   |
| Total                                                                            | ₩ | 1,556,889 | 21,611                 | 6,029                                                                      | (22,297) | 1,562,232 |

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(In millions of Korean won)

|                                                                                         |   | 2023      |                           |                                                                                     |          |           |
|-----------------------------------------------------------------------------------------|---|-----------|---------------------------|-------------------------------------------------------------------------------------|----------|-----------|
|                                                                                         |   | Beginning | Acquisition<br>(Disposal) | Share of net<br>profit (loss) from<br>associates and<br>joint ventures <sup>1</sup> | Others   | Ending    |
| KIF Investment Fund                                                                     | ₩ | 170,979   | -                         | 5,443                                                                               | 632      | 177,054   |
| K Bank Inc.                                                                             |   | 852,756   | -                         | 1,089                                                                               | 19,036   | 872,881   |
| HD Hyundai Robotics Co., Ltd.                                                           |   | 49,372    | -                         | (1,637)                                                                             | (1)      | 47,734    |
| Megazone Cloud Corporation                                                              |   | 136,199   | -                         | (4,583)                                                                             | 78       | 131,694   |
| IGIS No. 468-1 General Private<br>Real Estate Investment<br>Company                     |   | 23,589    | -                         | (105)                                                                               | -        | 23,484    |
| KT-DSC Creative Economy Youth<br>Start-up Investment Fund                               |   | 22,123    | (500)                     | 3,494                                                                               | -        | 25,117    |
| IGIS No. 395 Professional<br>Investors Private Investment<br>Real Estate Investment LLC |   | 16,620    | -                         | (4,678)                                                                             | -        | 11,942    |
| LS Marine Solution Co., Ltd.                                                            |   | -         | -                         | 255                                                                                 | 23,237   | 23,492    |
| Others <sup>1</sup>                                                                     |   | 209,084   | 101,887                   | (34,912)                                                                            | (32,568) | 243,491   |
| Total                                                                                   | ₩ | 1,480,722 | 101,387                   | (35,634)                                                                            | 10,414   | 1,556,889 |

<sup>1</sup> KT Investment Co., Ltd., a subsidiary of the Group, recognized net profit (loss) in the investments in associates as operating income. Net loss recognized as operating income for the year ended December 31, 2024 amount to ₩ 293 million (2023: net loss of ₩ 899 million).

(3) Summarized financial information of associates and joint ventures as at and for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

|                                                                                         |   | December 31, 2024 |                       |                     |                            |
|-----------------------------------------------------------------------------------------|---|-------------------|-----------------------|---------------------|----------------------------|
|                                                                                         |   | Current assets    | Non-current<br>assets | Current liabilities | Non-current<br>liabilities |
| KIF Investment Fund                                                                     | ₩ | 164,128           | 409,248               | -                   | -                          |
| K Bank Inc.                                                                             |   | 31,085,824        | 105,858               | 29,176,699          | 10,453                     |
| HD Hyundai Robotics Co., Ltd.                                                           |   | 235,763           | 120,778               | 101,300             | 4,422                      |
| Megazone Cloud Corporation                                                              |   | 985,584           | 470,477               | 606,267             | 254,221                    |
| IGIS No. 468-1 General Private Real<br>Estate Investment Company                        |   | 161               | 52,209                | 11                  | -                          |
| KT-DSC Creative Economy Youth<br>Start-up Investment Fund                               |   | 435               | 55,796                | 404                 | -                          |
| IGIS No. 395 Professional Investors<br>Private Investment Real Estate<br>Investment LLC |   | 4,558             | 170,770               | 133,665             | -                          |

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(in millions of Korean won)

|                                                                                   | <b>December 31, 2023</b> |                           |                            |                                |
|-----------------------------------------------------------------------------------|--------------------------|---------------------------|----------------------------|--------------------------------|
|                                                                                   | <b>Current assets</b>    | <b>Non-current assets</b> | <b>Current liabilities</b> | <b>Non-current liabilities</b> |
| KIF Investment Fund                                                               | ₩ 128,344                | 402,819                   | -                          | -                              |
| K Bank Inc.                                                                       | 21,320,790               | 89,812                    | 19,541,076                 | 4,516                          |
| HD Hyundai Robotics Co., Ltd.                                                     | 251,868                  | 134,424                   | 106,557                    | 9,775                          |
| Megazone Cloud Corporation                                                        | 874,778                  | 267,605                   | 341,679                    | 205,087                        |
| IGIS No. 468-1 General Private Real Estate Investment Company                     | 2,985                    | 49,631                    | 11                         | -                              |
| KT-DSC Creative Economy Youth Start-up Investment Fund                            | 482                      | 87,528                    | 101                        | -                              |
| IGIS No. 395 Professional Investors Private Investment Real Estate Investment LLC | 5,690                    | 145,769                   | 107,553                    | -                              |
| LS Marine Solution Co., Ltd                                                       | 66,767                   | 80,307                    | 23,906                     | 207                            |

(In millions of Korean won)

|                                                                                   | <b>2024</b>              |                                   |                                          |                                          |                                           |
|-----------------------------------------------------------------------------------|--------------------------|-----------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------|
|                                                                                   | <b>Operating revenue</b> | <b>Profit (loss) for the year</b> | <b>Other comprehensive income (loss)</b> | <b>Total comprehensive income (loss)</b> | <b>Dividends received from associates</b> |
| KIF Investment Fund                                                               | ₩ 57,110                 | 37,187                            | -                                        | 37,187                                   | 2,660                                     |
| K Bank Inc.                                                                       | 1,225,818                | 136,113                           | 806                                      | 136,919                                  | -                                         |
| Hyundai Robotics Co., Ltd.                                                        | 214,941                  | (13,269)                          | 1,311                                    | (11,958)                                 | -                                         |
| Megazone Cloud Corporation                                                        | 1,693,863                | (18,575)                          | 25,775                                   | 7,200                                    | -                                         |
| IGIS No. 468-1 General Private Real Estate Investment Company                     | 5                        | (246)                             | -                                        | (246)                                    | -                                         |
| KT-DSC Creative Economy Youth Start-up Investment Fund                            | 23,668                   | (25,851)                          | -                                        | (25,851)                                 | 1,505                                     |
| IGIS No. 395 Professional Investors Private Investment Real Estate Investment LLC | -                        | (442)                             | -                                        | (442)                                    | -                                         |

**KT Corporation and Subsidiaries**  
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(In millions of Korean won)

|                                                                                   |   | 2023      |            |               |               |            |
|-----------------------------------------------------------------------------------|---|-----------|------------|---------------|---------------|------------|
|                                                                                   |   | Operating | Profit     | Other         | Total         | Dividends  |
|                                                                                   |   | revenue   | (loss) for | comprehensive | comprehensive | received   |
|                                                                                   |   |           | the year   | income (loss) | income (loss) | from       |
|                                                                                   |   |           |            |               |               | associates |
| KIF Investment Fund                                                               | ₩ | 33,017    | 16,330     | -             | 16,330        | 1,139      |
| K Bank Inc.                                                                       |   | 946,559   | 10,560     | 56,609        | 67,169        | -          |
| Hyundai Robotics Co., Ltd.                                                        |   | 167,949   | (17,513)   | (1,093)       | (18,606)      | -          |
| Megazone Cloud Corporation                                                        |   | 1,410,078 | (34,760)   | (3,021)       | (37,781)      | -          |
| IGIS No. 468-1 General Private Real Estate Investment Company                     |   | 6         | (234)      | -             | (234)         | -          |
| KT-DSC Creative Economy Youth Start-up Investment Fund                            |   | 19,849    | 12,227     | -             | 12,227        | -          |
| IGIS No. 395 Professional Investors Private Investment Real Estate Investment LLC |   | -         | (406)      | -             | (406)         | -          |
| LS Marine Solution Co., Ltd                                                       |   | 70,779    | 11,618     | (289)         | 11,329        | -          |

(4) Details of a reconciliation of the summarized financial information to the carrying amount of interests in the associates and joint ventures as at and for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                                                                                   |   | 2024       |              |              |              |             |
|-----------------------------------------------------------------------------------|---|------------|--------------|--------------|--------------|-------------|
|                                                                                   |   | Net assets | Percentage   | Share in net | Intercompany | Book amount |
|                                                                                   |   |            | of ownership | assets       | transaction  |             |
|                                                                                   |   |            |              |              | and others   |             |
|                                                                                   |   | (a)        | (b)          | (c)=(a)x(b)  | (d)          | (c)+(d)     |
| KIF Investment Fund                                                               | ₩ | 573,376    | 33.33%       | 191,125      | -            | 191,125     |
| K Bank Inc.                                                                       |   | 2,004,530  | 33.72%       | 675,958      | 241,683      | 917,641     |
| Hyundai Robotics Co., Ltd.                                                        |   | 250,819    | 10.00%       | 25,082       | 20,748       | 45,830      |
| Megazone Cloud Corporation                                                        |   | 548,558    | 6.83%        | 37,457       | 93,316       | 130,773     |
| IGIS No. 468-1 General Private Real Estate Investment Company                     |   | 52,359     | 44.64%       | 23,374       | -            | 23,374      |
| KT-DSC Creative Economy Youth Start-up Investment Fund                            |   | 55,827     | 28.57%       | 15,951       | -            | 15,951      |
| IGIS No. 395 Professional Investors Private Investment Real Estate Investment LLC |   | 41,663     | 35.29%       | 14,705       | (4,978)      | 9,727       |

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(in millions of Korean won)

|                                                                                         | 2023       |                            |                        |                                           |             |
|-----------------------------------------------------------------------------------------|------------|----------------------------|------------------------|-------------------------------------------|-------------|
|                                                                                         | Net assets | Percentage<br>of ownership | Share in net<br>assets | Intercompany<br>transaction<br>and others | Book amount |
|                                                                                         | (a)        | (b)                        | (c)=(a)x(b)            | (d)                                       | (c)+(d)     |
| KIF Investment Fund                                                                     | ₩ 531,164  | 33.33%                     | 177,054                | -                                         | 177,054     |
| K Bank Inc.                                                                             | 1,865,010  | 33.72%                     | 628,910                | 243,971                                   | 872,881     |
| Hyundai Robotics Co., Ltd.                                                              | 269,960    | 10.00%                     | 26,996                 | 20,738                                    | 47,734      |
| Megazone Cloud Corporation                                                              | 547,786    | 6.83%                      | 37,404                 | 94,290                                    | 131,694     |
| IGIS No. 468-1 General Private Real<br>Estate Investment Company                        | 52,605     | 44.64%                     | 23,484                 | -                                         | 23,484      |
| KT-DSC Creative Economy Youth<br>Start-up Investment Fund                               | 87,908     | 28.57%                     | 25,117                 | -                                         | 25,117      |
| IGIS No. 395 Professional Investors<br>Private Investment Real Estate<br>Investment LLC | 43,905     | 35.29%                     | 15,496                 | (3,554)                                   | 11,942      |
| LS Marine Solution Co., Ltd                                                             | 122,961    | 7.30%                      | 8,972                  | 14,520                                    | 23,492      |

- (5) Due to discontinuance of equity method of accounting, the Group has not recognized loss from associates and joint ventures of ₩ 1,760 million for the year ended December 31, 2024 (2023: ₩ 833 million). The unrecognized accumulated comprehensive loss of associates and joint ventures as of December 31, 2024 is ₩ 7,942 million (December 31, 2023: ₩ 10,748 million).

**KT Corporation and Subsidiaries**  
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**14 Trade and Other Payables**

(1) Details of trade and other payables as of December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i> |   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|---|--------------------------|--------------------------|
| <b>Current liabilities</b>         |   |                          |                          |
| Trade payables                     | ₩ | 1,036,707                | 1,297,752                |
| Other payables                     |   | 6,358,084                | 6,757,170                |
| Total                              | ₩ | 7,394,791                | 8,054,922                |
| <b>Non-current liabilities</b>     |   |                          |                          |
| Trade payables                     | ₩ | 1,035                    | 3,202                    |
| Other payables                     |   | 577,374                  | 816,356                  |
| Total                              | ₩ | 578,409                  | 819,558                  |

(2) Details of other payables as of December 31, 2024 and December 31, 2023, are as follows:

| <i>(In millions of Korean won)</i> |   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|---|--------------------------|--------------------------|
| Non-trade payables <sup>1</sup>    | ₩ | 4,578,424                | 5,207,165                |
| Accrued expenses                   |   | 1,293,627                | 1,267,700                |
| Operating deposits                 |   | 833,482                  | 880,810                  |
| Others                             |   | 229,925                  | 217,851                  |
| Less: non-current                  |   | (577,374)                | (816,356)                |
| Current                            | ₩ | 6,358,084                | 6,757,170                |

<sup>1</sup> As of December 31, 2024, credit sale liabilities amounting to ₩ 1,612,495 million (December 31, 2023: ₩ 2,314,077 million) held by BC Card Co., Ltd. (a subsidiary of the Group) are included.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 15 Borrowings

(1) Details of borrowings as of December 31, 2024 and 2023, are as follows:

##### 1) Debentures

| (In millions of Korean won and foreign currencies in thousands) |               |                       | December 31, 2024 |            | December 31, 2023 |            |
|-----------------------------------------------------------------|---------------|-----------------------|-------------------|------------|-------------------|------------|
| Type                                                            | Maturity      | Annual interest rates | Foreign currency  | Korean won | Foreign currency  | Korean won |
| MTNP notes <sup>1</sup>                                         | Sep. 07, 2034 | 6.500%                | USD 100,000 ₩     | 147,000    | USD 100,000 ₩     | 128,940    |
| MTNP notes                                                      | Jul. 18, 2026 | 2.500%                | USD 400,000       | 588,000    | USD 400,000       | 515,760    |
| MTNP notes                                                      | Jul. 19, 2024 | -                     | -                 | -          | JPY 400,000       | 3,651      |
| MTNP notes                                                      | Sep. 01, 2025 | 1.000%                | USD 400,000       | 588,000    | USD 400,000       | 515,760    |
| FR notes <sup>2</sup>                                           | Nov. 01, 2024 | -                     | -                 | -          | USD 350,000       | 451,290    |
| MTNP notes                                                      | Jan. 21, 2027 | 1.375%                | USD 300,000       | 441,000    | USD 300,000       | 386,820    |
| MTNP notes                                                      | Aug. 08, 2025 | 4.000%                | USD 500,000       | 735,000    | USD 500,000       | 644,700    |
| MTNP notes                                                      | Feb. 02, 2028 | 4.125%                | USD 500,000       | 735,000    | -                 | -          |
| The 183-3rd Public bond                                         | Dec. 22, 2031 | 4.270%                | -                 | 160,000    | -                 | 160,000    |
| The 184-3rd Public bond                                         | Apr. 10, 2033 | 3.170%                | -                 | 100,000    | -                 | 100,000    |
| The 186-3rd Public bond                                         | Jun. 26, 2024 | -                     | -                 | -          | -                 | 110,000    |
| The 186-4th Public bond                                         | Jun. 26, 2034 | 3.695%                | -                 | 100,000    | -                 | 100,000    |
| The 187-3rd Public bond                                         | Sep. 02, 2024 | -                     | -                 | -          | -                 | 170,000    |
| The 187-4th Public bond                                         | Sep. 02, 2034 | 3.546%                | -                 | 100,000    | -                 | 100,000    |
| The 188-2nd Public bond                                         | Jan. 29, 2025 | 2.454%                | -                 | 240,000    | -                 | 240,000    |
| The 188-3rd Public bond                                         | Jan. 29, 2035 | 2.706%                | -                 | 50,000     | -                 | 50,000     |
| The 189-3rd Public bond                                         | Jan. 28, 2026 | 2.203%                | -                 | 100,000    | -                 | 100,000    |
| The 189-4th Public bond                                         | Jan. 28, 2036 | 2.351%                | -                 | 70,000     | -                 | 70,000     |
| The 190-3rd Public bond                                         | Jan. 30, 2028 | 2.947%                | -                 | 170,000    | -                 | 170,000    |
| The 190-4th Public bond                                         | Jan. 30, 2038 | 2.931%                | -                 | 70,000     | -                 | 70,000     |
| The 191-2nd Public bond                                         | Jan. 15, 2024 | -                     | -                 | -          | -                 | 80,000     |
| The 191-3rd Public bond                                         | Jan. 15, 2029 | 2.160%                | -                 | 110,000    | -                 | 110,000    |
| The 191-4th Public bond                                         | Jan. 14, 2039 | 2.213%                | -                 | 90,000     | -                 | 90,000     |
| The 192-2nd Public bond                                         | Oct. 11, 2024 | -                     | -                 | -          | -                 | 100,000    |
| The 192-3rd Public bond                                         | Oct. 11, 2029 | 1.622%                | -                 | 50,000     | -                 | 50,000     |
| The 192-4th Public bond                                         | Oct. 11, 2039 | 1.674%                | -                 | 110,000    | -                 | 110,000    |
| The 193-2nd Public bond                                         | Jun. 17, 2025 | 1.434%                | -                 | 70,000     | -                 | 70,000     |
| The 193-3rd Public bond                                         | Jun. 17, 2030 | 1.608%                | -                 | 20,000     | -                 | 20,000     |
| The 193-4th Public bond                                         | Jun. 15, 2040 | 1.713%                | -                 | 60,000     | -                 | 60,000     |
| The 194-1st Public bond                                         | Jan. 26, 2024 | -                     | -                 | -          | -                 | 130,000    |
| The 194-2nd Public bond                                         | Jan. 27, 2026 | 1.452%                | -                 | 140,000    | -                 | 140,000    |
| The 194-3rd Public bond                                         | Jan. 27, 2031 | 1.849%                | -                 | 50,000     | -                 | 50,000     |
| The 194-4th Public bond                                         | Jan. 25, 2041 | 1.976%                | -                 | 80,000     | -                 | 80,000     |
| The 195-1st Public bond                                         | Jun. 10, 2024 | -                     | -                 | -          | -                 | 180,000    |
| The 195-2nd Public bond                                         | Jun. 10, 2026 | 1.806%                | -                 | 80,000     | -                 | 80,000     |
| The 195-3rd Public bond                                         | Jun. 10, 2031 | 2.168%                | -                 | 40,000     | -                 | 40,000     |
| The 196-1st Public bond                                         | Jan. 27, 2025 | 2.596%                | -                 | 270,000    | -                 | 270,000    |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

| (In millions of Korean won and foreign currencies in thousands) |               |                       | December 31, 2024 |            | December 31, 2023 |            |
|-----------------------------------------------------------------|---------------|-----------------------|-------------------|------------|-------------------|------------|
| Type                                                            | Maturity      | Annual interest rates | Foreign currency  | Korean won | Foreign currency  | Korean won |
| The 196-2nd Public bond                                         | Jan. 27, 2027 | 2.637%                | -                 | 100,000    | -                 | 100,000    |
| The 196-3rd Public bond                                         | Jan. 27, 2032 | 2.741%                | -                 | 30,000     | -                 | 30,000     |
| The 197-1st Public bond                                         | Jun. 27, 2025 | 4.191%                | -                 | 280,000    | -                 | 280,000    |
| The 197-2nd Public bond                                         | Jun. 29, 2027 | 4.188%                | -                 | 120,000    | -                 | 120,000    |
| The 198-1st Public bond                                         | Jan. 10, 2025 | 3.847%                | -                 | 70,000     | -                 | 70,000     |
| The 198-2nd Public bond                                         | Jan. 12, 2026 | 3.869%                | -                 | 150,000    | -                 | 150,000    |
| The 198-3rd Public bond                                         | Jan. 12, 2028 | 3.971%                | -                 | 80,000     | -                 | 80,000     |
| The 199-1st Public bond                                         | Jul. 11, 2025 | 4.028%                | -                 | 85,000     | -                 | 85,000     |
| The 199-2nd Public bond                                         | Jul. 10, 2026 | 4.146%                | -                 | 160,000    | -                 | 160,000    |
| The 199-3rd Public bond                                         | Jul. 12, 2028 | 4.221%                | -                 | 155,000    | -                 | 155,000    |
| The 200-1st Public bond                                         | Feb. 27, 2026 | 3.552%                | -                 | 120,000    | -                 | -          |
| The 200-2nd Public bond                                         | Feb. 26, 2027 | 3.608%                | -                 | 200,000    | -                 | -          |
| The 200-3rd Public bond                                         | Feb. 27, 2029 | 3.548%                | -                 | 80,000     | -                 | -          |
| The 201-1st Public bond                                         | Dec. 02, 2027 | 2.899%                | -                 | 130,000    | -                 | -          |
| The 201-2nd Public bond                                         | Dec. 02, 2029 | 2.918%                | -                 | 70,000     | -                 | -          |
| The 201-3rd Public bond                                         | Dec. 02, 2034 | 3.057%                | -                 | 100,000    | -                 | -          |
| The 18-1st unsecured bond                                       | Jul. 02, 2024 | -                     | -                 | -          | -                 | 100,000    |
| The 18-2nd unsecured bond                                       | Jul. 02, 2026 | 2.224%                | -                 | 50,000     | -                 | 50,000     |
| The 19-1nd unsecured bond                                       | Jun. 12, 2027 | 3.691%                | -                 | 50,000     | -                 | -          |
| The 19-2nd unsecured bond                                       | Jun. 12, 2029 | 3.783%                | -                 | 50,000     | -                 | -          |
| The 149-1st Won-denominated unsecured bond                      | Mar. 08, 2024 | -                     | -                 | -          | -                 | 70,000     |
| The 149-2nd Won-denominated unsecured bond                      | Mar. 10, 2026 | 1.756%                | -                 | 30,000     | -                 | 30,000     |
| The 150-2nd Won-denominated unsecured bond                      | Apr. 08, 2024 | -                     | -                 | -          | -                 | 30,000     |
| The 151-2nd Won-denominated unsecured bond                      | May. 14, 2024 | -                     | -                 | -          | -                 | 40,000     |
| The 152-1st Won-denominated unsecured bond                      | Aug. 30, 2024 | -                     | -                 | -          | -                 | 80,000     |
| The 152-2nd Won-denominated unsecured bond                      | Aug. 28, 2026 | 1.982%                | -                 | 20,000     | -                 | 20,000     |
| The 153-2nd Won-denominated unsecured bond                      | Nov. 11, 2024 | -                     | -                 | -          | -                 | 70,000     |
| The 154th Won-denominated unsecured bond                        | Jan. 23, 2025 | 2.511%                | -                 | 40,000     | -                 | 40,000     |

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| <i>(In millions of Korean won and foreign currencies in thousands)</i> |                 |                              | <b>December 31, 2024</b> |                   | <b>December 31, 2023</b> |                   |
|------------------------------------------------------------------------|-----------------|------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| <b>Type</b>                                                            | <b>Maturity</b> | <b>Annual interest rates</b> | <b>Foreign currency</b>  | <b>Korean won</b> | <b>Foreign currency</b>  | <b>Korean won</b> |
| The 155-1st Won-denominated unsecured bond                             | Feb. 29, 2024   | -                            | -                        | -                 | -                        | 50,000            |
| The 155-2nd Won-denominated unsecured bond                             | Sep. 02, 2024   | -                            | -                        | -                 | -                        | 20,000            |
| The 155-3rd Won-denominated unsecured bond                             | Feb. 28, 2025   | 2.880%                       | -                        | 20,000            | -                        | 20,000            |
| The 156-1st Won-denominated unsecured bond <sup>2</sup>                | Mar. 25, 2025   | 5Y<br>CMS+0.404%             | -                        | 60,000            | -                        | 60,000            |
| The 156-2nd Won-denominated unsecured bond <sup>2</sup>                | Mar. 25, 2032   | 10Y<br>CMS+0.965%            | -                        | 40,000            | -                        | 40,000            |
| The 158th Won-denominated unsecured bond                               | Jan. 27, 2025   | 4.421%                       | -                        | 50,000            | -                        | 50,000            |
| The 159-1st Won-denominated unsecured bond                             | Aug. 09, 2024   | -                            | -                        | -                 | -                        | 30,000            |
| The 159-2nd Won-denominated unsecured bond                             | Aug. 11, 2027   | 4.505%                       | -                        | 30,000            | -                        | 30,000            |
| The 160-1st Won-denominated unsecured bond                             | Jun. 14, 2024   | -                            | -                        | -                 | -                        | 20,000            |
| The 160-2nd Won-denominated unsecured bond                             | Dec. 13, 2024   | -                            | -                        | -                 | -                        | 20,000            |
| The 160-3rd Won-denominated unsecured bond                             | Dec. 12, 2025   | 5.769%                       | -                        | 30,000            | -                        | 30,000            |
| The 161-1st Won-denominated unsecured bond                             | Jun. 21, 2024   | -                            | -                        | -                 | -                        | 10,000            |
| The 161-2nd Won-denominated unsecured bond                             | Dec. 20, 2024   | -                            | -                        | -                 | -                        | 20,000            |
| The 161-3rd Won-denominated unsecured bond                             | Jun. 20, 2025   | 5.594%                       | -                        | 30,000            | -                        | 30,000            |
| The 161-4th Won-denominated unsecured bond                             | Dec. 22, 2025   | 5.615%                       | -                        | 10,000            | -                        | 10,000            |
| The 162-2nd Won-denominated unsecured bond                             | Jan. 26, 2024   | -                            | -                        | -                 | -                        | 40,000            |
| The 162-3rd Won-denominated unsecured bond                             | Apr. 26, 2024   | -                            | -                        | -                 | -                        | 10,000            |

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| <i>(In millions of Korean won and foreign currencies in thousands)</i> |                 |                              | <b>December 31, 2024</b> |                   | <b>December 31, 2023</b> |                   |
|------------------------------------------------------------------------|-----------------|------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| <b>Type</b>                                                            | <b>Maturity</b> | <b>Annual interest rates</b> | <b>Foreign currency</b>  | <b>Korean won</b> | <b>Foreign currency</b>  | <b>Korean won</b> |
| The 163-1st Won-denominated unsecured bond                             | Feb. 20, 2026   | 4.059%                       | -                        | 20,000            | -                        | 20,000            |
| The 163-2nd Won-denominated unsecured bond                             | Feb. 22, 2028   | 4.311%                       | -                        | 80,000            | -                        | 80,000            |
| The 164-1st Won-denominated unsecured bond                             | Apr. 12, 2024   | -                            | -                        | -                 | -                        | 10,000            |
| The 164-2nd Won-denominated unsecured bond                             | Oct. 24, 2024   | -                            | -                        | -                 | -                        | 30,000            |
| The 164-3rd Won-denominated unsecured bond                             | Apr. 14, 2028   | 4.220%                       | -                        | 30,000            | -                        | 30,000            |
| The 165-1st Won-denominated unsecured bond                             | May. 09, 2025   | 3.870%                       | -                        | 30,000            | -                        | 30,000            |
| The 165-2nd Won-denominated unsecured bond                             | Nov. 09, 2026   | 3.932%                       | -                        | 10,000            | -                        | 10,000            |
| The 165-3rd Won-denominated unsecured bond                             | May. 07, 2027   | 3.972%                       | -                        | 30,000            | -                        | 30,000            |
| The 166-1st Won-denominated unsecured bond                             | Nov. 22, 2024   | -                            | -                        | -                 | -                        | 20,000            |
| The 166-2nd Won-denominated unsecured bond                             | Apr. 22, 2025   | 4.310%                       | -                        | 40,000            | -                        | 40,000            |
| The 166-3rd Won-denominated unsecured bond                             | May. 21, 2025   | 4.332%                       | -                        | 10,000            | -                        | 10,000            |
| The 166-4th Won-denominated unsecured bond                             | May. 22, 2025   | 4.332%                       | -                        | 40,000            | -                        | 40,000            |
| The 167-1st Won-denominated unsecured bond                             | Dec. 20, 2024   | -                            | -                        | -                 | -                        | 30,000            |
| The 167-2nd Won-denominated unsecured bond                             | Jan. 22, 2025   | 3.864%                       | -                        | 50,000            | -                        | 50,000            |
| The 167-3rd Won-denominated unsecured bond                             | Feb. 21, 2025   | 3.864%                       | -                        | 10,000            | -                        | 10,000            |
| The 167-4th Won-denominated unsecured bond                             | Dec. 22, 2025   | 3.858%                       | -                        | 10,000            | -                        | 10,000            |
| The 168-1st Won-denominated unsecured bond                             | Jun. 05, 2025   | 3.687%                       | ○-                       | 40,000            | -                        | -                 |

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| <i>(In millions of Korean won and foreign currencies in thousands)</i> |                 |                              | <b>December 31, 2024</b> |                   | <b>December 31, 2023</b> |                   |
|------------------------------------------------------------------------|-----------------|------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| <b>Type</b>                                                            | <b>Maturity</b> | <b>Annual interest rates</b> | <b>Foreign currency</b>  | <b>Korean won</b> | <b>Foreign currency</b>  | <b>Korean won</b> |
| The 168-2nd Won-denominated unsecured bond                             | Aug. 06, 2025   | 3.703%                       | -                        | 70,000            | -                        | -                 |
| The 168-3rd Won-denominated unsecured bond                             | Oct. 02, 2025   | 3.724%                       | -                        | 40,000            | -                        | -                 |
| The 169th Won-denominated unsecured bond                               | Apr. 4, 2025    | 3.671%                       | -                        | 50,000            | -                        | -                 |
| The 170th Won-denominated unsecured bond                               | Jun. 12, 2026   | 3.688%                       | -                        | 50,000            | -                        | -                 |
| The 171-1st Won-denominated unsecured bond                             | Jun. 11, 2027   | 3.330%                       | -                        | 20,000            | -                        | -                 |
| The 171-2nd Won-denominated unsecured bond                             | Aug. 12, 2027   | 3.329%                       | -                        | 60,000            | -                        | -                 |
| The 172-1st Won-denominated unsecured bond                             | Mar. 6, 2026    | 3.514%                       | -                        | 10,000            | -                        | -                 |
| The 172-2nd Won-denominated unsecured bond                             | Mar. 9, 2026    | 3.514%                       | -                        | 40,000            | -                        | -                 |
| The 172-3rd Won-denominated unsecured bond                             | Sep. 9, 2026    | 3.474%                       | -                        | 30,000            | -                        | -                 |
| The 173-1st Won-denominated unsecured bond                             | Sep. 23, 2027   | 3.291%                       | -                        | 60,000            | -                        | -                 |
| The 173-2nd Won-denominated unsecured bond                             | Sep. 24, 2027   | 3.291%                       | -                        | 50,000            | -                        | -                 |
| The 173-3rd Won-denominated unsecured bond                             | Oct. 22, 2027   | 3.292%                       | -                        | 40,000            | -                        | -                 |
| The 174th Won-denominated unsecured bond                               | Nov. 10, 2025   | 3.339%                       | -                        | 60,000            | -                        | -                 |
| The 175-1st Won-denominated unsecured bond                             | Dec. 10, 2025   | 3.169%                       | -                        | 50,000            | -                        | -                 |
| The 175-2nd Won-denominated unsecured bond                             | Dec. 10, 2027   | 3.101%                       | -                        | 50,000            | -                        | -                 |
| The 176th Won-denominated unsecured bond                               | Dec. 18, 2026   | 3.134%                       | -                        | 70,000            | -                        | -                 |
| Subtotal                                                               |                 |                              |                          | 9,154,000         |                          | 8,446,921         |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

| (In millions of Korean won and foreign currencies in thousands) |          |                       |                  | December 31, 2024 | December 31, 2023              |
|-----------------------------------------------------------------|----------|-----------------------|------------------|-------------------|--------------------------------|
| Type                                                            | Maturity | Annual interest rates | Foreign currency | Korean won        | Foreign currency<br>Korean won |
| Less: Current portion                                           |          |                       |                  | (3,073,474))      | (1,924,523)                    |
| Discount on bonds                                               |          |                       |                  | (24,177)          | (19,248)                       |
|                                                                 |          |                       |                  |                   | ₩                              |
| Total                                                           |          |                       |                  | ₩ 6,056,349       | 6,503,150                      |

<sup>1</sup> As of December 31, 2024, the Controlling Company has outstanding notes in the amount of USD 100 million with fixed interest rates under Medium Term Note Program ("MTNP") registered on the Singapore Stock Exchange, which allowed issuance of notes of up to USD 2,000 million. However, the MTNP was terminated in 2007.

<sup>2</sup> The CMS (5Y) and CMS (10Y) is approximately 2.720% and 2.780%, respectively as of December 31, 2024.

## 2) Convertible bonds

(In millions of Korean won)

| Type                              | Issuance Date | Maturity     | Annual interest Rate | December 31, 2024 | December 31, 2023 |
|-----------------------------------|---------------|--------------|----------------------|-------------------|-------------------|
| The 1st CB (Private) <sup>1</sup> | Jun. 5, 2020  | Jun. 5, 2025 | <sup>2</sup>         | ₩ 8,000           | 8,000             |
| Redemption premium                |               |              |                      | 2,267             | 2,267             |
| Conversion rights adjustment      |               |              |                      | (580)             | (1,811)           |
| Subtotal                          |               |              |                      | 9,687             | 8,456             |
| Less: Current portion             |               |              |                      | (9,687)           | (8,456)           |
| Total                             |               |              |                      | ₩ -               | -                 |

<sup>1</sup> Common shares of Storywiz are subject to conversion (appraisal period: June 5, 2021~May 4, 2025).

<sup>2</sup> Nominal interest rate and maturity yield is approximately 0% and 5%, respectively, and will be settled on maturity.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

### 3) Borrowings

#### a. Short-term borrowings

(In millions of Korean won)

| Type        | Financial institution                | Annual interest rates | December 31, 2024 |            | December 31, 2023 |            |
|-------------|--------------------------------------|-----------------------|-------------------|------------|-------------------|------------|
|             |                                      |                       | Foreign currency  | Korean won | Foreign currency  | Korean won |
| Operational |                                      |                       |                   |            |                   |            |
|             | Shinhan Bank <sup>1</sup>            | 4.210%~6.280%         | - ₩               | 71,000     | - ₩               | 151,500    |
|             |                                      | 5.430%~6.270%         | -                 | 13,090     | -                 | -          |
|             |                                      | CD(91D)+1.800%        | -                 | 16,900     | -                 | -          |
|             |                                      | CD(91D)+1.990%        | -                 | 20,000     | -                 | 20,000     |
|             | Woori Bank <sup>1</sup>              | 4.050%                | -                 | 70,000     | -                 | 70,000     |
|             |                                      | 4.230%~5.330%         | -                 | 51,590     | -                 | -          |
|             | Korea Development Bank               | 4.470%~5.940%         | -                 | 35,000     | -                 | 34,900     |
|             | Industrial Bank of Korea             | 4.340%                | -                 | 6,000      | -                 | 6,000      |
|             | Hana Bank                            | -                     | -                 | -          | -                 | 4,800      |
|             | KB SECURITIES                        | 3.630%                | -                 | 120,000    | -                 | 69,635     |
|             | HSBC                                 | -                     | -                 | -          | USD 23,600        | 30,450     |
|             | NongHyup Bank <sup>1</sup>           | 4.340%                | -                 | 14,200     | -                 | 8,500      |
|             | Korea Investment                     | -                     | -                 | -          | -                 | 30,000     |
|             | Standard Chartered Bank <sup>1</sup> | CD(91D)+0.750%        | -                 | 32,000     | -                 | -          |
|             | Total                                |                       | ₩                 | 450,140    | ₩                 | 425,785    |

<sup>1</sup> As of December 31, 2024, the interest rates for the CD(91D) is 3.400%.

**KT Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**b. Long-term borrowings**

(In millions of Korean won and thousands of foreign currencies)

| Financial institution         | Type                                       | Annual interest rates             | December 31, 2024 |            | December 31, 2023 |            |
|-------------------------------|--------------------------------------------|-----------------------------------|-------------------|------------|-------------------|------------|
|                               |                                            |                                   | Foreign currency  | Korean won | Foreign currency  | Korean won |
| Export-Import Bank of Korea   | Inter-Korean Cooperation Fund <sup>1</sup> | 1.000%                            | -                 | ₩ 987      | -                 | ₩ 1,480    |
| CA-CIB                        | General loans                              | 3.820%                            | -                 | 100,000    | -                 | 200,000    |
| JPM                           | General loans                              | 2.700%                            | -                 | 100,000    | -                 | 200,000    |
| DBS                           | General loans                              | 3.820%                            | -                 | 100,000    | -                 | 100,000    |
|                               | General loans                              | 4.090%                            | -                 | 100,000    | -                 | -          |
|                               | General loans <sup>2</sup>                 | Term SOFR(3M)+1.700%              | USD 8,910         | 13,098     | USD 8,910         | 11,489     |
|                               | General loans                              | -                                 | -                 | -          | USD 31,472        | 40,655     |
| Shinhan Bank                  | General loans <sup>3</sup>                 | 4.490%                            | -                 | 62,398     | -                 | 62,398     |
|                               | General loans <sup>2</sup>                 | Term SOFR(3M)+1.300%              | USD 21,127        | 31,056     | USD 21,127        | 27,241     |
|                               | General loans <sup>2</sup>                 | Term SOFR(3M)+1.940%              | USD 35,000        | 51,450     | USD 35,000        | 45,129     |
|                               | General loans <sup>2</sup>                 | -                                 | -                 | -          | -                 | 16,900     |
|                               | General loans <sup>2</sup>                 | EURIBOR(3M)+0.950%                | EUR 6,900         | 10,548     | EUR 7,700         | 10,985     |
| Woori Bank                    | General loans                              | 5.150%                            | -                 | 26,526     | -                 | 41,526     |
| Hi Investment & Securities    | CP                                         | 2.302%                            | -                 | 95,321     | -                 | 92,994     |
| Bookook Investment            | CP                                         | -                                 | -                 | -          | -                 | 19,525     |
| Korea Investment              | CP                                         | 3.622%                            | -                 | 78,933     | -                 | 75,928     |
| Korea Development Bank        | General loans                              | 4.740%~4.960%                     | -                 | 33,000     | -                 | 137,000    |
|                               | loans <sup>4</sup>                         | 23.000%                           | UZS               |            |                   |            |
| KDB Bank Uzbekistan           |                                            |                                   | 45,448,426        | 4,999      | -                 | -          |
|                               | loans <sup>4</sup>                         | 10.300%                           | USD 5,400         | 7,725      | -                 | -          |
| NH Jayang                     | PF loans <sup>2</sup>                      | CD(91D)+1.150%                    | -                 | 8,366      | -                 | 53,033     |
| Kyobo Life Insurance          | PF loans <sup>2</sup>                      | CD(91D)+1.150%~<br>CD(91D)+3.450% | -                 | 44,385     | -                 | 84,586     |
| Standard Chartered Bank Korea | PF loans <sup>2</sup>                      | CD(91D)+1.150%~<br>CD(91D)+3.450% | -                 | 29,590     | -                 | 56,390     |
|                               | General loans                              | -                                 | -                 | -          | -                 | 32,000     |
| Samsung Life Insurance        | PF loans                                   | 1.860%~4.160%                     | -                 | 24,658     | -                 | 46,992     |
| Kookmin Bank                  | General loans                              | 4.750%                            | -                 | 8,000      | -                 | -          |
|                               | Subtotal                                   |                                   |                   | 931,040    |                   | 1,356,251  |
|                               | Less: Current portion                      |                                   |                   | (371,451)  |                   | (699,800)  |
|                               | Total                                      |                                   |                   | ₩ 559,589  |                   | ₩ 656,451  |

<sup>1</sup> The above Inter-Korean Cooperation Fund is repayable in installments over 13 years after a 7-year grace period.

<sup>2</sup> EURIBOR (3M), Term SOFR (3M) and CD (91D) are approximately 2.714%, 4.692%, 3.400% respectively, as of December 31, 2024.

<sup>3</sup> The general loans are repayable in installments over 4 years after a three-year grace period.

<sup>4</sup> The general loans are repayable in installments over 3 years after a two-year grace period.

**KT Corporation and Subsidiaries**  
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(2) Repayment schedule of the Group's debentures and borrowings including the portion of current liabilities as of December 31, 2024, is as follows:

(In millions of Korean won)

|                             | Bonds             |                     |           | Borrowings        |                     |           | Total      |
|-----------------------------|-------------------|---------------------|-----------|-------------------|---------------------|-----------|------------|
|                             | In local currency | In foreign currency | Sub-total | In local currency | In foreign currency | Sub-total |            |
| Jan.1, 2025 ~ Dec.31 2025 ₩ | 1,763,000         | 1,323,000           | 3,086,000 | 746,466           | 75,126              | 821,592   | 3,907,592  |
| Jan.1, 2026 ~ Dec.31 2026   | 1,080,000         | 588,000             | 1,668,000 | 119,414           | 31,056              | 150,470   | 1,818,470  |
| Jan.1, 2027 ~ Dec.31 2027   | 940,000           | 441,000             | 1,381,000 | 342,600           | 4,231               | 346,831   | 1,727,831  |
| Jan.1, 2028 ~ Dec.31 2028   | 515,000           | 735,000             | 1,250,000 | 15,600            | 4,231               | 19,831    | 1,269,831  |
| After Jan.1, 2029           | 1,630,000         | 147,000             | 1,777,000 | 38,225            | 4,232               | 42,457    | 1,819,457  |
| Total                       | ₩ 5,928,000       | 3,234,000           | 9,162,000 | 1,262,305         | 118,876             | 1,381,181 | 10,543,181 |

**16. Provisions**

Changes in provisions for the years ended December 31, 2024 and 2023, are as follows:

|                             |   | 2024       |                  |          |           |
|-----------------------------|---|------------|------------------|----------|-----------|
|                             |   | Litigation | Restoration cost | Others   | Total     |
| (In millions of Korean won) |   |            |                  |          |           |
| <b>Beginning balance</b>    | ₩ | 29,707     | 133,159          | 59,357   | 222,223   |
| Increase (transfer)         |   | 26         | 11,628           | 15,629   | 27,283    |
| Usage                       |   | (4,721)    | (1,941)          | (6,066)  | (12,728)  |
| Reversal                    |   | (3,322)    | (1,658)          | (6,931)  | (11,911)  |
| Others                      |   | -          | 573              | (1,033)  | (460)     |
| <b>Ending balance</b>       | ₩ | 21,690     | 141,761          | 60,956   | 224,407   |
| Less: Current               | ₩ | (21,690)   | (29,922)         | (60,918) | (112,530) |
| Non-current                 |   | -          | 111,839          | 38       | 111,877   |

  

|                                |   | 2023       |                  |          |           |
|--------------------------------|---|------------|------------------|----------|-----------|
|                                |   | Litigation | Restoration cost | Others   | Total     |
| (In millions of Korean won)    |   |            |                  |          |           |
| <b>Beginning balance</b>       | ₩ | 36,329     | 108,962          | 55,075   | 200,366   |
| Increase (transfer)            |   | 592        | 26,381           | 10,656   | 37,629    |
| Usage                          |   | (7,179)    | (1,138)          | (6,391)  | (14,708)  |
| Reversal                       |   | (35)       | (653)            | (2,096)  | (2,784)   |
| Changes in consolidation scope |   | -          | -                | (177)    | (177)     |
| Others                         |   | -          | (393)            | 2,290    | 1,897     |
| <b>Ending balance</b>          | ₩ | 29,707     | 133,159          | 59,357   | 222,223   |
| Less: Current                  | ₩ | (29,130)   | (26,945)         | (59,134) | (115,209) |
| Non-current                    |   | 577        | 106,214          | 223      | 107,014   |

**KT Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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**17. Net Defined Benefit Liabilities (Assets)**

(1) The amounts recognized in the statements of financial position as of December 31, 2024 and 2023, are determined as follows:

| <i>(In millions of Korean won)</i>           |   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|----------------------------------------------|---|--------------------------|--------------------------|
| Present value of defined benefit obligations | ₩ | 2,232,898                | 2,365,793                |
| Fair value of plan assets                    |   | (2,153,792)              | (2,462,925)              |
| Liabilities                                  | ₩ | 128,457                  | 63,616                   |
| Assets                                       | ₩ | 49,351                   | 160,748                  |

(2) Changes in the defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i>                                         |   | <b>2024</b> | <b>2023</b> |
|----------------------------------------------------------------------------|---|-------------|-------------|
| Beginning                                                                  | ₩ | 2,365,793   | 2,218,655   |
| Current service cost                                                       |   | 224,071     | 213,489     |
| Interest expense                                                           |   | 88,882      | 103,874     |
| Benefit paid                                                               |   | (626,899)   | (358,298)   |
| Remeasurements on defined benefit obligations:                             |   |             |             |
| Actuarial gains and losses arising from changes in demographic assumptions |   | 11,531      | 1,903       |
| Actuarial gains and losses arising from changes in financial assumptions   |   | 90,373      | 138,462     |
| Actuarial gains and losses arising from experience adjustments             |   | 57,699      | 48,174      |
| Others                                                                     |   | 21,448      | (466)       |
| Ending                                                                     | ₩ | 2,232,898   | 2,365,793   |

(3) Changes in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i>                                    |   | <b>2024</b> | <b>2023</b> |
|-----------------------------------------------------------------------|---|-------------|-------------|
| Beginning                                                             | ₩ | 2,462,925   | 2,478,143   |
| Interest income                                                       |   | 97,708      | 121,336     |
| Remeasurements on plan assets:                                        |   |             |             |
| Return on plan assets (excluding amounts included in interest income) |   | (154)       | 9,410       |
| Benefits paid                                                         |   | (583,162)   | (307,762)   |
| Employer contributions                                                |   | 172,622     | 165,128     |
| Others                                                                |   | 3,853       | (3,330)     |
| Ending                                                                | ₩ | 2,153,792   | 2,462,925   |

**KT Corporation and Subsidiaries**  
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- (4) Amounts recognized in the consolidated statement of profit or loss for the years ended December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i> |   | <b>2024</b>    | <b>2023</b>    |
|------------------------------------|---|----------------|----------------|
| Current service cost               | ₩ | 224,071        | 213,489        |
| Net interest expense               |   | (8,826)        | (17,462)       |
| Transfer out                       |   | (13,059)       | (13,435)       |
| Others                             |   | 19,191         | 1              |
| Total expenses                     | ₩ | <u>221,377</u> | <u>182,593</u> |

- (5) Principal actuarial assumptions used are as follows:

|                    | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|--------------------|--------------------------|--------------------------|
| Discount rate      | 3.24%~5.02%              | 3.67%~5.51%              |
| Salary growth rate | 1.66%~8.96%              | 1.70%~8.96%              |

- (6) The sensitivity of the defined benefit obligations as of December 31, 2024, to changes in the principal assumptions is:

*(in percentage,*

*in millions of Korean won)*

|                    |                              | <b>Effect on defined benefit obligation</b> |                               |                               |
|--------------------|------------------------------|---------------------------------------------|-------------------------------|-------------------------------|
|                    | <b>Changes in assumption</b> |                                             | <b>Increase in assumption</b> | <b>Decrease in assumption</b> |
| Discount rate      | 0.5% point                   | ₩                                           | (73,763)                      | 79,580                        |
| Salary growth rate | 0.5% point                   |                                             | 76,543                        | (71,924)                      |

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The above sensitivity analysis is based on changes in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(7) The Group actively monitors how the duration and the expected yield of the investments match the expected cash outflows arising from the pension obligations. Expected contributions to post-employment benefit plans, for the year ending December 31, 2025, are ₩ 258,954 million.

The expected maturity analysis of undiscounted pension benefits as of December 31, 2024, is as follows:

| <i>(in millions of Korean won)</i> | <b>Less than<br/>1 year</b> | <b>Between 1-2<br/>years</b> | <b>Between 2-5<br/>years</b> | <b>Over 5 years</b> | <b>Total</b> |
|------------------------------------|-----------------------------|------------------------------|------------------------------|---------------------|--------------|
| Pension benefits                   | ₩ 257,012                   | ₩ 265,473                    | ₩ 740,445                    | ₩ 2,048,227         | ₩ 3,311,157  |

(8) The weighted average duration of the defined benefit obligations is 6.8 years.

#### 18. Defined Contribution Plan

Recognized expense related to the defined contribution plan for the year ended December 31, 2024, is ₩ 86,723 million (2023: ₩ 85,174 million).

#### 19. Commitments and Contingencies

(1) As of December 31, 2024, major commitments with local financial institutions are as follows:

| <i>(In millions of Korean won and<br/>foreign currencies in thousands)</i> | <b>Financial institution</b> | <b>Limit</b>  | <b>Used amount</b> |
|----------------------------------------------------------------------------|------------------------------|---------------|--------------------|
| Bank overdraft                                                             | Kookmin Bank and others      | ₩ 374,000     | -                  |
| Inter-Korean Cooperation Fund                                              | Export-Import Bank of Korea  | 37,700        | 987                |
| Economic Cooperation Business Insurance                                    | Export-Import Bank of Korea  | 3,240         | 1,732              |
| Collateralized loan on electronic accounts receivable-trade                | Kookmin Bank and others      | 541,650       | 37,277             |
| Plus electronic notes payable                                              | Industrial Bank of Korea     | 50,000        | 3,058              |
|                                                                            | Korea Development Bank       |               |                    |
|                                                                            | and others                   | 1,584,440     | 303,140            |
| Working capital loan                                                       | Shinhan Bank                 | USD 65,037    | USD 65,037         |
|                                                                            | Woori Bank                   | EUR 6,900     | EUR 6,900          |
| Facility loans                                                             | Shinhan Bank and others      | 824,000       | 195,924            |
|                                                                            | Korea Development Bank       |               |                    |
| Derivatives transaction limit                                              | and others                   | USD 2,120,000 | USD 2,120,000      |
|                                                                            | KRW                          | 3,415,030     | 542,118            |
| Total                                                                      | USD                          | USD 2,185,037 | USD 2,185,037      |
|                                                                            | EUR                          | EUR 6,900     | EUR 6,900          |

**KT Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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(2) As of December 31, 2024, guarantees received from financial institutions are as follows:

*(In millions of Korean won and  
foreign currencies in thousands)*

|                                                             | <b>Financial institution</b>                            | <b>Limit</b> |
|-------------------------------------------------------------|---------------------------------------------------------|--------------|
| Hana Bank                                                   | Guarantee for payment in Korean currency                | 4,000        |
|                                                             | Comprehensive credit line and others                    | 2,900        |
|                                                             | Guarantee for payment in foreign currency               | USD 59       |
|                                                             | Comprehensive credit line and others                    | USD 10,300   |
|                                                             | Performance guarantee and others                        | USD 59       |
| Kookmin Bank                                                | Guarantee for payment in foreign currency               | USD 3,186    |
|                                                             | Guarantee for payment in Korean currency                | 710          |
| Shinhan Bank                                                | Guarantee for payment in foreign currency<br>and others | USD 98,842   |
|                                                             | Corporate card issuance guarantee                       | VND 222,914  |
|                                                             | Guarantee for payment in Korean currency                | 5,100        |
| Woori Bank                                                  | Guarantee for payment in foreign currency               | USD 7,000    |
|                                                             | Guarantee for payment in foreign currency               | EUR 6,900    |
|                                                             | Performance guarantee and others                        | USD 270      |
|                                                             | Guarantees for depositions                              | USD 807      |
| Seoul Guarantee Insurance<br>Company                        | Performance guarantee and others                        | 404,991      |
| Korea Software Financial<br>Cooperative                     | Performance guarantee and others                        | 1,611,632    |
| Korea Specialty Contractor<br>Financial Cooperative         | Performance guarantee and others                        | 135          |
| Korea Housing Finance<br>Corporation                        | Performance guarantee and others                        | 26,526       |
| Korea Housing & Urban<br>Guarantee Corporation <sup>1</sup> | Performance guarantee and others                        | 691,530      |
| Information & Communication<br>Financial Cooperative        | Performance guarantee and others                        | 838,244      |
| Total                                                       | KRW                                                     | 3,585,768    |
|                                                             | USD                                                     | 120,523      |
|                                                             | EUR                                                     | 6,900        |
|                                                             | VND                                                     | 222,914      |

<sup>1</sup> Inventory assets (₩ 449,448 million) and investment properties (₩ 494,487 million) are provided as collateral with commitment respectively, as of December 31, 2024.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(3) As of December 31, 2024, guarantees provided by the Group to third parties are as follows:

(In millions of Korean won)

|                                          | Subject to payment<br>guarantees        | Creditor                         | Limit   | Used<br>amount | Period                          |
|------------------------------------------|-----------------------------------------|----------------------------------|---------|----------------|---------------------------------|
| KT Estate Inc                            | Wonju Bando U-bora Mark<br>Bridge Buyer | Hana Bank                        | 103,000 | 68,780         | Aug. 5, 2022 ~<br>Feb. 28, 2025 |
| KT Engineering Co.,<br>Ltd. <sup>1</sup> | Gasam Solar Power Plant<br>Inc.         | Shinhan Bank                     | 4,700   | 28             | Jan. 7, 2010 ~<br>Jan. 8, 2025  |
| Nasmedia Co., Ltd.                       | Stockholders Association<br>Members     | Korea Securities<br>Finance Corp | 748     | 249            | -                               |

<sup>1</sup> KT Engineering Co., Ltd., a subsidiary of the Group, is subject to payment, depending on the reimbursement of principal debtor.

(4) The Controlling Company is jointly and severally obligated with KT Sat Co., Ltd., a subsidiary, to pay KT Sat Co., Ltd.'s liabilities incurred prior to spin-off. As of December 31, 2024, the Controlling Company and KT Sat Co., Ltd. are jointly and severally liable for reimbursement of ₩ 433 million.

(5) For the year ended December 31, 2024 and 2023, the Group entered into agreements with the Securitization Specialty Companies (2024: First 5G 73<sup>rd</sup> to 78<sup>th</sup> Securitization Specialty Co., Ltd., 2023: First 5G 67<sup>th</sup> to 72<sup>nd</sup> Securitization Specialty Co., Ltd.) and disposed of its trade receivables related to handset sales. The Group also made asset management agreements with each securitization specialty company and in accordance with the agreement, the Group will receive asset management fees upon liquidation of the securitization specialty company.

(6) As of December 31, 2024, the Group is a defendant in 151 lawsuits with the total claimed amount of ₩ 141,941 million (As of December 31, 2023: ₩ 167,834 million). As of December 31, 2024, litigation provisions of ₩ 21,690 million for pending lawsuits and unasserted claims are recorded as liabilities for potential loss in the ordinary course of business. The final outcomes of the cases cannot be estimated as of December 31, 2024 (Note 16).

(7) Under the agreement of bond issuance and borrowings, the Group is required to maintain certain financial ratios such as debt-to-equity ratio, use the funds for the designated purpose and report to the creditors periodically. The covenant also contains restriction on provision of additional collateral and disposal of certain assets.

(8) As of December 31, 2024, the Group participates in Algeria Sidi Abdela new town development consortium (percentage of ownership: 2.5%) and has joint liability with other consortium participants.

(9) As of December 31, 2024, the contract amount of properties and equipments acquisition agreement made but not yet recognized amounts to ₩ 350,949 million (As of December 31, 2023: ₩ 489,231 million).

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- (10) As of December 31, 2024, there are derivatives generated by the Group granting Drag-Along Right to financial investors participating in paid-in capital increase of K Bank Inc. (Note 7).
- (11) The Group entered into an agreement with financial investors of Epsilon Global Communications Pte regarding the acquisition of shares contract. If certain conditions are not met in the future as disclosed in the terms and conditions of the agreement, financial investors may exercise Tag-Along Right, Drag-Along Right, and the right to sell shares for the convertible preferred shares they hold (Note 7).
- (12) The Group has an obligation for additional contributions as per agreement to Storm Ventures FUND VII and others. As of December 31, 2024, remaining amounts of USD 33,100 thousand and JPY 240,000 thousand will be invested through the Capital Call method in the future.
- (13) As of December 31, 2024, the Group has the amount of ₩ 201,615 million (40%) of joint responsibility obligation and ₩ 302,423 million (60%) of obligation to provide financial support as a construction investor during the construction period with respect to K Defense Co., Ltd. established in accordance with the Private Investment Act on Social Infrastructure. During the operating period, the Group has the amount of ₩ 438,312 million (100%) of obligation to provide financial support as an operating investor.
- (14) The Group has an agreement related to a stock sale contract with HYUNDAI MOBIS Co., Ltd., and HYUNDAI MOTOR COMPANY. If the Company intends to dispose of the acquired stocks to a third party after a certain period has elapsed from the date of the contract and the acquired stocks are to be disposed to a third party, HYUNDAI MOBIS Co., Ltd., and HYUNDAI MOTOR COMPANY may exercise a preferential purchase right to designate a buyer with priority.
- (15) During the prior period, the Group entered into an agreement with equity investors who participated in the equity acquisition contract of kt Cloud Co., Ltd. According to this agreement, if conditions per the agreement are met, the financial investor may exercise a Tag-Along or a Put-Option to the Group in the future. In relation to this contract, the Group and the financial investor may settle mutual profits if there is a difference between the confirmed public offering price and the preliminary public offering price (Note 7).
- (16) As of December 31, 2024, The Group has the obligation of paying Minimum Guarantee as utilizing product bundling of Tving Co., Ltd., and the right to be paid a certain proportion of the excess as per agreement.
- (17) As of December 31, 2024, the Group has a put option that can be exercised in the event of a breach of contractual rights under the shareholders' agreement with the Rwandan government.

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(18) Details of investment properties provided as collateral as December 31, 2024 and 2023, are as follows:

(in millions of  
Korean won)

|                    |   | December 31, 2024 |                |                   |                |                                                |
|--------------------|---|-------------------|----------------|-------------------|----------------|------------------------------------------------|
| Collateral         |   | Carrying amount   | Secured amount | Related account   | Related amount | Mortgagee                                      |
|                    |   |                   |                |                   |                | Industrial Bank of Korea/Shinhan Bank/Standard |
| Land and buildings | ₩ | 79,959            | 76,668         | Borrowings        | 63,890         | Chartered Bank                                 |
| Land and buildings |   | 541,351           | 68,019         | Deposits received | 58,062         | leaseholder                                    |

(in millions of  
Korean won)

|                    |   | December 31, 2023 |                |                   |                |                                                |
|--------------------|---|-------------------|----------------|-------------------|----------------|------------------------------------------------|
| Collateral         |   | Carrying amount   | Secured amount | Related account   | Related amount | Mortgagee                                      |
|                    |   |                   |                |                   |                | Industrial Bank of Korea/Shinhan Bank/Standard |
| Land and buildings | ₩ | 81,057            | 64,680         | Borrowings        | 54,900         | Chartered Bank                                 |
| Land and buildings |   | 555,921           | 64,877         | Deposits received | 55,965         | leaseholder                                    |

(19) The Group has established a supplier finance agreement with some suppliers, and suppliers participating in the supplier finance agreement can receive early payment on invoices sent to the Group from the Group's external finance provider. The Group pays the finance provider in accordance with the usual payment terms to settle the debt. As of December 31, 2024, all financial liabilities subject to the supplier finance agreement are included in trade and other payables, and the carrying amount is ₩ 16,081 million. Of these, the carrying amount of the part that the suppliers have already received from the finance provider is ₩ 9,746 million. There were no significant non-cash changes in the carrying amount of the trade and other payables included in the Group's supplier finance agreement.

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**20. Leases**

Information of leases in which the Group is a lessee is as follows. Information when the Group is a lessor is described in Note 11.

(1) Amounts recognized in the consolidated statement of financial position

The consolidated statements of financial position shows the following amounts relating to leases:

| <i>(In millions of Korean won)</i>          | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------------------|--------------------------|--------------------------|
| Right-of-use assets                         |                          |                          |
| Property and building                       | ₩ 950,940                | 1,019,537                |
| Machinery and communication line facilities | 103,672                  | 89,150                   |
| Others                                      | 158,158                  | 196,276                  |
| Total                                       | ₩ 1,212,770              | 1,304,963                |
| Lease liabilities <sup>1</sup>              |                          |                          |
| Current                                     | ₩ 349,264                | 307,868                  |
| Non-current                                 | 710,189                  | 872,042                  |
| Total                                       | ₩ 1,059,453              | 1,179,910                |

<sup>1</sup> Included in other current liabilities and other non-current liabilities (Note 9).

For the years ended December 31, 2024 and 2023, right-of-use assets related to leases increased by ₩ 337,779 million and ₩ 440,552 million, respectively.

(2) Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss relating to leases for year ended December 31, 2024, and 2023, are as follows:

| <i>(In millions of Korean won)</i>                                            | <b>2024</b> | <b>2023</b> |
|-------------------------------------------------------------------------------|-------------|-------------|
| Depreciation of right-of-use assets                                           |             |             |
| Property and building                                                         | ₩ 301,621   | 297,571     |
| Machinery and communication line facilities                                   | 25,550      | 32,794      |
| Others                                                                        | 83,754      | 72,372      |
| Total                                                                         | ₩ 410,925   | 402,737     |
| Interest expense relating to lease liabilities                                | ₩ 47,556    | 52,035      |
| Expense relating to short-term leases                                         | 8,048       | 8,804       |
| Expense relating to leases of low-value assets that are not short-term leases | 27,751      | 26,290      |
| Expense relating to variable lease payments not included in lease liabilities | 6,722       | 9,288       |

The total cash outflow for leases for the year ended December 31, 2024 and 2023 is ₩ 508,230 million and ₩ 500,392 million, respectively.

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#### 21. Share Capital

As of December 31, 2024 and 2023, the Group has 1,000,000,000 shares authorized to issue and details are as follows:

|                                 | December 31, 2024             |                                           |                                                      | December 31, 2023             |                                           |                                                      |
|---------------------------------|-------------------------------|-------------------------------------------|------------------------------------------------------|-------------------------------|-------------------------------------------|------------------------------------------------------|
|                                 | Number of<br>issued<br>shares | Par value<br>per share<br>(Korean<br>won) | Ordinary<br>Shares<br>(in millions of<br>Korean won) | Number of<br>issued<br>shares | Par value<br>per share<br>(Korean<br>won) | Ordinary<br>shares<br>(in millions of<br>Korean won) |
| Ordinary<br>shares <sup>1</sup> | 252,021,685                   | ₩ 5,000                                   | 1,564,499                                            | 257,860,760                   | ₩ 5,000                                   | 1,564,499                                            |

<sup>1</sup> The Group retired 60,878,082 treasury shares against retained earnings. Therefore, the ordinary shares amount differs from the amount resulting from multiplying the number of shares issued.

#### 22. Retained Earnings

Details of retained earnings as of December 31, 2024 and December 31, 2023, are as follows:

| (In millions of Korean won)      | December 31, 2024 | December 31, 2023 |
|----------------------------------|-------------------|-------------------|
| Legal reserve <sup>1</sup>       | ₩ 782,249         | 782,249           |
| Voluntary reserves <sup>2</sup>  | 4,651,362         | 4,651,362         |
| Unappropriated retained earnings | 8,346,165         | 9,060,819         |
| Total                            | ₩ 13,779,776      | 14,494,430        |

<sup>1</sup>The Commercial Code of the Republic of Korea requires the Controlling Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends but may be transferred to share capital with the approval of the Controlling Company's Board of Directors or used to reduce accumulated deficit, if any, with the ratification of the Controlling Company's majority shareholders.

<sup>2</sup> The reserves of research and development of human resources in other surplus reserves are separately accumulated on disposal of retained earnings on tax filing adjustments when calculating income taxes in accordance with regulations of Tax Reduction and Exemption Control Act of Korea. Reversal of the reserves according to the relevant tax law can be paid out as dividends.

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**23. Accumulated Other Comprehensive Income and Other Components of Equity**

(1) As of December 31, 2024 and 2023, the details of the Controlling Company's accumulated other comprehensive income, are as follows:

| <i>(in millions of Korean won)</i>                                                     | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|----------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Changes in investments in associates and joint ventures                                | ₩ 7,746                  | 4,023                    |
| Loss on derivatives valuation                                                          | (42,178)                 | (29,361)                 |
| Gain on valuation of financial assets at fair value through other comprehensive income | 80,845                   | 73,928                   |
| Exchange differences on translation for foreign operations                             | 17,316                   | 3,817                    |
| <b>Total</b>                                                                           | <b>₩ 63,729</b>          | <b>52,407</b>            |

(2) Changes in accumulated other comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>                                                     |          | <b>2024</b>      |                            |                                         |               |
|----------------------------------------------------------------------------------------|----------|------------------|----------------------------|-----------------------------------------|---------------|
|                                                                                        |          | <b>Beginning</b> | <b>Increase (decrease)</b> | <b>Reclassification to gain or loss</b> | <b>Ending</b> |
| Changes in investments in associates and joint ventures                                | ₩        | 4,023            | 3,723                      | -                                       | 7,746         |
| Gain (loss) on derivatives valuation                                                   |          | (29,361)         | 273,137                    | (285,954)                               | (42,178)      |
| Gain on valuation of financial assets at fair value through other comprehensive income |          | 73,928           | 6,917                      | -                                       | 80,845        |
| Exchange differences on translation for foreign operations                             |          | 3,817            | 13,499                     | -                                       | 17,316        |
| <b>Total</b>                                                                           | <b>₩</b> | <b>52,407</b>    | <b>297,276</b>             | <b>(285,954)</b>                        | <b>63,729</b> |

| <i>(in millions of Korean won)</i>                                                           |          | <b>2023</b>      |                            |                                         |               |
|----------------------------------------------------------------------------------------------|----------|------------------|----------------------------|-----------------------------------------|---------------|
|                                                                                              |          | <b>Beginning</b> | <b>Increase (decrease)</b> | <b>Reclassification to gain or loss</b> | <b>Ending</b> |
| Changes in investments in associates and joint ventures                                      | ₩        | (11,752)         | 15,775                     | -                                       | 4,023         |
| Gain (loss) on derivatives valuation                                                         |          | (7,109)          | 15,690                     | (37,942)                                | (29,361)      |
| Gain(loss) on valuation of financial assets at fair value through other comprehensive income |          | (52,100)         | 126,028                    | -                                       | 73,928        |
| Exchange differences on translation for foreign operations                                   |          | (6,815)          | 10,632                     | -                                       | 3,817         |
| <b>Total</b>                                                                                 | <b>₩</b> | <b>(77,776)</b>  | <b>168,125</b>             | <b>(37,942)</b>                         | <b>52,407</b> |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(3) The Group's other components of equity, as of December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>                            | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------------------------------------|--------------------------|--------------------------|
| Treasury stock                                                | ₩ (215,210)              | (398,075)                |
| Gain or loss on disposal of treasury stock <sup>1</sup>       | 2,862                    | 3,220                    |
| Share-based compensation                                      | 7,106                    | 8,773                    |
| Equity transactions within consolidated entities <sup>2</sup> | (432,318)                | (416,336)                |
| <b>Total</b>                                                  | <b>₩ (637,560)</b>       | <b>(802,418)</b>         |

<sup>1</sup> The amount directly reflected in equity is ₩ 120 million for the year ended December 31, 2024 (2023: ₩ 101 million).

<sup>2</sup> Profit or loss incurred from transactions with non-controlling interest and investment difference incurred from change in proportion of subsidiaries are included.

(4) As of December 31, 2024 and 2023, the details of treasury stock, are as follows:

|                                           | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|-------------------------------------------|--------------------------|--------------------------|
| Number of shares <i>(in shares)</i>       | 6,188,739                | 11,447,338               |
| Amount <i>(in millions of Korean won)</i> | ₩ 215,210                | 398,075                  |

Treasury stocks held as of December 31, 2024, are expected to be used for stock compensation for the Group's directors, employees, and other purposes.

## 24. Share-Based Compensation

(1) Details of share-based compensation granted by the Controlling to executives and employees, including the CEO, by the resolution of the Board of Directors for the years ended December 31, 2024 and 2023, are as follows:

|                                                    | <b>2024</b>                                                                               |
|----------------------------------------------------|-------------------------------------------------------------------------------------------|
| <i>(in share)</i>                                  | <b>18th grant</b>                                                                         |
| Grant date                                         | June 20, 2024                                                                             |
| Grantee                                            | CEO, internal directors, external directors, executives                                   |
| Vesting conditions                                 | Service condition: 1 year<br>Non-market performance condition: achievement of performance |
| Fair value per option <i>(in Korean won)</i>       | ₩ 38,484                                                                                  |
| Total compensation costs<br><i>(in Korean won)</i> | ₩ 6,883 million                                                                           |
| Estimated exercise date (exercise date)            | During 2025                                                                               |
| Valuation method                                   | Fair value method                                                                         |

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|                                                    | <b>2023</b>                                                                               |
|----------------------------------------------------|-------------------------------------------------------------------------------------------|
| <i>(in share)</i>                                  | <b>17th grant</b>                                                                         |
| Grant date                                         | June 15, 2023, Oct 17, 2023                                                               |
| Grantee                                            | CEO, internal directors, external directors, executives                                   |
| Vesting conditions                                 | Service condition: 1 year<br>Non-market performance condition: achievement of performance |
| Fair value per option <i>(in Korean won)</i>       | ₩ 30,205                                                                                  |
| Total compensation costs<br><i>(in Korean won)</i> | ₩ 5,558 million                                                                           |
| Estimated exercise date                            | May 29, 2024                                                                              |
| Valuation method                                   | Fair value method                                                                         |

(2) Changes in the number of stock options for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in share)</i> | <b>2024</b>      |                |                  |                              |                | <b>Number of shares exercisable</b> |
|-------------------|------------------|----------------|------------------|------------------------------|----------------|-------------------------------------|
|                   | <b>Beginning</b> | <b>Granted</b> | <b>Expired</b>   | <b>Exercised<sup>1</sup></b> | <b>Ending</b>  |                                     |
| 16th grant        | 20,960           | -              | (6,158)          | (7,171)                      | 7,631          | -                                   |
| 17th grant        | 307,182          | -              | (199,054)        | (108,128)                    | -              | -                                   |
| 18th grant        | -                | 226,327        | -                | -                            | 226,327        | -                                   |
| Total             | <u>328,142</u>   | <u>226,327</u> | <u>(205,212)</u> | <u>(115,299)</u>             | <u>233,958</u> | -                                   |

| <i>(in share)</i> | <b>2023</b>      |                |                  |                              |                | <b>Number of shares exercisable</b> |
|-------------------|------------------|----------------|------------------|------------------------------|----------------|-------------------------------------|
|                   | <b>Beginning</b> | <b>Granted</b> | <b>Expired</b>   | <b>Exercised<sup>1</sup></b> | <b>Ending</b>  |                                     |
| 16th grant        | 258,509          | -              | (105,859)        | (131,690)                    | 20,960         | -                                   |
| 17th grant        | -                | 307,182        | -                | -                            | 307,182        | -                                   |
| Total             | <u>258,509</u>   | <u>307,182</u> | <u>(105,859)</u> | <u>(131,690)</u>             | <u>328,142</u> | -                                   |

<sup>1</sup> The weighted average price of ordinary shares at the time of exercise of the 16<sup>th</sup> and 17<sup>th</sup> grant, during the year ended December 31, 2024, is ₩ 41,500, and ₩ 36,000 (2023: ₩ 29,550) respectively.

(3) As of September 9, 2024, the Group granted 766 shares of Restricted Stock Unit to its executives and employees, and the fair value per share on the grant date is ₩ 39,100. Under the share-based payment arrangement, 50% of the granted shares will vest if the employee completes one year of service and remains employed until the payment date. Additionally, 50% of the granted shares will vest if the employee completes four years of service and remains employed until the payment date.

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**25. Revenue from Contracts with Customers and Relevant Contract Assets and Liabilities**

- (1) The Group has recognized the following amounts relating to revenue in the statement of profit or loss:

| <i>(in millions of Korean won)</i>    | <b>2024</b>  | <b>2023</b> |
|---------------------------------------|--------------|-------------|
| Revenue from contracts with customers | ₩ 26,198,406 | 26,152,257  |
| Revenue from other sources            | 232,798      | 224,016     |
| Total                                 | ₩ 26,431,204 | 26,376,273  |

- (2) Operating revenues for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>  | <b>2023</b> |
|------------------------------------|--------------|-------------|
| Services                           | ₩ 23,005,958 | 22,994,687  |
| Sales of goods                     | 3,425,246    | 3,381,586   |
| Total                              | ₩ 26,431,204 | 26,376,273  |

Revenue from providing services are recognized over time, and sales of goods are recognized at a point in time. Revenues from construction commitments included in sales of goods are recognized using the percentage of completion method.

- (3) Contract assets and liabilities recognized in relation to the revenues from contracts with customers, are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Contract assets <sup>1</sup>       | ₩ 977,514                | 1,130,745                |
| Contract liabilities <sup>1</sup>  | 1,089,146                | 311,023                  |
| Deferred revenue <sup>2</sup>      | 87,209                   | 81,067                   |

<sup>1</sup> The Group recognized contract assets of ₩ 176,708 million and contract liabilities of ₩815,826 million for long-term construction contract as of December 31, 2024 (December 31, 2023: contract assets of ₩ 308,821 million and contract liabilities of ₩ 32,274 million). The Group recognizes contract assets as trade receivables and other receivables, and contract liabilities as other current liabilities.

<sup>2</sup> Deferred revenue recognized relating to government grant is excluded.

- (4) The contract costs recognized as assets are as follows:

| <i>(in millions of Korean won)</i>        | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|-------------------------------------------|--------------------------|--------------------------|
| Incremental costs of obtaining a contract | ₩ 1,666,042              | 1,656,711                |
| Cost of contract performance              | 72,122                   | 70,757                   |
| Total                                     | ₩ 1,738,164              | 1,727,468                |

As of December 31, 2024, the Group recognized ₩ 1,715,915 million (2023: ₩ 1,759,586 million) of operating expenses relate to contract assets.

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(5) For the years ended December 31, 2024 and 2023, revenue recognized from carried-forward contract liabilities and deferred revenue, is as follows:

| <i>(in millions of Korean won)</i>                                                                    |   | <b>2024</b> | <b>2023</b> |
|-------------------------------------------------------------------------------------------------------|---|-------------|-------------|
| Revenue recognized that was included in the contract liabilities balance at the beginning of the year |   |             |             |
| Allocation of the transaction price                                                                   | ₩ | 199,624     | 213,609     |
| Deferred revenue of joining/installment fee                                                           |   | 41,451      | 41,824      |
| Total                                                                                                 | ₩ | 241,075     | 255,433     |

**26. Operating Expenses**

(1) Operating expenses for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>  |   | <b>2024</b> | <b>2023</b> |
|-------------------------------------|---|-------------|-------------|
| Employee Benefit Cost               | ₩ | 5,622,045   | 4,549,409   |
| Depreciation                        |   | 2,827,518   | 2,723,610   |
| Depreciation of right-of-use assets |   | 410,925     | 402,737     |
| Amortization of intangible assets   |   | 639,268     | 683,784     |
| Commissions                         |   | 1,403,381   | 1,264,729   |
| Interconnection charges             |   | 410,872     | 436,598     |
| International interconnection fees  |   | 138,807     | 140,433     |
| Purchase of inventories             |   | 3,526,723   | 3,595,345   |
| Changes of inventories              |   | (27,947)    | (203,071)   |
| Sales commissions                   |   | 2,258,121   | 2,353,318   |
| Service cost                        |   | 2,147,869   | 2,237,132   |
| Utilities                           |   | 555,856     | 544,675     |
| Taxes and dues                      |   | 265,305     | 250,651     |
| Rent                                |   | 147,607     | 167,576     |
| Insurance premium                   |   | 68,443      | 66,737      |
| Installation fee                    |   | 164,969     | 174,238     |
| Advertising expenses                |   | 169,189     | 153,750     |
| Bad debt expenses                   |   | 151,486     | 150,549     |
| Card service costs                  |   | 3,009,170   | 3,189,376   |
| Others                              |   | 1,732,126   | 1,844,923   |
| Total                               | ₩ | 25,621,733  | 24,726,499  |

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(2) Details of employee benefits for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>                   |   | <b>2024</b>      | <b>2023</b>      |
|------------------------------------------------------|---|------------------|------------------|
| Salaries & Wages                                     | ₩ | 4,270,815        | 4,225,459        |
| Post-employment benefits (defined benefit plan)      |   | 221,376          | 182,593          |
| Post-employment benefits (defined contribution plan) |   | 86,723           | 85,174           |
| Share-based payment                                  |   | 7,129            | 15,450           |
| Others                                               |   | 1,036,002        | 40,733           |
| Total                                                | ₩ | <u>5,622,045</u> | <u>4,549,409</u> |

**27. Other Income and Other Expenses**

(1) Other income for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>                                   |   | <b>2024</b>    | <b>2023</b>    |
|----------------------------------------------------------------------|---|----------------|----------------|
| Gain on disposal of property and equipment and investment properties | ₩ | 47,754         | 22,447         |
| Gain on disposal of intangible assets                                |   | 311            | 1,727          |
| Gain on disposal of right-of-use assets                              |   | 2,967          | 3,580          |
| Property and Equipment loss recovery income                          |   | 165,196        | 152,712        |
| Income from government subsidies                                     |   | 1,261          | 40,725         |
| Gain on disposal of investments in associates                        |   | 19,074         | 6,982          |
| Gain on disposal of investments in subsidiaries                      |   | 52,688         | 28,825         |
| Others                                                               |   | 55,578         | 51,046         |
| Total                                                                | ₩ | <u>344,829</u> | <u>308,044</u> |

(2) Other expenses for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>              |   | <b>2024</b>    | <b>2023</b>    |
|-------------------------------------------------|---|----------------|----------------|
| Loss on disposal of properties and equipment    | ₩ | 90,373         | 72,710         |
| Loss on disposal of intangible assets           |   | 9,713          | 5,328          |
| Loss on disposal of right-of-use assets         |   | 2,578          | 2,115          |
| Loss on disposal of investments in associates   |   | 17             | -              |
| Loss on disposal of investments in subsidiaries |   | 7,998          | -              |
| Impairment loss on property and equipment       |   | 7,183          | 7,871          |
| Impairment loss on intangible assets            |   | 239,312        | 236,206        |
| Donations                                       |   | 9,499          | 24,664         |
| Other allowance for bad debts                   |   | 26,475         | 34,112         |
| Others                                          |   | 107,907        | 124,898        |
| Total                                           | ₩ | <u>501,055</u> | <u>507,904</u> |

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**28. Financial Income and Costs**

(1) Details of finance income for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>         |   | <b>2024</b>    | <b>2023</b>    |
|--------------------------------------------|---|----------------|----------------|
| Interest income                            | ₩ | 303,535        | 279,607        |
| Gain on foreign currency transactions      |   | 27,268         | 27,407         |
| Gain on foreign currency translation       |   | 43,566         | 11,944         |
| Gain on derivatives transactions           |   | 48,566         | 12,304         |
| Gain on valuation of derivatives           |   | 399,261        | 49,881         |
| Gain on disposal of trade receivables      |   | -              | 3,441          |
| Dividend income                            |   | 68,930         | 57,972         |
| Gain on disposal of financial instruments  |   | 13,358         | 7,382          |
| Gain on valuation of financial instruments |   | 13,166         | 32,477         |
| Others                                     |   | -              | 3,862          |
| Total                                      | ₩ | <u>917,650</u> | <u>486,277</u> |

(2) Details of finance costs for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>         |   | <b>2024</b>    | <b>2023</b>    |
|--------------------------------------------|---|----------------|----------------|
| Interest expenses                          | ₩ | 374,665        | 356,345        |
| Loss on foreign currency transactions      |   | 49,308         | 34,281         |
| Loss on foreign currency translation       |   | 426,842        | 95,730         |
| Loss on derivatives transactions           |   | 10,651         | 417            |
| Loss on valuation of derivatives           |   | 3,793          | 6,598          |
| Loss on disposal of trade receivables      |   | 7,955          | 17,980         |
| Loss on valuation of financial instruments |   | 112,154        | 55,049         |
| Others                                     |   | 9,413          | 2,282          |
| Total                                      | ₩ | <u>994,781</u> | <u>568,682</u> |

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**29. Deferred Income Tax and Income Tax Expense**

**(1) Deferred Income Tax**

- 1) Deferred tax assets and deferred tax liabilities as of December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>                                 |   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|--------------------------------------------------------------------|---|--------------------------|--------------------------|
| Deferred tax assets                                                |   |                          |                          |
| Deferred tax assets to be recovered within 12 months               | ₩ | 409,151                  | 404,234                  |
| Deferred tax assets to be recovered after more than 12 months      |   | 1,976,312                | 1,818,523                |
| Deferred tax assets before offsetting                              |   | <u>2,385,463</u>         | <u>2,222,757</u>         |
| Deferred tax liabilities                                           |   |                          |                          |
| Deferred tax liabilities to be recovered within 12 months          | ₩ | (748,888)                | (491,817)                |
| Deferred tax liabilities to be recovered after more than 12 months |   | (1,884,962)              | (2,116,346)              |
| Deferred tax liabilities before offsetting                         |   | <u>(2,633,850)</u>       | <u>(2,608,163)</u>       |
| Deferred tax assets after offsetting                               | ₩ | <u>671,609</u>           | <u>608,924</u>           |
| Deferred tax liabilities after offsetting                          | ₩ | <u>919,996</u>           | <u>994,330</u>           |

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- 2) The movement in deferred income tax assets and liabilities as of December 31, 2024 and 2023, before taking into consideration the offsetting of balances, is as follows:

| (in millions of Korean won)                                             |   | 2024        |                                |                                  |             |
|-------------------------------------------------------------------------|---|-------------|--------------------------------|----------------------------------|-------------|
|                                                                         |   | Beginning   | Statement of<br>profit or loss | Other<br>comprehensive<br>income | Ending      |
| <b>Deferred tax liabilities</b>                                         |   |             |                                |                                  |             |
| Investments in subsidiaries,<br>associates and joint<br>ventures        | ₩ | (270,230)   | 730                            | (1,194)                          | (270,694)   |
| Depreciation and impairment<br>loss                                     |   | (112,124)   | 9,797                          | -                                | (102,327)   |
| Plan assets                                                             |   | (533,707)   | 71,001                         | 590                              | (462,116)   |
| Advanced depreciation<br>provision                                      |   | (518,080)   | (5,128)                        | -                                | (523,208)   |
| Contract assets                                                         |   | (421,824)   | 4,301                          | -                                | (417,523)   |
| Financial assets at fair value<br>through profit or loss                |   | 84          | 7,233                          | -                                | 7,317       |
| Financial assets at fair value<br>through other<br>comprehensive income |   | (102,627)   | 14,656                         | (1,932)                          | (89,903)    |
| Others                                                                  |   | (649,655)   | (113,707)                      | (12,034)                         | (775,396)   |
| Total                                                                   | ₩ | (2,608,163) | (11,117)                       | (14,570)                         | (2,633,850) |
| <b>Deferred tax assets</b>                                              |   |             |                                |                                  |             |
| Depreciation and impairment<br>loss                                     | ₩ | 116,746     | (10,711)                       | -                                | 106,035     |
| Contract liabilities                                                    |   | 111,978     | (2,429)                        | -                                | 109,549     |
| Defined benefit liabilities                                             |   | 515,991     | (66,182)                       | 42,110                           | 491,919     |
| Provisions                                                              |   | 146,171     | 20,394                         | -                                | 166,565     |
| Others                                                                  |   | 1,202,601   | 162,549                        | 1,631                            | 1,366,781   |
| Total                                                                   | ₩ | 2,093,487   | 103,621                        | 43,741                           | 2,240,849   |
| Temporary difference, net                                               |   | (514,676)   | 92,504                         | 29,171                           | (393,001)   |
| Tax credit carryforwards                                                |   | 129,270     | 15,344                         | -                                | 144,614     |
| Total net balance                                                       | ₩ | (385,406)   | 107,848                        | 29,171                           | (248,387)   |

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| (in millions of Korean won)                                             |   | 2023        |                                |                                  |             |
|-------------------------------------------------------------------------|---|-------------|--------------------------------|----------------------------------|-------------|
|                                                                         |   | Beginning   | Statement of<br>profit or loss | Other<br>comprehensive<br>income | Ending      |
| <b>Deferred tax liabilities</b>                                         |   |             |                                |                                  |             |
| Investments in subsidiaries,<br>associates and joint<br>ventures        | ₩ | (255,184)   | (7,821)                        | (7,225)                          | (270,230)   |
| Depreciation and impairment<br>loss                                     |   | (151,433)   | 39,309                         | -                                | (112,124)   |
| Plan assets                                                             |   | (542,900)   | 8,367                          | 826                              | (533,707)   |
| Advanced depreciation<br>provision                                      |   | (521,939)   | 3,859                          | -                                | (518,080)   |
| Contract assets                                                         |   | (424,302)   | 2,478                          | -                                | (421,824)   |
| Financial assets at fair value<br>through profit or loss                |   | (420)       | 461                            | 43                               | 84          |
| Financial assets at fair value<br>through other<br>comprehensive income |   | (60,629)    | (53)                           | (41,945)                         | (102,627)   |
| Others                                                                  |   | (738,153)   | 90,876                         | (2,378)                          | (649,655)   |
| Total                                                                   | ₩ | (2,694,960) | 137,476                        | (50,679)                         | (2,608,163) |
| <b>Deferred tax assets</b>                                              |   |             |                                |                                  |             |
| Depreciation and impairment<br>loss                                     |   | 188,832     | (71,689)                       | (397)                            | 116,746     |
| Contract liabilities                                                    |   | 121,289     | (9,311)                        | -                                | 111,978     |
| Defined benefit liabilities                                             |   | 481,858     | (6,705)                        | 40,838                           | 515,991     |
| Provisions                                                              |   | 151,955     | (5,784)                        | -                                | 146,171     |
| Others                                                                  |   | 1,258,848   | (58,388)                       | 2,141                            | 1,202,601   |
| Total                                                                   | ₩ | 2,202,782   | (151,877)                      | 42,582                           | 2,093,487   |
| Temporary difference, net                                               |   | (492,178)   | (14,401)                       | (8,097)                          | (514,676)   |
| Tax credit carryforwards                                                |   | 102,971     | 26,299                         | -                                | 129,270     |
| Total net balance                                                       | ₩ | (389,207)   | 11,898                         | (8,097)                          | (385,406)   |

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- 3) The tax impacts recognized directly to equity as of December 31, 2024 and 2023, are as follows:

| (in millions of Korean won)                                                            |   | December 31, 2024  |            |                   | December 31, 2023  |            |                   |
|----------------------------------------------------------------------------------------|---|--------------------|------------|-------------------|--------------------|------------|-------------------|
|                                                                                        |   | Before recognition | Tax effect | After recognition | Before recognition | Tax effect | After recognition |
| Gain on valuation of financial assets at fair value through other comprehensive income | ₩ | 7,626              | (1,932)    | 5,694             | 163,750            | (41,945)   | 121,805           |
| Loss on valuation of hedge instruments                                                 |   | (17,707)           | 4,555      | (13,152)          | (30,168)           | 7,555      | (22,613)          |
| Remeasurements of net defined benefit liabilities                                      |   | (159,757)          | 42,700     | (117,057)         | (179,129)          | 41,664     | (137,465)         |
| Share of gain of associates and joint ventures, and others                             |   | 4,715              | (1,194)    | 3,521             | 28,715             | (7,225)    | 21,490            |
| Exchange differences on translation for foreign operations                             |   | 59,053             | (14,958)   | 44,095            | 32,376             | (8,146)    | 24,230            |
| Gain or loss on disposal of treasury stock                                             |   | (76)               | 19         | (57)              | 402                | (101)      | 301               |
| Total                                                                                  | ₩ | (106,146)          | 29,190     | (76,956)          | 15,946             | (8,198)    | 7,748             |

**(2) Income Tax Expense**

- 1) Details of income tax expense for the years ended December 31, 2024 and 2023, are calculated as follows:

| (in millions of Korean won)              | 2024      | 2023     |
|------------------------------------------|-----------|----------|
| Current income tax expenses              | ₩ 275,454 | 347,265  |
| Impact of change in temporary difference | (107,848) | (11,898) |
| Income tax expense                       | ₩ 167,606 | 335,367  |

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- 2) The relationship between the Group's profit before tax and income tax expense for the years ended December 31, 2024 and 2023, is as follows:

| <i>(in millions of Korean won)</i>         | <b>2024</b> | <b>2023</b> |
|--------------------------------------------|-------------|-------------|
| Profit before income tax                   | ₩ 584,701   | 1,324,085   |
| Expected tax expense at statutory tax rate | ₩ 143,999   | 339,196     |
| Tax effect:                                |             |             |
| Income not taxable for tax purposes        | (37,505)    | (30,106)    |
| Expenses not deductible for tax purposes   | 29,192      | 26,723      |
| Tax credit and deductions                  | (42,422)    | (78,459)    |
| Others                                     | 74,342      | 78,013      |
| Income tax expense                         | ₩ 167,606   | 335,367     |

**(3) Deferred tax assets and deferred tax liabilities Not Recognized**

- 1) Details of deferred tax assets and liabilities that are not recognized as of December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>                            | <b>2024</b> | <b>2023</b> |
|---------------------------------------------------------------|-------------|-------------|
| Deductible temporary differences                              |             |             |
| Investment in subsidiaries, associates,<br>and joint ventures | ₩ 3,799,037 | 3,520,173   |
| Unused tax loss                                               | 212,283     | 203,200     |
| Unused Tax credit                                             | 5,071       | 2,338       |
| Others                                                        | 141,405     | 437,238     |
| Total                                                         | ₩ 4,157,796 | 4,162,949   |
| Taxable temporary differences                                 |             |             |
| Investment in subsidiaries, associates,<br>and joint ventures | ₩ 859,471   | 903,394     |
| Others                                                        | 2,631       | 211,201     |
| Total                                                         | ₩ 862,102   | 1,114,595   |

- 2) The expected period of expiry for unused tax losses not recognized in deferred tax assets as of December 31, 2024 and 2023, is as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b> | <b>2023</b> |
|------------------------------------|-------------|-------------|
| Less than 1 year                   | 2,836       | 4,484       |
| 1~5 years                          | 7,326       | 11,936      |
| 5~10 years                         | 8,902       | 8,745       |
| More than 10 years                 | 193,219     | 178,035     |
| Total                              | ₩ 212,283   | 203,200     |

**KT Corporation and Subsidiaries**  
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**30. Earnings per Share**

(1) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit from operations attributable to the ordinary shares by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares held by the Group as treasury stock.

Basic earnings per share from operations for the years ended December 31, 2024 and 2023, is calculated as follows:

|                                                                                                            | <u>2024</u>        | <u>2023</u>        |
|------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Profit attributable to ordinary shares of owners of the Controlling Company<br>(in millions of Korean won) | ₩ 469,233          | 1,008,715          |
| Weighted average number of ordinary shares outstanding (in number of shares)                               | <u>245,910,192</u> | <u>249,470,072</u> |
| Basic earnings per share (in Korean won)                                                                   | <u>₩ 1,908</u>     | <u>4,043</u>       |

Diluted earnings per share from operations is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares from convertible bond and other share-based compensation.

(2) Diluted Earnings per Share

Diluted earnings per share from operations is calculated by adjusting the weighted average number of ordinary shares outstanding assuming that all dilutive potential ordinary shares are converted into ordinary shares. The Group has dilutive potential ordinary shares from convertible bonds, convertible preferred stock, other share-based payments and others:

|                                                                                | <u>2024</u>        | <u>2023</u>        |
|--------------------------------------------------------------------------------|--------------------|--------------------|
| Profit attributable to ordinary shares<br>(in millions of Korean won)          | ₩ 469,233          | 1,008,715          |
| Diluted profit attributable to ordinary shares<br>(in millions of Korean won)  | ₩ 468,835          | 1,007,888          |
| Number of dilutive potential ordinary shares outstanding (in number of shares) | 94,393             | 119,263            |
| Weighted average number of ordinary shares outstanding (in number of shares)   | <u>246,004,585</u> | <u>249,589,335</u> |
| Diluted earnings per share (in Korean won)                                     | <u>₩ 1,906</u>     | <u>4,038</u>       |

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Diluted earnings per share is earnings per ordinary shares and dilutive potential ordinary shares. Diluted earnings per share is calculated by dividing diluted earnings for ordinary shares by the sum of the number of ordinary shares and dilutive potential ordinary shares. Convertible bonds and convertible preferred stocks without dilutive effects are excluded from the calculation.

### 31. Dividend

The dividends paid by the Group in 2024 were ₩ 482,970 million (₩ 1,960 per share). The quarterly dividends paid by the Group in 2024 were ₩ 368,685 million (₩ 500 per share). The dividends paid by the Group in 2023 were ₩ 501,844 million (₩ 1,960 per share). A dividend in respect of the year ended December 31, 2024, of ₩ 500 per share, amounting to a total dividend of ₩ 122,916 million, is to be proposed at the shareholders' meeting on March 31, 2025.

### 32. Cash Generated from Operations

(1) Cash flows from operating activities for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                                                                                | 2024      | 2023      |
|--------------------------------------------------------------------------------|-----------|-----------|
| <b>1. Profit for the period</b>                                                | ₩ 417,094 | 988,718   |
| <b>2. Adjustments for:</b>                                                     |           |           |
| Income tax expense                                                             | 167,607   | 335,367   |
| Interest income <sup>1</sup>                                                   | (409,540) | (392,580) |
| Interest expense <sup>1</sup>                                                  | 432,537   | 410,566   |
| Dividends income <sup>2</sup>                                                  | (70,914)  | (59,758)  |
| Depreciation                                                                   | 2,866,974 | 2,773,152 |
| Amortization of intangible assets                                              | 651,649   | 691,909   |
| Depreciation of right-of-use assets                                            | 410,925   | 402,737   |
| Provisions for severance benefits (defined benefits)                           | 234,435   | 196,027   |
| Impairment losses on trade receivables                                         | 184,942   | 175,244   |
| Share of net profit or loss of associates and joint ventures                   | (8,294)   | 44,323    |
| Gain on disposal of associates and joint ventures                              | (19,057)  | (6,982)   |
| Gain on disposal of subsidiaries                                               | (44,690)  | (28,825)  |
| Loss on disposal of property, equipment and investment properties <sup>3</sup> | 13,894    | 511       |
| Impairment loss on property and equipment                                      | 7,183     | 7,871     |
| Gain on disposal of right-of-use assets                                        | (389)     | (1,465)   |
| Loss on disposal of intangible assets                                          | 9,402     | 3,601     |
| Impairment loss on intangible assets                                           | 237,877   | 236,106   |
| Loss on foreign currency translation                                           | 383,045   | 83,899    |
| Gain on valuation and settlement of derivatives                                | (434,765) | (37,249)  |
| Loss on disposal of financial assets at amortized cost                         | 1         | 1         |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

|                                                                                         |          |         |
|-----------------------------------------------------------------------------------------|----------|---------|
| Gain on disposal of financial assets at fair value through profit or loss               | (10,793) | (2,225) |
| Loss on valuation of financial assets at fair value through profit or loss <sup>4</sup> | 95,118   | 13,920  |
| Others                                                                                  | 166,366  | 158,820 |

### 3. Changes in operating assets and liabilities

|                                                       |           |             |
|-------------------------------------------------------|-----------|-------------|
| Increase in trade receivables                         | (79,503)  | (124,023)   |
| Decrease (Increase) in other receivables              | 384,941   | (1,085,527) |
| Decrease in other current assets                      | 77,878    | 250,569     |
| Increase in other non-current assets                  | (102,599) | (81,101)    |
| Increase in inventories                               | (29,225)  | (249,923)   |
| Increase (decrease) in trade payables                 | (233,799) | 121,515     |
| Increase (decrease) in other payables                 | (289,044) | 829,220     |
| Increase in other current liabilities                 | 568,475   | 314,208     |
| Decrease in other non-current liabilities             | (2,609)   | (3,117)     |
| Decrease in provisions                                | (6,536)   | (5,083)     |
| Increase (decrease) in deferred revenue               | (1,900)   | 905         |
| Decrease in plan assets                               | 344,869   | 115,725     |
| Payment of post-employment benefits (defined benefit) | (562,307) | (329,861)   |

### 4. Cash generated from operations (1+2+3)

|           |           |
|-----------|-----------|
| 5,349,248 | 5,747,195 |
|-----------|-----------|

<sup>1</sup> Subsidiaries such as BC Card Co., Ltd. recognize interest income and expense as operating revenue and expense, respectively. Interest income of ₩ 106,005 million (2023: ₩ 112,973 million) recognized as operating revenue and interest expense of ₩ 57,872 million (2023: ₩ 55,677 million) recognized as operating expense, for the year ended December 31, 2024, are included in the adjustment.

<sup>2</sup> BC Card Co., Ltd. recognized dividend income as operating revenue. Dividend income of ₩ 1,701 million recognized as operating revenue for the year ended December 31, 2024 (2023: ₩ 1,759 million) is included in the adjustment.

<sup>3</sup> Gains and losses on disposal of investment properties of KT Estate Inc. are presented as operating revenue and operating expense, respectively. Gain on disposal of investment properties of ₩ 28,725 million (2023: gain on disposal of investment properties of ₩ 49,752 million) recognized as operating revenue and expense, for the year ended December 31, 2024, is included in the adjustment.

<sup>4</sup> Subsidiaries such as KT Investment Co., Ltd. recognized gain and loss on valuation of financial assets at fair value through profit or loss as operating revenue and expense, respectively. Net loss on valuation of financial assets at fair value through profit or loss of ₩ 576 million (2023: net loss on valuation of financial assets at fair value through profit or loss of ₩ 11,112 million) that is recognized as operating revenue and expense, for the year ended December 31, 2024, is included in the adjustment.

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(3) Significant transactions not affecting cash flows for years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                                                                            |   | <b>2024</b> | <b>2023</b> |
|----------------------------------------------------------------------------|---|-------------|-------------|
| Reclassification of current portion of borrowings                          | ₩ | 3,046,361   | 1,731,998   |
| Reclassification of construction-in-progress to property and equipment     |   | 2,324,080   | 3,123,611   |
| Change of other payables relating to acquisition of property and equipment |   | 245,099     | (293,448)   |
| Change of other payables relating to acquisition of intangible assets      |   | (291,574)   | (276,491)   |
| Reclassification of other payables from net defined benefit liabilities    |   | (178)       | 1,425       |
| Increase in financial assets due to stock exchange                         |   | 52,841      | -           |

**33. Changes in Liabilities Arising from Financing Activities**

Details of changes in liabilities arising from financing activities, liabilities related to cashflow to be classified as future financing activities, for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                        |   | <b>2024</b>       |                   |                    |                               |                              |                          |                   |
|------------------------|---|-------------------|-------------------|--------------------|-------------------------------|------------------------------|--------------------------|-------------------|
|                        |   | <b>Others</b>     |                   |                    |                               |                              |                          |                   |
|                        |   | <b>Beginning</b>  | <b>Cash flows</b> | <b>Acquisition</b> | <b>Changes in<br/>FX rate</b> | <b>Fair value<br/>change</b> | <b>Other<br/>changes</b> | <b>Ending</b>     |
| Borrowings             | ₩ | 10,218,165        | (135,227)         | -                  | 399,510                       | -                            | 38,243                   | 10,520,691        |
| Lease liabilities      |   | 1,179,909         | (414,172)         | 324,330            | -                             | 264                          | (30,878)                 | 1,059,453         |
| Derivative liabilities |   | 24,547            | (419)             | -                  | -                             | (1,903)                      | (22,222)                 | 3                 |
| Derivative assets      |   | (159,211)         | 81,007            | -                  | -                             | (360,892)                    | (6,375)                  | (445,471)         |
| Total                  | ₩ | <u>11,263,410</u> | <u>(468,811)</u>  | <u>324,330</u>     | <u>399,510</u>                | <u>(362,531)</u>             | <u>(21,232)</u>          | <u>11,134,676</u> |

(In millions of Korean won)

|                        |   | <b>2023</b>       |                   |                    |                               |                              |                          |                   |
|------------------------|---|-------------------|-------------------|--------------------|-------------------------------|------------------------------|--------------------------|-------------------|
|                        |   | <b>Others</b>     |                   |                    |                               |                              |                          |                   |
|                        |   | <b>Beginning</b>  | <b>Cash flows</b> | <b>Acquisition</b> | <b>Changes in<br/>FX rate</b> | <b>Fair value<br/>change</b> | <b>Other<br/>changes</b> | <b>Ending</b>     |
| Borrowings             | ₩ | 10,006,685        | 106,118           | -                  | 45,370                        | 1,719                        | 58,273                   | 10,218,165        |
| Lease liabilities      |   | 1,172,038         | (407,051)         | 460,617            | -                             | 24                           | (45,719)                 | 1,179,909         |
| Derivative liabilities |   | 33,555            | -                 | -                  | 10,888                        | 9,643                        | (29,539)                 | 24,547            |
| Derivative assets      |   | (190,830)         | 48,183            | -                  | 32,487                        | 1,788                        | (50,839)                 | (159,211)         |
| Total                  | ₩ | <u>11,021,448</u> | <u>(252,750)</u>  | <u>460,617</u>     | <u>88,745</u>                 | <u>13,174</u>                | <u>(67,824)</u>          | <u>11,263,410</u> |

# KT Corporation and Subsidiaries

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#### 34. Segment Information

(1) The management of the Group determines the operating segments based on the reported information when establishing the business strategy.

| Details      | Business service                                                                              |
|--------------|-----------------------------------------------------------------------------------------------|
| ICT          | Mobile/fixed line telecommunication service and convergence business, B2B business and others |
| Finance      | Credit card business                                                                          |
| Satellite TV | Satellite TV business                                                                         |
| Real estate  | Residential building development and supply                                                   |
| Others       | IT, facility security, global business, and others                                            |

(2) Details of each segment for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                     | 2024               |                  |                                            |
|---------------------|--------------------|------------------|--------------------------------------------|
|                     | Operating revenues | Operating income | Depreciation and amortization <sup>1</sup> |
| ICT                 | ₩ 18,579,678       | 346,489          | 3,230,522                                  |
| Finance             | 3,557,455          | 143,692          | 33,629                                     |
| Satellite TV        | 706,305            | 41,005           | 48,121                                     |
| Real estate         | 595,814            | 114,176          | 69,363                                     |
| Others              | 8,204,574          | 182,972          | 604,753                                    |
|                     | 31,643,826         | 828,334          | 3,986,388                                  |
| Elimination         | (5,212,622)        | (18,863)         | (108,677)                                  |
| Consolidated amount | ₩ 26,431,204       | 809,471          | 3,877,711                                  |

<sup>1</sup> Sum of the amortization of property and equipment, intangible assets, investment properties and right-of-use assets.

(in millions of Korean won)

|                     | 2023               |                  |                                            |
|---------------------|--------------------|------------------|--------------------------------------------|
|                     | Operating revenues | Operating income | Depreciation and amortization <sup>1</sup> |
| ICT                 | ₩ 18,371,437       | 1,185,392        | 3,183,408                                  |
| Finance             | 3,720,859          | 92,199           | 37,150                                     |
| Satellite TV        | 708,217            | 44,482           | 52,871                                     |
| Real estate         | 583,504            | 89,959           | 70,653                                     |
| Others              | 8,118,542          | 240,049          | 584,738                                    |
|                     | 31,502,559         | 1,652,081        | 3,928,820                                  |
| Elimination         | (5,126,286)        | (2,307)          | (118,689)                                  |
| Consolidated amount | ₩ 26,376,273       | 1,649,774        | 3,810,131                                  |

<sup>1</sup> Sum of the amortization of property and equipment, intangible assets, investment properties and right-of-use assets.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(3) Operating revenues for the years ended December 31, 2024 and 2023, and non-current assets as of December 31, 2024 and 2023, by geographical regions, are as follows:

| (in millions of Korean won) |   | Operating revenues |            | Non-current assets <sup>1</sup> |                   |
|-----------------------------|---|--------------------|------------|---------------------------------|-------------------|
| Location                    |   | 2024               | 2023       | December 31, 2024               | December 31, 2023 |
| Domestic                    | ₩ | 26,254,006         | 26,206,763 | 20,021,125                      | 20,725,694        |
| Overseas                    |   | 177,198            | 169,510    | 179,815                         | 183,344           |
| Total                       | ₩ | 26,431,204         | 26,376,273 | 20,200,940                      | 20,909,038        |

<sup>1</sup> Sum of property and equipment, intangible assets, investment properties and right-of-use assets.

### 35. Related Party Transactions

(1) The list of related party of the Group as of December 31, 2024, is as follows:

| Relationship                  | Name of Entity                                                                                                                                                                     |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Associates and joint ventures | 49 entities such as K Bank Inc., KIF Investment Fund, Megazone Cloud Corporation, and KIAMCO Data Center Development Real Estate General Private Placement Investment Blind Trusts |
| Others <sup>1</sup>           | Goody Studio Co., Ltd., Rebellion Inc., Digital Pharm Co., Ltd., Mastern No.127 Logispont Daegu Co., KORAMKO No. 143 General Private Real Estate Investment Company and others     |

<sup>1</sup> Included within the scope of related parties under Korean IFRS 1024 due to the presence of significant influence, even though treated in accordance with Korean IFRS 1109.

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(2) Outstanding balances of receivables and payables in relations to transactions with related parties as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                               |                                                                | December 31, 2024 |                   |                |                |                   |
|-------------------------------|----------------------------------------------------------------|-------------------|-------------------|----------------|----------------|-------------------|
| Relationship                  | Name of Entity                                                 | Receivables       |                   | Payables       |                |                   |
|                               |                                                                | Trade receivables | Other receivables | Trade payables | Other payables | Lease liabilities |
| Associates and joint ventures | K Bank, Inc.                                                   | ₩ 778             | 147,868           | -              | 83             | -                 |
|                               | Little Big Pictures                                            | 235               | 1,396             | -              | 2              | -                 |
|                               | K-Realty 11th Real Estate Investment Trust Company             | 113               | 1,283             | -              | -              | 4,588             |
|                               | K-Realty No.3 Real Estate General Private Placement Investment | 7,911             | -                 | -              | -              | -                 |
|                               | Others                                                         | 2,439             | 1,628             | 1,302          | 1,326          | -                 |
|                               | Others                                                         | 138               | 240               | 1              | -              | -                 |
|                               | Total                                                          | ₩ 11,614          | 152,415           | 1,303          | 1,411          | 4,588             |

(In millions of Korean won)

| (In millions of Korean won)   |                                                                | December 31, 2023 |                   |                   |                |                |                   |       |
|-------------------------------|----------------------------------------------------------------|-------------------|-------------------|-------------------|----------------|----------------|-------------------|-------|
|                               |                                                                | Receivables       |                   |                   | Payables       |                |                   |       |
|                               |                                                                | Trade receivables | Other receivables | Lease receivables | Trade payables | Other payables | Lease liabilities |       |
| Associates and joint ventures | K Bank, Inc.                                                   | ₩                 | 862               | 326,006           | 769            | -              | 299               | -     |
|                               | Little Big Pictures                                            |                   | 232               | 3,473             | -              | 9              | 6                 | -     |
|                               | K-Realty 11th Real Estate Investment Trust Company             |                   | 110               | 1,283             | -              | -              | -                 | 6,732 |
|                               | K-Realty No.3 Real Estate General Private Placement Investment |                   | 4,576             | -                 | -              | -              | -                 | -     |
|                               | Others                                                         |                   | 2,044             | 162               | -              | 2,900          | 3,029             | -     |
|                               | Total                                                          | ₩                 | 7,824             | 330,924           | 769            | 2,909          | 3,334             | 6,732 |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

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(4) Significant transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                               |                                                                        | 2024              |              |                    |                     |                                    |                 |                  |                 |
|-------------------------------|------------------------------------------------------------------------|-------------------|--------------|--------------------|---------------------|------------------------------------|-----------------|------------------|-----------------|
| Relationship                  | Name of Entity                                                         | Sales             |              | Purchases          |                     | Acquisition of right-of-use assets | Interest income | Interest expense | Dividend income |
|                               |                                                                        | Operating revenue | Other income | Operating expenses | Others <sup>1</sup> |                                    |                 |                  |                 |
| Associates and joint ventures | K Bank, Inc.                                                           | ₩ 31,721          | -            | 22,548             | -                   | -                                  | 6,678           | -                | -               |
|                               | HD Hyundai Robotics Co., Ltd.                                          | 75                | -            | -                  | -                   | -                                  | -               | -                | -               |
|                               | K-Realty 11th Real Estate Investment Trust Company                     | 36                | 200          | 2,547              | -                   | 11                                 | -               | 182              | 401             |
|                               | K-Realty No.3 Real Estate General Private Placement Investment Company | 31,956            | 330          | -                  | -                   | -                                  | -               | -                | -               |
|                               | Others <sup>2</sup>                                                    | 24,885            | 649          | 33,803             | 1                   | -                                  | -               | -                | 4,769           |
| Others                        | Others                                                                 | 167               | 4            | 246                | 2,470               | -                                  | -               | -                | -               |
|                               | Total                                                                  | ₩ 88,840          | 1,183        | 59,144             | 2,471               | 11                                 | 6,678           | 182              | 5,170           |

<sup>1</sup>The amount of acquisition of property, equipment and others is included.

<sup>2</sup> Transactions with LS Marine Solution Co., Ltd., QTT Global (Group) Company Limited and OASISALPHA Corporation before they were classified as non-affiliated companies are included.

(In millions of Korean won)

|                               |                                                                        | 2023              |              |                    |                     |                                    |                 |                  |                 |
|-------------------------------|------------------------------------------------------------------------|-------------------|--------------|--------------------|---------------------|------------------------------------|-----------------|------------------|-----------------|
| Relationship                  | Name of Entity                                                         | Sales             |              | Purchases          |                     | Acquisition of right-of-use assets | Interest income | Interest expense | Dividend income |
|                               |                                                                        | Operating revenue | Other income | Operating expenses | Others <sup>1</sup> |                                    |                 |                  |                 |
| Associates and joint ventures | K Bank, Inc.                                                           | ₩ 22,701          | -            | 13,429             | -                   | -                                  | 8,264           | -                | -               |
|                               | HD Hyundai Robotics Co., Ltd.                                          | 78                | -            | 182                | -                   | -                                  | -               | -                | -               |
|                               | K-Realty 11th Real Estate Investment Trust Company                     | 146               | 200          | 2,559              | -                   | 7                                  | -               | 261              | 507             |
|                               | K-Realty No.3 Real Estate General Private Placement Investment Company | 6,084             | 132          | -                  | -                   | -                                  | -               | -                | -               |
|                               | Others <sup>2,3</sup>                                                  | 20,515            | 793          | 42,032             | 137                 | -                                  | -               | -                | 1,279           |
| Others                        | Digital Pharm Co., Ltd.                                                | 1                 | -            | -                  | -                   | -                                  | -               | -                | -               |
|                               | Total                                                                  | ₩ 49,525          | 1,125        | 58,202             | 137                 | 7                                  | 8,264           | 261              | 1,786           |

<sup>1</sup>The amount of acquisition of property, equipment and others is included.

<sup>2</sup> Transactions with KT Living, Inc. (formerly KD Living, Inc.) before it was classified as a subsidiary of the Group are included.

<sup>3</sup> Transactions with FUNDA Co., Ltd, Maruee Limited Company Specializing in the Cultural Industry, Mastern No.127 Logispont Daegu Co., Ltd. before they were classified as non-affiliated companies are included.

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(5) Key management compensation for the years ended December 31, 2024 and 2023, consists of:

| <i>(In millions of Korean won)</i> |   | <b>2024</b>  | <b>2023</b>  |
|------------------------------------|---|--------------|--------------|
| Sort-term benefits                 | ₩ | 1,666        | 1,494        |
| Post-employment benefits           |   | 193          | 153          |
| Share-based compensation           |   | 1,225        | 569          |
| Total                              | ₩ | <u>3,084</u> | <u>2,216</u> |

(6) Fund transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

| <i>(In millions of Korean won)</i>                 |   | <b>2024</b>                               |                             |
|----------------------------------------------------|---|-------------------------------------------|-----------------------------|
|                                                    |   | <b>Borrowing transactions<sup>1</sup></b> | <b>Equity contributions</b> |
|                                                    |   | <b>Borrowings</b>                         | <b>Repayments</b>           |
|                                                    |   |                                           | <b>in cash</b>              |
| <b>Associates and joint ventures</b>               |   |                                           |                             |
| IBK-KT Young Entrepreneurs MARS Investment Fund    | ₩ | -                                         | -                           |
| K-Realty 11th Real Estate Investment Trust Company |   | -                                         | 2,337                       |
| TeamFresh Corp. <sup>2</sup>                       |   | -                                         | -                           |
| Others                                             |   | -                                         | -                           |
| <b>Others</b>                                      |   |                                           |                             |
| Rebellions Co.,Ltd.                                |   | -                                         | -                           |
| Total                                              | ₩ | <u>-</u>                                  | <u>2,337</u>                |

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(In millions of Korean won)

| (In millions of Korean won)                                            |   | 2023                                |            |                              |
|------------------------------------------------------------------------|---|-------------------------------------|------------|------------------------------|
|                                                                        |   | Borrowing transactions <sup>1</sup> |            | Equity contributions in cash |
|                                                                        |   | Borrowings                          | Repayments |                              |
| Associates and joint ventures                                          |   |                                     |            |                              |
| K-Realty 11th Real Estate Investment Trust Company                     | ₩ | -                                   | 1,037      | -                            |
| STIC Place General Private Placement Real Estate Investment Trust No.2 |   | -                                   | -          | 20,000                       |
| Telco Credit Bureau Co.,Ltd.                                           |   | -                                   | -          | 6,500                        |
| Pacific geumto no.75 private hybrid asset fund                         |   | -                                   | -          | 19,000                       |
| KIAMCO Data Center Blind Fund                                          |   | -                                   | -          | 15,000                       |
| STIC Mixed Asset Investment Trust No. 1                                |   | -                                   | -          | 10,930                       |
| Others <sup>3</sup>                                                    |   | -                                   | -          | 31,107                       |
| Others                                                                 |   |                                     |            |                              |
| Rebellions Co.,Ltd.                                                    |   | -                                   | -          | 19,998                       |
| Total                                                                  | ₩ | -                                   | 1,037      | 122,535                      |

<sup>1</sup> Borrowing transactions include lease transactions.

<sup>2</sup> The transaction involved acquiring redeemable convertible preference shares of TeamFresh Corp. and occurred in the process of exchange with the shares of Lolab Co., Ltd. that were held.

<sup>3</sup> Transactions with Daemuga Limited Company Specializing in the Cultural Industry, Maruee Limited Company Specializing in the Cultural Industry before they were classified as non-affiliated companies are included.

(7) Provision of collateral and investment agreement and others

The Group has an obligation according to invest agreements with related parties such as KIAMCO Data Center Blind Fund. As of December 31, 2024 the Group has a plan to make an additional investment of ₩ 99,633 million.

(8) As of December 31, 2024, the limit of the credit card contract provided by the Group to K Bank, Inc. and others is ₩ 1,447 million (December 31, 2023: ₩ 1,050 million).

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### **36. Financial Risk Management**

##### **(1) Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures such as cash flow risk.

The Group's financial policy is set up in the long-term perspective and annually reported to the Board of Directors. The financial risk management is carried out by the Value Management Office, which identifies, evaluates and hedges financial risks. The treasury department in the Value Management Office considers various finance market conditions to estimate the effect from the market changes.

##### **1) Market risk**

The Group's market risk management focuses on controlling the extent of exposure to the risk in order to minimize revenue volatility. Market risk is a risk that decreases value or profit of the Group's portfolio due to changes in market interest rate, foreign exchange rate and other factors.

##### **(i) Sensitivity analysis**

Sensitivity analysis is performed for each type of market risk to which the Group is exposed. Reasonably possible changes in the relevant risk variable such as prevailing market interest rates, currency rates, equity prices or commodity prices are estimated and if the rate of change in the underlying risk variable is stable, the Group does not alter the chosen reasonably possible change in the risk variable. The reasonably possible change does not include remote or 'worst case' scenarios or 'stress tests'.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### (ii) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from operating, investing and financing activities. Foreign exchange risk is managed within the range of the possible effect on the Group's cash flows. Foreign exchange risk (i.e. foreign currency translation of overseas operating assets and liabilities) unaffacting the Group's cash flows is not hedged but can be hedged at a particular situation.

As of December 31, 2024 and 2023, if the foreign exchange rate had strengthened or weakened by 10% with all other variables held constant, the effects on profit before income tax and equity would have been as follows:

| <i>(in millions of Korean won)</i> | <b>Fluctuation of<br/>foreign exchange rate</b> | <b>Impact on profit<br/>before income tax<sup>1</sup></b> | <b>Impact on equity</b> |
|------------------------------------|-------------------------------------------------|-----------------------------------------------------------|-------------------------|
|                                    | + 10%                                           | ₩ (6,452) ₩                                               | (15,351)                |
| 2024.12.31                         | - 10%                                           | 6,452                                                     | 15,351                  |
|                                    | + 10%                                           | ₩ (10,313) ₩                                              | (18,460)                |
| 2023.12.31                         | - 10%                                           | 10,313                                                    | 18,460                  |

<sup>1</sup> Computed with consideration of derivatives hedging effect applied by the Group to hedge foreign exchange risk of liabilities in foreign currencies

The analysis above is a simple sensitivity analysis, which assumes that all the variables other than foreign exchange rates are held constant. Therefore, the analysis does not reflect any correlation between foreign exchange rates and other variables, nor management's decision to decrease the risk.

Details of significant financial assets and liabilities in foreign currencies as of December 31, 2024 and 2023, are as follows:

| <i>(in thousands of foreign currencies)</i> | <b>December 31, 2024</b>    |                                  | <b>December 31, 2023</b>    |                                  |
|---------------------------------------------|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
|                                             | <b>Financial<br/>assets</b> | <b>Financial<br/>liabilities</b> | <b>Financial<br/>assets</b> | <b>Financial<br/>liabilities</b> |
| USD                                         | 139,459                     | 2,346,061                        | 139,807                     | 2,271,673                        |
| SDR                                         | 254                         | 721                              | 254                         | 722                              |
| JPY                                         | 10,032                      | 7                                | 17,496                      | 400,002                          |
| EUR                                         | 156                         | 7,814                            | 304                         | 7,810                            |
| RWF                                         | -                           | -                                | 402                         | -                                |
| THB                                         | 8,764                       | -                                | 244                         | -                                |
| TZS                                         | 21,868                      | -                                | 21,958                      | -                                |
| BWP                                         | 664                         | -                                | 680                         | -                                |
| VND                                         | 222,914                     | -                                | 380,629                     | -                                |
| SGD                                         | 8,339                       | 7                                | 1,375                       | -                                |
| TWD                                         | -                           | -                                | 1,685                       | -                                |
| CHF                                         | -                           | 33                               | -                           | 25                               |
| PKR                                         | 13,732                      | -                                | 114,025                     | -                                |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### (iii) Price risk

As of December 31, 2024 and 2023, the Group is exposed to equity securities price risk because the securities held by the Group are traded in active markets. If the stock index increased or decreased by 10% with all other variables held constant, the effects on profit before income tax and equity would have been as follows:

| <i>(in millions of Korean won)</i> | <b>Fluctuation of<br/>stock index</b> | <b>Impact on profit<br/>before income tax</b> | <b>Impact on equity</b> |
|------------------------------------|---------------------------------------|-----------------------------------------------|-------------------------|
| 2024.12.31                         | + 10%                                 | ₩ 519                                         | ₩ 129,404               |
|                                    | - 10%                                 | (519)                                         | (129,404)               |
| 2023.12.31                         | + 10%                                 | ₩ 1,473                                       | ₩ 121,423               |
|                                    | - 10%                                 | (1,473)                                       | (121,423)               |

The analysis above is based on the assumption that the equity index increased or decreased by 10% with all other variables held constant and all the Group's marketable equity instruments moved according to the historical correlation with the index. Equity would increase or decrease as a result of gain or loss on equity securities classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

#### (iv) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from liabilities in foreign currency such as foreign currency debentures. Debentures in foreign currency issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by swap transactions. Debentures and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group sets the policy and operates to minimize the uncertainty of changes in interest rates and financial costs.

As of December 31, 2024 and 2023, if the market interest rate had increased or decreased by 100bp with other variables held constant, the effects on profit before income tax and equity would be as follows:

| <i>(in millions of Korean won)</i> | <b>Fluctuation of<br/>interest rate</b> | <b>Impact on profit<br/>before income tax</b> | <b>Impact on equity</b> |
|------------------------------------|-----------------------------------------|-----------------------------------------------|-------------------------|
| 2024.12.31                         | + 100 bp                                | ₩ (1,658)                                     | ₩ (11,903)              |
|                                    | - 100 bp                                | 1,665                                         | 12,337                  |
| 2023.12.31                         | + 100 bp                                | ₩ (2,693)                                     | ₩ (4,718)               |
|                                    | - 100 bp                                | 2,696                                         | 5,037                   |

The analysis above is a simple sensitivity analysis which assumes that all the variables other than market interest rates are held constant. Therefore, the analysis does not reflect any correlation between market interest rates and other variables, nor management's decision to decrease the risk.

# **KT Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### 2) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers, debt securities and others.

##### - Risk management

Credit risk is managed on the Group basis with the purpose of minimizing financial loss. Credit risk arises from the normal transactions and investing activities, where clients or other party fails to discharge an obligation on contract conditions. To manage credit risk, the Group considers the counterparty's credit based on the counterparty's financial conditions, default history and other important factors.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables. To minimize such risk, only financial institutions with strong credit ratings are accepted.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

##### - Security

For some trade receivables, the Group may obtain security in the form of guarantees or letters of credit, etc. which can be called upon if the counterparty defaults under the terms of the agreement.

##### - Impairment of financial assets

The Group has four types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of goods and provision of services,
- contract assets relating to provision of services,
- debt investments carried at fair value through other comprehensive income, and
- other financial assets carried at amortized cost.

While cash equivalents are also subject to the impairment requirement, the identified expected credit loss is immaterial.

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The maximum exposure to credit risk of the Group's financial instruments without considering the value of collaterals as of December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i>                                   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|----------------------------------------------------------------------|--------------------------|--------------------------|
| Cash and cash equivalents<br>(except for cash on hand)               | ₩ 3,711,936              | 2,869,285                |
| Trade and other receivables                                          |                          |                          |
| Financial assets at amortized costs                                  | 7,573,409                | 8,458,259                |
| Financial assets at fair value through<br>other comprehensive income | 114,774                  | 116,198                  |
| Contract assets                                                      | 800,806                  | 832,520                  |
| Other financial assets                                               |                          |                          |
| Derivatives financial assets for hedging                             | 445,471                  | 159,211                  |
| Financial assets at fair value through<br>profit or loss             | 971,805                  | 880,549                  |
| Financial assets at fair value through<br>other comprehensive income | 6,157                    | 5,913                    |
| Financial assets at amortized costs                                  | 962,653                  | 1,385,921                |
| <b>Total</b>                                                         | <b>₩ 14,587,011</b>      | <b>14,707,856</b>        |

The Group is exposed to credit risk for financial guarantee contracts. As of December 31, 2024, the Group's maximum exposure amount is ₩ 108,881 million (December 31, 2023: ₩ 116,719 million).

(i) Trade receivables at amortized costs

The Group applies a simplified method of recognizing the expected credit loss allowance, which uses lifetime expected credit loss for all trade receivables and contact assets.

The Group measures the expected credit loss by considering the future non-recoverable rate of the remaining balance of trade receivables and other receivables at the end of the reporting period. Each trade receivables and other receivables are classified considering the credit risk characteristics and overdue periods in order to measure expected credit loss. The expected credit loss rate calculation is based on historical payment and credit loss information in relation to revenue for 36 months period up to December 31, 2024. Meanwhile, the credit sales assets of BC Card Co., Ltd., a subsidiary, were judged to have low credit risk, so the expected 12-month credit loss was applied.

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### December 31, 2024 and 2023

The expected credit losses reflect forward-looking information. Provision for impairment as of December 31, 2024 and 2023, are as follows:

| December 31, 2024           |                       |             |                      |           |
|-----------------------------|-----------------------|-------------|----------------------|-----------|
| (in millions of Korean won) | Less than<br>6 months | 7-12 months | More than<br>1 years | Total     |
| Expected credit loss rate   | 6.08%                 | 32.37%      | 60.55%               |           |
| Total carrying amounts      | ₩ 3,086,024           | 59,092      | 285,454              | 3,430,570 |
| Provision for impairment    | ₩ (187,649)           | (19,128)    | (172,849)            | (379,626) |

| December 31, 2023           |                       |             |                      |           |
|-----------------------------|-----------------------|-------------|----------------------|-----------|
| (in millions of Korean won) | Less than<br>6 months | 7-12 months | More than<br>1 years | Total     |
| Expected credit loss rate   | 5.43%                 | 21.72%      | 54.55%               | -         |
| Total carrying amounts      | ₩ 3,466,588           | 68,772      | 235,129              | 3,770,489 |
| Provision for impairment    | ₩ (188,086)           | (14,940)    | (128,264)            | (331,290) |

Details of changes in provisions for impairment of trade receivables the years ended December 31, 2024 and 2023, are as follows:

| (in millions of Korean won) | 2024      | 2023     |
|-----------------------------|-----------|----------|
| Beginning balance           | ₩ 331,290 | 343,738  |
| Provision                   | 95,060    | 69,972   |
| Written-off                 | (54,528)  | (80,126) |
| Others                      | 7,804     | (2,294)  |
| Ending balance              | ₩ 379,626 | 331,290  |

As of December 31, 2024, the maximum exposure of the trade receivables carrying amount to credit risk is ₩ 3,050,944 million (December 31, 2023: ₩ 3,439,199 million).

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Impairment of trade receivable for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i> | <u>2024</u> | <u>2023</u> |
|------------------------------------|-------------|-------------|
| Impairment loss                    |             |             |
| Allowance for bad debts            | ₩ 95,060    | 69,972      |

(ii) Cash equivalents (except for cash on hand)

The Group is also exposed to credit risk in relation to financial assets that are measured at fair value through profit or loss. The maximum exposure, as of December 31, 2024, is the carrying amount of these investments.

(iii) Other financial assets at amortized costs

Other financial assets at amortized cost include time deposits, other long-term financial instruments, and others. All of the financial assets at amortized costs are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected losses. Management considers 'low credit risk' for other instruments when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Details of changes in provisions for impairment of other financial assets at amortized costs for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i> | <u>2024</u> | <u>2023</u> |
|------------------------------------|-------------|-------------|
| Beginning balance                  | ₩ 183,636   | 218,543     |
| Provision                          | 82,123      | 114,501     |
| Written-off                        | (105,169)   | (150,014)   |
| Reversal                           | (380)       | (14,941)    |
| Others                             | 44,384      | 15,547      |
| Ending balance                     | ₩ 204,594   | 183,636     |

(iv) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include available-for-sale recognized in the prior financial year.

All of the debt investments at fair value through other comprehensive income are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected losses. Managements consider 'low credit risk' for other instruments when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

The Group is also exposed to credit risk in relation to financial assets that are measured at fair value through other comprehensive income. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

(v) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to financial assets that are measured at fair value through profit or loss. The maximum exposure, as of December 31, 2024, is the carrying amount of these investments.

### 3) Liquidity risk

The Group manages its liquidity risk by liquidity strategy and plans. The Group considers the maturity of financial assets and financial liabilities and the estimated cash flows from operations.

The table below analyzes the Group's liabilities (including interest expenses) into relevant maturity groups based on the remaining period at the date of the end of each reporting period to the contractual maturity date. These amounts are contractual undiscounted cash flows and can differ from the amount in the consolidated financial statements.

(in millions of Korean won)

|                                            |   | December 31, 2024   |           |                      |            |
|--------------------------------------------|---|---------------------|-----------|----------------------|------------|
|                                            |   | Less than<br>1 year | 1-5 years | More than<br>5 years | Total      |
| Trade and other payables                   | ₩ | 7,509,703           | 728,268   | 22,209               | 8,260,180  |
| Borrowings                                 |   |                     |           |                      |            |
| (including debentures)                     |   | 4,206,534           | 5,485,468 | 1,669,798            | 11,361,800 |
| Lease liabilities                          |   | 360,361             | 674,594   | 142,857              | 1,177,812  |
| Other non-derivative financial liabilities |   | 391,039             | 756,024   | 15,280               | 1,162,343  |
| Financial guarantee contracts <sup>1</sup> |   | 108,881             | -         | -                    | 108,881    |
| Total                                      | ₩ | 12,576,518          | 7,644,354 | 1,850,144            | 22,071,016 |

<sup>1</sup> Total amount guaranteed by the Group according to guarantee contracts. Cash flow from financial guarantee contracts is classified as the maturity group in the earliest period when the financial guarantee contracts can be executed.

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(in millions of Korean won)

|                                            |   | December 31, 2023 |           |           |            |
|--------------------------------------------|---|-------------------|-----------|-----------|------------|
|                                            |   | Less than         |           | More than |            |
|                                            |   | 1 year            | 1-5 years | 5 years   | Total      |
| Trade and other payables                   | ₩ | 8,184,036         | 730,340   | 8,040     | 8,922,416  |
| Borrowings                                 |   |                   |           |           |            |
| (including debentures)                     |   | 2,922,557         | 6,027,323 | 1,743,842 | 10,693,722 |
| Lease liabilities                          |   | 313,431           | 617,561   | 409,174   | 1,340,166  |
| Other non-derivative financial liabilities |   | 372,743           | 747,221   | 10,073    | 1,130,037  |
| Financial guarantee contracts <sup>1</sup> |   | 13,719            | 103,000   | -         | 116,719    |
| Total                                      | ₩ | 11,806,486        | 8,225,445 | 2,171,129 | 22,203,060 |

<sup>1</sup> Total amount guaranteed by the Group according to guarantee contracts. Cash flow from financial guarantee contracts is classified as the maturity group in the earliest period when the financial guarantee contracts can be executed.

As of December 31, 2024, the cash outflows and inflows by maturity of the Group's derivatives held for trading and gross-settled derivatives, are as follows:

(in millions of Korean won)

|                                                  |   | December 31, 2024 |           |           |           |
|--------------------------------------------------|---|-------------------|-----------|-----------|-----------|
|                                                  |   | Less than         |           | More than |           |
|                                                  |   | 1 year            | 1-5 years | 5 years   | Total     |
| <b>Derivatives held for trading <sup>1</sup></b> |   |                   |           |           |           |
| Outflows                                         | ₩ | -                 | 131,630   | -         | 131,630   |
| <b>Derivatives settled gross <sup>2</sup></b>    |   |                   |           |           |           |
| Outflows                                         | ₩ | 1,326,759         | 1,570,621 | 26,283    | 2,923,663 |
| Inflows                                          |   | 1,550,061         | 1,900,720 | 39,001    | 3,489,782 |

<sup>1</sup> During the year ended December 31, 2024, derivative liabilities held-for-trading are classified under the 'more than one year to less than five years' category as they are relevant to the fair value of derivatives liabilities related to shareholder-to-share contracts (Note 19).

As these derivatives held-for-trading are managed based on net fair value, their contractual maturities are not necessarily taking into consideration to understand the timing of cash flows.

<sup>2</sup> Cash outflow and inflow of gross-settled derivatives are undiscounted contractual cash flow and may differ from the amount in the consolidated statement of financial position.

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(in millions of Korean won)

|                                                  | December 31, 2023   |           |                      |           |
|--------------------------------------------------|---------------------|-----------|----------------------|-----------|
|                                                  | Less than<br>1 year | 1-5 years | More than<br>5 years | Total     |
| <b>Derivatives held for trading <sup>1</sup></b> |                     |           |                      |           |
| Outflows                                         | ₩ -                 | 133,293   | -                    | 133,293   |
| Inflows                                          | -                   | -         | 1,015                | 1,015     |
| <b>Derivatives settled gross <sup>2</sup></b>    |                     |           |                      |           |
| Outflows                                         | ₩ 741,140           | 1,227,166 | 8,126                | 1,976,432 |
| Inflows                                          | 614,066             | 2,198,958 | 36,344               | 2,849,368 |

<sup>1</sup> During the year ended December 31, 2023, derivative liabilities held-for-trading are classified under the 'more than one year to more than five years' category as they are relevant to the fair value of derivatives liabilities related to shareholder-to-share contracts (Note 19).

As these derivatives held-for-trading are managed based on net fair value, their contractual maturities are not necessarily taken into consideration to understand the timing of cash flows.

<sup>2</sup> Cash outflow and inflow of gross-settled derivatives are undiscounted contractual cash flow and may differ from the amount in the consolidated statement of financial position.

## (2) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's capital structure consists of liabilities including borrowings, cash and cash equivalents, and shareholders' equity. The treasury department monitors the Group's capital structure and considers cost of capital and risks related each to capital component.

The debt-to-equity ratios as of December 31, 2024 and 2023, are as follows:

| (in millions of Korean won) | December 31, 2024 | December 31, 2023 |
|-----------------------------|-------------------|-------------------|
| Total liabilities           | ₩ 23,883,408      | 24,148,845        |
| Total equity                | 17,996,549        | 18,561,137        |
| Debt-to-equity ratio        | 133%              | 130%              |

The Group manages capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' in the consolidated statement of financial position plus net debt.

# KT Corporation and Subsidiaries

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### December 31, 2024 and 2023

The gearing ratios as of December 31, 2024 and 2023, are as follows:

| <i>(in millions of Korean won)</i> |   | December 31, 2024 | December 31, 2023 |
|------------------------------------|---|-------------------|-------------------|
| Total borrowings                   | ₩ | 10,520,690        | 10,218,165        |
| Less: cash and cash equivalents    |   | (3,716,680)       | (2,879,554)       |
| Net debt                           |   | 6,804,010         | 7,338,611         |
| Total equity                       |   | 17,996,549        | 18,561,137        |
| Total capital                      | ₩ | 24,800,559        | 25,899,748        |
| Gearing ratio                      |   | 27%               | 28%               |

### (3) Offsetting Financial Assets and Financial Liabilities

- 1) Details of the Group's financial assets recognized, subject to enforceable master netting arrangements or similar agreements, as of December 31, 2024 and 2023, are as follows:

*(in millions of Korean won)*

|                        |   | December 31, 2024 |                          |                                                              |                       |                 |
|------------------------|---|-------------------|--------------------------|--------------------------------------------------------------|-----------------------|-----------------|
|                        |   |                   |                          | Net amounts presented in the statement of financial position | Amounts not offset    |                 |
|                        |   | Gross assets      | Gross liabilities offset |                                                              | Financial instruments | Cash collateral |
|                        |   |                   |                          |                                                              |                       | Net amount      |
| Trade receivables      | ₩ | 71,680            | (20,588)                 | 51,092                                                       | (42,988)              | -               |
| Other financial assets |   | 148               | (147)                    | 1                                                            | (1)                   | -               |
| Total                  | ₩ | 71,828            | (20,735)                 | 51,093                                                       | (42,999)              | -               |

*(in millions of Korean won)*

|                        |   | December 31, 2023 |                          |                                                              |                       |                 |
|------------------------|---|-------------------|--------------------------|--------------------------------------------------------------|-----------------------|-----------------|
|                        |   |                   |                          | Net amounts presented in the statement of financial position | Amounts not offset    |                 |
|                        |   | Gross assets      | Gross liabilities offset |                                                              | Financial instruments | Cash collateral |
|                        |   |                   |                          |                                                              |                       | Net amount      |
| Trade receivables      | ₩ | 78,415            | (1,407)                  | 77,008                                                       | (59,148)              | -               |
| Other financial assets |   | 759               | (757)                    | 2                                                            | (2)                   | -               |
| Total                  | ₩ | 79,174            | (2,164)                  | 77,010                                                       | (59,150)              | -               |

The amount in the above table includes the amounts subject to offsetting arrangements under the agreement on facility interconnection and data sharing between telecommunication companies.

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- 2) Details of the Group's financial liabilities recognized, subject to enforceable master netting arrangements or similar agreements, as of December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                |   | December 31, 2024 |                     |                                                              |                       |                 |            |
|----------------|---|-------------------|---------------------|--------------------------------------------------------------|-----------------------|-----------------|------------|
|                |   | Gross liabilities | Gross assets Offset | Net amounts presented in the statement of financial position | Amounts not offset    |                 | Net amount |
|                |   |                   |                     |                                                              | Financial instruments | Cash collateral |            |
| Trade payables | ₩ | 40,732            | (147)               | 40,585                                                       | (39,306)              | -               | 1,279      |
| Other payables |   | 24,281            | (20,588)            | 3,693                                                        | (3,693)               | -               | -          |
| Total          | ₩ | 65,013            | (20,735)            | 54,914                                                       | (42,999)              | -               | 1,279      |

(in millions of Korean won)

|                |   | December 31, 2023 |                     |                                                              |                       |                 |            |
|----------------|---|-------------------|---------------------|--------------------------------------------------------------|-----------------------|-----------------|------------|
|                |   | Gross liabilities | Gross assets offset | Net amounts presented in the statement of financial position | Amounts not offset    |                 | Net amount |
|                |   |                   |                     |                                                              | Financial instruments | Cash collateral |            |
| Trade payables | ₩ | 59,602            | (757)               | 58,845                                                       | (56,196)              | -               | 2,649      |
| Other payables |   | 4,362             | (1,407)             | 2,955                                                        | (2,955)               | -               | -          |
| Total          | ₩ | 63,964            | (2,164)             | 61,800                                                       | (59,151)              | -               | 2,649      |

These include price subject to netting arrangements on facility interconnection and data sharing among telecommunication companies.

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**37. Fair Value**

**(1) Fair Value of Financial Instruments by Category**

Carrying amount and fair value of financial instruments by category as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                                                                   | December 31, 2024 |              | December 31, 2023 |              |
|-------------------------------------------------------------------|-------------------|--------------|-------------------|--------------|
|                                                                   | Carrying amount   | Fair value   | Carrying amount   | Fair value   |
| <b>Financial assets</b>                                           |                   |              |                   |              |
| Cash and cash equivalents                                         | ₩ 3,716,680       | <sup>1</sup> | 2,879,554         | <sup>1</sup> |
| Trade and other receivables                                       |                   |              |                   |              |
| Financial assets at amortized cost <sup>2</sup>                   | 7,380,901         | <sup>1</sup> | 8,326,229         | <sup>1</sup> |
| Financial assets at fair value through other comprehensive income | 114,774           | 114,774      | 116,198           | 116,198      |
| Other financial assets                                            |                   |              |                   |              |
| Financial assets at amortized cost                                | 962,653           | <sup>1</sup> | 1,385,921         | <sup>1</sup> |
| Financial assets at fair value through profit or loss             | 1,029,926         | 1,029,926    | 939,661           | 939,661      |
| Financial assets at fair value through other comprehensive income | 1,665,368         | 1,665,368    | 1,680,168         | 1,680,168    |
| Derivative financial assets for hedging                           | 445,471           | 445,471      | 159,211           | 159,211      |
| Total                                                             | ₩ 15,315,773      |              | 15,486,942        |              |
| <b>Financial liabilities</b>                                      |                   |              |                   |              |
| Trade and other payables                                          | ₩ 7,214,174       | <sup>1</sup> | 8,317,822         | <sup>1</sup> |
| Borrowings                                                        | 10,520,690        | 10,423,619   | 10,218,165        | 9,979,545    |
| Other financial liabilities                                       |                   |              |                   |              |
| Financial liabilities at amortized cost                           | 942,135           | <sup>1</sup> | 915,185           | <sup>1</sup> |
| Financial liabilities at fair value through profit or loss        | 132,011           | 132,011      | 136,106           | 136,106      |
| Derivative financial liabilities for hedging                      | 3                 | 3            | 24,547            | 24,547       |
| Total                                                             | ₩ 18,809,013      |              | 19,611,825        |              |

<sup>1</sup> The Group did not conduct fair value estimation as the book amount is a reasonable approximation of the fair value.

<sup>2</sup> Lease receivables are excluded from fair value disclosure in accordance with Korean IFRS 1107.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### (2) Fair Value Hierarchy

Financial instruments that are measured at fair value are categorized by the fair value hierarchy, and the defined levels are as follows:

- Level 1: The quoted (unadjusted) price in active markets for identical assets or liabilities that an entity can access at the measurement date.
- Level 2: All inputs other than quoted prices included in Level 1 that are observable (either directly that is, or indirectly that is, derived from prices) for the asset or liability.
- Level 3: The unobservable inputs for the asset or liability.

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value disclosed in fair value as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

|                                                                     | December 31, 2024 |            |           |            |
|---------------------------------------------------------------------|-------------------|------------|-----------|------------|
|                                                                     | Level 1           | Level 2    | Level 3   | Total      |
| <b>Assets</b>                                                       |                   |            |           |            |
| Trade and other receivables                                         |                   |            |           |            |
| Financial assets at fair value through other comprehensive income ₩ | -                 | 114,774    | -         | 114,774    |
| Other financial assets                                              |                   |            |           |            |
| Financial assets at fair value through profit or loss               | 5,620             | 181,694    | 842,612   | 1,029,926  |
| Financial assets at fair value through other comprehensive income   | 1,317,120         | 5,418      | 342,830   | 1,665,368  |
| Derivative financial assets for hedging                             | -                 | 445,471    | -         | 445,471    |
| Investment Property                                                 | -                 | -          | 6,899,105 | 6,899,105  |
| Total                                                               | ₩ 1,322,740       | 747,357    | 8,084,547 | 10,154,644 |
| <b>Liabilities</b>                                                  |                   |            |           |            |
| Borrowings ₩                                                        | -                 | 10,423,619 | -         | 10,423,619 |
| Other financial liabilities                                         |                   |            |           |            |
| Financial liabilities at fair value through profit or loss          | -                 | -          | 132,011   | 132,011    |
| Derivative financial liabilities for hedging                        | -                 | 3          | -         | 3          |
| Total                                                               | ₩ -               | 10,423,622 | 132,011   | 10,555,633 |

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(In millions of Korean won)

|                                             |   | December 31, 2023 |            |           |            |
|---------------------------------------------|---|-------------------|------------|-----------|------------|
|                                             |   | Level 1           | Level 2    | Level 3   | Total      |
| <b>Assets</b>                               |   |                   |            |           |            |
| Trade and other receivables                 |   |                   |            |           |            |
| Financial assets at fair value              |   |                   |            |           |            |
| through other comprehensive income          | ₩ | -                 | 116,198    | -         | 116,198    |
| Other financial assets                      |   |                   |            |           |            |
| Financial assets at fair value through      |   |                   |            |           |            |
| profit or loss                              |   | 13,911            | 156,918    | 768,832   | 939,661    |
| Financial assets at fair value through      |   |                   |            |           |            |
| other comprehensive income                  |   | 1,230,936         | 5,206      | 444,026   | 1,680,168  |
| Derivative financial assets for hedging     |   |                   |            |           |            |
|                                             |   | -                 | 159,211    | -         | 159,211    |
| Investment Property                         |   |                   |            |           |            |
|                                             |   | -                 | -          | 5,276,169 | 5,276,169  |
| Total                                       | ₩ | 1,244,847         | 437,533    | 6,489,027 | 8,171,407  |
| <b>Liabilities</b>                          |   |                   |            |           |            |
| Borrowings                                  |   |                   |            |           |            |
|                                             | ₩ | -                 | 9,979,545  | -         | 9,979,545  |
| Other financial liabilities                 |   |                   |            |           |            |
| Financial liabilities at fair value through |   |                   |            |           |            |
| profit or loss                              |   | -                 | 1,545      | 134,561   | 136,106    |
| Derivative financial liabilities for        |   |                   |            |           |            |
| hedging                                     |   | -                 | 24,547     | -         | 24,547     |
| Total                                       | ₩ | -                 | 10,005,637 | 134,561   | 10,140,198 |

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**(3) Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements**

- 1) Details of transfers between Level 1 and Level 2 of the fair value hierarchy for recurring fair value measurements

There are no transfers between Level 1 and Level 2 of the fair value hierarchy for the recurring fair value measurements.

- 2) Details of changes in Level 3 of the fair value hierarchy for recurring fair value measurements.

Details of changes in Level 3 of the fair value hierarchy for the recurring fair value measurements are as follows:

(In millions of Korean won)

|                                                  |   | 2024                      |                           |                                |
|--------------------------------------------------|---|---------------------------|---------------------------|--------------------------------|
|                                                  |   | Financial assets          |                           | Financial liabilities          |
|                                                  |   | Financial assets at FVTPL | Financial assets at FVOCI | Financial liabilities at FVTPL |
| Beginning balance                                | ₩ | 768,832                   | 444,026                   | 134,561                        |
| Acquisition                                      |   | 109,198                   | 1,011                     | -                              |
| Transfer                                         |   | 51,194                    | (45)                      | (5,772)                        |
| Disposal                                         |   | (36,663)                  | -                         | -                              |
| Amount recognized in profit or loss <sup>1</sup> |   | (49,949)                  | -                         | 3,222                          |
| Amount recognized in other comprehensive income  |   | -                         | (102,162)                 | -                              |
| Ending balance                                   | ₩ | 842,612                   | 342,830                   | 132,011                        |

<sup>1</sup> The recognition of gains and losses on financial liabilities measured at fair value through profit or loss consists of derivative valuation gains and losses and other related items.

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|                                                  | 2023                      |                           |                                                       |                                |
|--------------------------------------------------|---------------------------|---------------------------|-------------------------------------------------------|--------------------------------|
|                                                  | Financial assets          |                           |                                                       | Financial liabilities          |
|                                                  | Financial assets at FVTPL | Financial assets at FVOCI | Derivative financial assets (liabilities) for hedging | Financial liabilities at FVTPL |
| Beginning balance                                | ₩ 612,069                 | 497,129                   | 1,113                                                 | 141,280                        |
| Acquisition                                      | 216,838                   | 10,267                    | -                                                     | -                              |
| Transfer                                         | 26,471                    | (5,532)                   | (1,113)                                               | (7,363)                        |
| Disposal                                         | (44,323)                  | (6)                       | -                                                     | (5,205)                        |
| Changes in consolidation scope                   | 252                       | -                         | -                                                     | -                              |
| Amount recognized in profit or loss <sup>1</sup> | (42,475)                  | (61)                      | -                                                     | 5,849                          |
| Amount recognized in other comprehensive income  | -                         | (57,771)                  | -                                                     | -                              |
| Ending balance                                   | ₩ 768,832                 | 444,026                   | -                                                     | 134,561                        |

<sup>1</sup> The recognition of gains and losses on financial liabilities measured at fair value through profit or loss consists of derivative valuation gains and losses.

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**(4) Valuation Technique and the Inputs**

Valuation techniques and inputs used in the recurring, non-recurring fair value measurements and disclosed fair values categorized within Level 2 and Level 3 of the fair value hierarchy as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

| (In millions of Korean won)                                       |   | December 31, 2024 |       |                                                                  |                              |
|-------------------------------------------------------------------|---|-------------------|-------|------------------------------------------------------------------|------------------------------|
|                                                                   |   | Fair value        | Level | Major valuation techniques                                       | Major input variables        |
| Assets                                                            |   |                   |       |                                                                  |                              |
| Trade and other receivables                                       |   |                   |       |                                                                  |                              |
| Financial assets at fair value through other comprehensive income | ₩ | 114,774           | 2     | DCF Model                                                        | Guarantee Bond Interest rate |
| Other financial assets                                            |   |                   |       |                                                                  |                              |
| Financial assets at fair value through profit or loss             |   | 1,024,306         | 2,3   | DCF Model,<br>Adjusted Net Asset Model,<br>Market Approach Model | Market Interest rate         |
| Financial assets at fair value through other comprehensive income |   | 348,248           | 2,3   | T-F Model<br>DCF Model,<br>Market Approach Model                 | Discount rate                |
| Derivative financial assets for hedging                           |   | 445,471           | 2     | DCF Model                                                        | Market Interest rate         |
| Investment Property                                               |   | 6,899,105         | 3     | DCF Model                                                        |                              |
| Liabilities                                                       |   |                   |       |                                                                  |                              |
| Borrowings                                                        |   | 10,423,619        | 2     | DCF Model                                                        | Bond Interest rate           |
| Other financial liabilities                                       |   |                   |       |                                                                  |                              |
| Financial liabilities at fair value through profit or loss        |   | 132,011           | 3     | Binomial Option Pricing Model                                    | Treasury Bond Interest rate  |
| Derivative financial liabilities for hedging                      |   | 3                 | 2     | DCF Model                                                        | Merket Interest rate         |

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(In millions of Korean won)

**December 31, 2023**

|                                                                   |   | <b>Fair value</b> | <b>Level</b> | <b>Major valuation techniques</b>                           | <b>Major input variables</b>                             |
|-------------------------------------------------------------------|---|-------------------|--------------|-------------------------------------------------------------|----------------------------------------------------------|
| <b>Assets</b>                                                     |   |                   |              |                                                             |                                                          |
| Trade and other receivables                                       |   |                   |              |                                                             |                                                          |
| Financial assets at fair value through other comprehensive income | ₩ | 116,198           | 2            | DCF Model                                                   | Guarantee Bond Interest rate                             |
| Other financial assets                                            |   |                   |              |                                                             |                                                          |
| Financial assets at fair value through profit or loss             |   | 925,750           | 2,3          | DCF Model, Adjusted Net Asset Model, Monte Carlo Simulation | Market Interest rate                                     |
| Financial assets at fair value through other comprehensive income |   | 449,232           | 2,3          | DCF Model, Market Approach Model                            | Discount rate                                            |
| Derivative financial assets for hedging                           |   | 159,211           | 2            | DCF Model                                                   | Market Interest rate                                     |
| Investment Property                                               |   | 5,276,169         | 3            | DCF Model                                                   |                                                          |
| <b>Liabilities</b>                                                |   |                   |              |                                                             |                                                          |
| Borrowings                                                        |   | 9,979,545         | 2            | DCF Model                                                   | Bond Interest rate                                       |
| Other financial liabilities                                       |   |                   |              |                                                             |                                                          |
| Financial liabilities at fair value through profit or loss        |   | 136,106           | 2,3          | DCF Model, Binomial Option Pricing Model                    | Forward Contract on Foreign Exchange rate, Forward rate, |
| Derivative financial liabilities for hedging                      |   | 24,547            | 2            | DCF Model                                                   | Market Interest rate                                     |

(5) Valuation Processes for Fair Value Measurements Categorized Within Level 3

The Group uses external experts that perform the fair value measurements required for financial reporting purposes. External experts report directly to the chief financial officer (CFO) and discuss the valuation processes and results with the CFO in line with the Group's closing dates.

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 38. Interests in Unconsolidated Structured Entities

- (1) Details of information about its interests in unconsolidated structured entities, which the Group does not have control over, including the nature, purpose and activities of the structured entity and how the structured entity is financed, are as follows:

| Classes of entities      | Nature, purpose, activities and others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Real estate finance      | A structured entity incorporated for the purpose of real estate development is provided with funds by investors' investments in equity and borrowings from financial institutions (including long-term and short-term loans and issuance of ABCP due in three months), and based on these, the structured entity implements activities such as real estate acquisition, development and mortgage loans. The structured entity repays loan principals with funds incurred from instalment house sales after the completion of real estate development or with collection of the principal of mortgage loan. The remaining shares are distributed to investors. As of December 31, 2024, this entity is engaged in real estate finance structured entity, and generates revenues by receiving dividends from direct investments in or receiving interests on loans to the structured entity. Financial institutions, including the Entity, are provided with guarantees including joint guarantees or real estate collateral from investors and others. Consequently, the entity is a priority over other parties in the preservation of claim. However, when the credit rating of investors and others decreases or when the value of real estate decreases, the entity may be obliged to cover losses. |
| PEF and investment funds | Minority investors including managing members contribute to PEF and investment funds incorporated for the purpose of providing funds to the small, medium, or venture entities, and the managing member implements activities such as investments in equity or loans based on the contributions. As of December 31, 2024, the entity is engaged in PEF and investment funds structured entity, and after contributing to PEF and investment funds, the entity receives dividends for operating revenues from these contributions. The entity is provided with underlying assets of PEF and investment funds as collateral. However, when the value of the underlying assets decreases, the entity may be obliged to cover losses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Asset securitization     | The Group transfers accounts receivable for handset sales to its Special Purpose Company ("SPC") for asset securitization. SPC issues the asset-backed securities with accounts receivable for handset sales as an underlying asset, and makes payment for the underlying asset acquired.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

**KT Corporation and Subsidiaries**  
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- (2) Details of scale of unconsolidated structured entities and nature of the risks associated with an entity's interests in unconsolidated structured entities as of December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                                    |   | December 31, 2024      |                             |           |
|------------------------------------|---|------------------------|-----------------------------|-----------|
|                                    |   | Real Estate<br>Finance | PEF and<br>Investment Funds | Total     |
| Maximum loss exposure <sup>1</sup> |   |                        |                             |           |
| Investment assets                  | ₩ | 373,638                | 547,153                     | 920,791   |
| Investment agreement, etc          |   | 84,481                 | 101,178                     | 185,659   |
| Total                              | ₩ | 458,119                | 648,331                     | 1,106,450 |

<sup>1</sup> Includes the investments recognized in the Group's financial statements and the amounts which are probable to be determined when certain conditions are met by agreements including purchase agreements, credit granting and others.

(in millions of Korean won)

|                                    |   | December 31, 2023      |                             |           |
|------------------------------------|---|------------------------|-----------------------------|-----------|
|                                    |   | Real Estate<br>Finance | PEF and<br>Investment Funds | Total     |
| Maximum loss exposure <sup>1</sup> |   |                        |                             |           |
| Investment assets                  | ₩ | 360,557                | 509,816                     | 870,373   |
| Investment agreement, etc          |   | 44,975                 | 106,064                     | 151,039   |
| Total                              | ₩ | 405,532                | 615,880                     | 1,021,412 |

<sup>1</sup> Includes the investments recognized in the Group's financial statements and the amounts which are probable to be determined when certain conditions are met by agreements including purchase agreements, credit granting and others.

**KT Corporation and Subsidiaries**  
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**39. Information About Non-Controlling Interests**

**(1) Changes in Accumulated Non-Controlling Interests**

Profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

| (in millions of Korean won) | 2024                                |   |                                                                    |                                                       |                                             |        |                                                              |
|-----------------------------|-------------------------------------|---|--------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|--------|--------------------------------------------------------------|
|                             | Non-controlling interests' rate (%) |   | Accumulated non-controlling interests at the beginning of the year | Profit or loss allocated to non-controlling interests | Dividends paid to non-controlling interests | Others | Accumulated non-controlling interests at the end of the year |
| KT Skylife Co., Ltd.        | 49.5%                               | ₩ | 361,355                                                            | (71,590)                                              | (8,184)                                     | 680    | 282,261                                                      |
| BC Card Co., Ltd.           | 30.5%                               |   | 548,075                                                            | 45,135                                                | (2,010)                                     | 7,222  | 598,422                                                      |
| KTIS Corporation            | 66.7%                               |   | 143,026                                                            | 6,305                                                 | (2,451)                                     | (861)  | 146,019                                                      |
| KTCS Corporation            | 78.3%                               |   | 162,795                                                            | 5,221                                                 | (2,501)                                     | (566)  | 164,949                                                      |
| Nasmedia, Co., Ltd.         | 55.9%                               |   | 141,609                                                            | (2,071)                                               | (4,428)                                     | 419    | 135,529                                                      |

(in millions of Korean won)

| (in millions of Korean won) | 2023                                          |   |                                                                                |                                                                    |                                                       |         |                                                                       |
|-----------------------------|-----------------------------------------------|---|--------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------|---------|-----------------------------------------------------------------------|
|                             | Non-<br>controlling<br>interests' rate<br>(%) | ₩ | Accumulated<br>non-controlling<br>interests at the<br>beginning of<br>the year | Profit or loss<br>allocated to<br>non-<br>controlling<br>interests | Dividends<br>paid to non-<br>controlling<br>interests | Others  | Accumulated<br>non-controlling<br>interests at the<br>end of the year |
| KT Skylife Co., Ltd.        | 49.4%                                         | ₩ | 423,189                                                                        | (47,355)                                                           | (8,287)                                               | (6,192) | 361,355                                                               |
| BC Card Co., Ltd.           | 30.5%                                         |   | 524,657                                                                        | 25,355                                                             | (4,960)                                               | 3,023   | 548,075                                                               |
| KTIS Corporation            | 66.7%                                         |   | 141,402                                                                        | 5,947                                                              | (2,451)                                               | (1,872) | 143,026                                                               |
| KTCS Corporation            | 78.3%                                         |   | 153,881                                                                        | 14,228                                                             | (3,001)                                               | (2,313) | 162,795                                                               |
| Nasmedia, Co., Ltd.         | 55.9%                                         |   | 135,425                                                                        | 10,679                                                             | (4,028)                                               | (467)   | 141,609                                                               |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### (2) Summarized Financial Information on Subsidiaries

The summarized financial information for each subsidiary with non-controlling interests that are material to the Group, before inter-group eliminations, is as follows:

|                         |   | December 31, 2024       |                      |                     |                     |                        |
|-------------------------|---|-------------------------|----------------------|---------------------|---------------------|------------------------|
|                         |   | KT Skylife<br>Co., Ltd. | BC Card Co.,<br>Ltd. | KTIS<br>Corporation | KTCS<br>Corporation | Nasmedia,<br>Co., Ltd. |
| Current assets          | ₩ | 434,876                 | 3,130,823            | 129,015             | 293,408             | 427,146                |
| Non-current assets      |   | 605,312                 | 2,830,224            | 340,917             | 141,659             | 65,636                 |
| Current liabilities     |   | 242,754                 | 3,147,202            | 122,879             | 189,900             | 244,498                |
| Non-current liabilities |   | 220,840                 | 1,049,521            | 138,947             | 42,229              | 8,209                  |
| Equity                  |   | 576,594                 | 1,764,324            | 208,106             | 202,938             | 240,075                |

|                         |   | December 31, 2023       |                      |                     |                     |                        |
|-------------------------|---|-------------------------|----------------------|---------------------|---------------------|------------------------|
|                         |   | KT Skylife<br>Co., Ltd. | BC Card Co.,<br>Ltd. | KTIS<br>Corporation | KTCS<br>Corporation | Nasmedia,<br>Co., Ltd. |
| Current assets          | ₩ | 425,661                 | 3,739,847            | 111,313             | 304,508             | 411,774                |
| Non-current assets      |   | 795,182                 | 2,613,031            | 336,296             | 130,391             | 101,537                |
| Current liabilities     |   | 353,839                 | 3,661,263            | 116,271             | 187,621             | 251,207                |
| Non-current liabilities |   | 125,531                 | 1,061,169            | 127,248             | 47,228              | 11,129                 |
| Equity                  |   | 741,473                 | 1,630,446            | 204,090             | 200,050             | 250,975                |

Summarized consolidated statements of comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

|                                      |   | 2024                    |                      |                     |                     |                        |
|--------------------------------------|---|-------------------------|----------------------|---------------------|---------------------|------------------------|
|                                      |   | KT Skylife<br>Co., Ltd. | BC Card Co.,<br>Ltd. | KTIS<br>Corporation | KTCS<br>Corporation | Nasmedia,<br>Co., Ltd. |
| Sales                                | ₩ | 1,022,930               | 3,805,755            | 603,899             | 1,121,341           | 142,552                |
| Profit for the year                  |   | (156,033)               | 141,149              | 11,862              | 6,814               | (3,884)                |
| Other comprehensive<br>income (loss) |   | (3,019)                 | 636                  | (4,172)             | (133)               | 898                    |
| Total comprehensive<br>income        |   | (159,052)               | 141,785              | 7,690               | 6,681               | (2,986)                |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in millions of Korean won)

|                                      |   | 2023                    |                      |                     |                     |                        |
|--------------------------------------|---|-------------------------|----------------------|---------------------|---------------------|------------------------|
|                                      |   | KT Skylife<br>Co., Ltd. | BC Card Co.,<br>Ltd. | KTIS<br>Corporation | KTCS<br>Corporation | Nasmedia,<br>Co., Ltd. |
| Sales                                | ₩ | 1,027,986               | 4,025,023            | 592,960             | 1,035,366           | 146,769                |
| Profit for the year                  |   | (109,407)               | 76,545               | 13,922              | 15,804              | 17,703                 |
| Other comprehensive<br>income (loss) |   | (6,625)                 | 13,832               | (3,162)             | (2,550)             | (1,890)                |
| Total comprehensive<br>income        |   | (116,032)               | 90,377               | 10,760              | 13,254              | 15,813                 |

Summarized consolidated statements of cash flows for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

|                                                            |   | 2024                    |                      |                     |                     |                        |
|------------------------------------------------------------|---|-------------------------|----------------------|---------------------|---------------------|------------------------|
|                                                            |   | KT Skylife<br>Co., Ltd. | BC Card Co.,<br>Ltd. | KTIS<br>Corporation | KTCS<br>Corporation | Nasmedia,<br>Co., Ltd. |
| Cash flows from operating<br>activities                    | ₩ | 162,281                 | (97,232)             | 61,770              | 44,551              | 35,867                 |
| Cash flows from investing<br>activities                    |   | (160,757)               | (30,579)             | (9,923)             | 1,661               | (22,210)               |
| Cash flows from financing<br>activities                    |   | 9,510                   | 121,800              | (32,762)            | (25,211)            | (11,803)               |
| Net increase (decrease) in<br>cash and cash<br>equivalents |   | 11,034                  | (6,011)              | 19,085              | 21,001              | 1,854                  |
| Cash and cash equivalents<br>at beginning of year          |   | 129,748                 | 375,796              | 25,328              | 84,111              | 52,277                 |
| Exchange differences                                       |   | -                       | 358                  | -                   | -                   | 45                     |
| Cash and cash equivalents<br>at end of the year            |   | 140,782                 | 370,143              | 44,413              | 105,112             | 54,176                 |

# KT Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

(in millions of Korean won)

|                                                      | 2023                 |                   |                  |                  |                     |
|------------------------------------------------------|----------------------|-------------------|------------------|------------------|---------------------|
|                                                      | KT Skylife Co., Ltd. | BC Card Co., Ltd. | KTIS Corporation | KTCS Corporation | Nasmedia, Co., Ltd. |
| Cash flows from operating activities                 | ₩ 207,207            | 82,883            | 50,892           | 55,146           | 8,116               |
| Cash flows from investing activities                 | (125,343)            | (74,430)          | (17,636)         | (5,901)          | (30,910)            |
| Cash flows from financing activities                 | (50,811)             | (67,609)          | (32,872)         | (26,948)         | (11,077)            |
| Net increase (decrease) in cash and cash equivalents | 31,053               | (59,156)          | 384              | 22,297           | (33,871)            |
| Cash and cash equivalents at beginning of year       | 98,695               | 435,047           | 24,944           | 61,814           | 86,133              |
| Exchange differences                                 | -                    | (95)              | -                | -                | 15                  |
| Cash and cash equivalents at end of the year         | 129,748              | 375,796           | 25,328           | 84,111           | 52,277              |

### (3) Transactions with Non-Controlling Interests

The effect of changes in the ownership interest on the equity attributable to owners of the Group for the years ended December 31, 2024 and 2023 is summarized as follows:

(in millions of Korean won)

|                                                       | 2024       | 2023    |
|-------------------------------------------------------|------------|---------|
| Carrying amount of non-controlling interests acquired | ₩ (20,329) | 3,022   |
| Consideration paid to non-controlling interests       | (38)       | 213,819 |
| Effect of changes in equity (net amount)              | ₩ (20,367) | 216,841 |

### 40. Events After Reporting Period

- (1) The Group has decided to acquire treasury stocks (₩ 250,000 million) in accordance with a resolution of the Board of Directors dated February 13, 2025, to implement the 'Corporate Value-Up Plan'.
- (2) The Group issued the following bonds after the end of the reporting period, and the details are as follows.

(In thousands of foreign currencies)

| Type                     | Issued Date  | Foreign currency | Annual interest rates | Maturity     |
|--------------------------|--------------|------------------|-----------------------|--------------|
| The bond in Japanese yen | Mar. 7, 2025 | JPY 23,300,000   | 1.217%                | Mar. 5, 2027 |
| The bond in Japanese yen | Mar. 7, 2025 | JPY 6,700,000    | 1.367%                | Mar. 7, 2028 |

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING for Consolidation Purpose**

English Translation of Independent Auditor's Report on Internal Control over Financial Reporting Originally Issued in Korean on March 13, 2025

To the shareholders and the Board of Directors of KT Corporation

### **Audit Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We have audited the internal control over financial reporting for consolidation purposes of KT Corporation and its subsidiaries (the "Group") as of December 31, 2024, based on 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting'.

In our opinion, the Group's internal control over financial reporting for consolidation purposes is designed and operated effectively as of December 31, 2024, in all material respects, in accordance with the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting'.

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, and our report dated March 13, 2025, expressed an unqualified opinion.

### **Basis for Audit Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We conducted our audits in accordance with the KSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the internal control over financial reporting for consolidation purposes in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting for Consolidation Purposes**

Management is responsible for designing, operating and maintaining effective internal control over financial reporting for consolidation purposes, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on the



Effectiveness of the Internal Control over Financial Reporting for consolidation purposes by CEO.

Those Charged with Governance is responsible for the oversight of internal control over financial reporting for consolidation purposes of the Group.

### **Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting for Consolidation Purposes**

Our responsibility is to express an opinion on the Group's internal control over financial reporting for consolidation purposes based on our audit. We conducted our audit in accordance with the KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting for consolidation purposes was maintained in all material respects.

The audit of internal control over financial reporting for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks of that a material weakness exists. The audit includes obtaining an understanding of internal control over financial reporting for consolidation purposes and testing and evaluating the design and operating effectiveness of internal control over financial reporting for consolidation purposes based on the assessed risks.

### **Definition and Limitations of Internal Control over Financial Reporting for Consolidation Purposes**

A group's internal control over financial reporting for consolidation purposes is a process implemented by those charged with governance, management and other personnel, and designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A group's internal control over financial reporting for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with K-IFRS, and that receipts and expenditures of the group are being made only in accordance with authorizations of management and directors of the group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the group's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting for consolidation purposes may not prevent or detect material misstatements in the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that evaluation of and projections to the future periods may change as internal control over financial reporting becomes inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ho Gye Choi.

# Deloitte.

March 13, 2025

*Deloitte idnjin LLC*

Notice to Readers

This report is effective as of March 13, 2025, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the Group's internal control over financial reporting for consolidation purposes and may result in modifications to the auditor's report.

## Management's Report on the Effectiveness of the Internal Control over Financial Reporting

To the Shareholders, Audit Committee and Board of Directors of KT Corporation

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting ("ICFR") Officer of KT Corporation ("the Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting for consolidation purposes for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes.

We assessed the design and operating effectiveness of the ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable Consolidated financial statements.

We designed and operated ICFR for consolidation purposes in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting established by the Operating Committee of Internal Control over Financial Reporting in Korea ("the ICFR Committee"). And, we conducted an evaluation of ICFR for consolidation purposes based on Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2024, is designed and operating effectively, in all material respects, in conformity with the Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statement which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

February 24, 2025

Chief Executive Officer

Young Shub Kim



Internal Control over Financial Reporting Officer

Min Jang

